

Camdessus urges cautious policies

BANGKOK, Oct 16: International Monetary Fund Managing Director Michel Camdessus urged industrial nations to pursue cautious monetary policies, saying that their inflation was still running at an "excessive rate," reports Reuters.

"These countries should take steps to ensure that the (economic) expansionary phase that is beginning is a sustained one that is not marred by high inflation or other symptoms of macroeconomic imbalance," he told the opening session of the annual conference of the IMF and World Bank.

Camdessus said the IMF expects industrial nations to experience a moderate economic recovery next year, with growth of just below three per cent.

He warned of a further rise in real interest rates worldwide that would crimp growth unless "concerted and decisive action" was taken to boost global savings. In that regard, he urged major nations to reduce budget deficits.

"In the United States, it is essential that the (recent)

budget agreement be fully implemented and complemented by additional measures if these are necessary to achieve the medium-term fiscal goal," Camdessus said.

The US last year agreed to cut its budget deficit by nearly 500 billion Dollars over five years and pledged to eliminate its deficit completely in the medium term.

"In essence, the problem of global saving is not so much one of security as one of misuse," Camdessus said. "We want to avoid a most unfortunate new increase in real interest rates."

IFIC MD resigns

Star Economic Report

M. Fazlur Rahman, Managing Director, IFIC Bank Ltd., has resigned from the services of Bank on health grounds. The Board of Directors accepted his resignation and appointed him as Adviser to the Bank, says a press release of the bank issued in Dhaka on Wednesday.

Kazi Mesbahuddin Ahmed, Deputy Managing Director has been appointed by the Board as Acting Managing Director.

A senior Bankers of the country, M. Fazlur Rahman served as Managing Director of Agrani Bank & Janata Bank prior to joining IFIC Bank as Managing Director in 1983.

France urges for more soft loans to LDCs

BANGKOK, Oct 16: France called on the World Bank to make more loans and to make them cheaper, reports Reuters.

"We would like the world bank's share-holders to allocate a larger fraction of its profits to concessional uses," Bank of France governor Jacques De Larosiere told the annual meeting of the bank and the International Monetary Fund (IMF).

Now that it is flush with capital, the bank should also increase its lending, De Larosiere told the annual meeting of the two institutions.

"All countries should reduce their efforts to cut unproductive spending," he added, singling out military outlays and government subsidies, especially for agriculture.

Camdessus said industrial countries could save more than 100 billion Dollars per year if they abolished agricultural subsidies. They could save another 90 billion Dollars or more in budget outlays if they reduced military expenditures by 20 per cent from 1989 levels, he said.

"Average military spending in the world is some 4.5 per cent of GDP (Gross Domestic Product)," Camdessus said. "This is surely too high, in present circumstances."

He called on industrial nations to adopt tighter rules on export credits for military arms sales.

"It is most desirable to avoid a recurrence of a situation in which substantial holdings of offensive weapons — far beyond the justified needs for defense — can be readily accumulated and indeed financed on easy terms," Camdessus said.



BANGKOK: Michel Camdessus, Managing Director of the IMF speaks to delegates during the plenary session of the IMF and World Bank meeting on October 15. — AFP/UNB photo

World Bank chief seeks more money for poor states

BANGKOK, Oct 16: The new head of the World Bank called on industrial nations to increase their contributions in real terms to his organization's affiliate that lends low cost money to the world's poorest countries, reports Reuters.

"A substantial replenishment of the International Development Association (IDA) is crucial to sustain reform programmes and reduce poverty," bank president Lewis Preston told the annual meeting of his organization and the International Monetary Fund (IMF).

The International Development Association has lined up 15.1 billion Dollars from 34 donor nations to lend to poor countries from 1991-93 under so-called IDA-9. It started talks on contributions for the period after that on Saturday: "simply maintaining the real volume of IDA-9 will not be adequate," Preston said.

At a meeting with World Bank officials over the weekend, many industrial nations warned that their finances were tight and that they faced growing demands for their money from Eastern Europe, the Soviet Union and elsewhere.

DCCI team leaves for Japan today

Star Economic Report

An Eight-Member trade delegation sponsored by the Dhaka Chamber of Commerce and Industry (DCCI) leaves Dhaka today for a two-week visit to Thailand, Japan and South Korea, says a press release of DCCI.

The delegation headed by the DCCI President, Mahbubur Rahman, will participate in the "Global Business Opportunities Convention" (G. BOC) '91 to be held in Osaka, Japan from October 21-24, and Bangladesh Investment Seminar in Osaka. G-BOC has been organised by Osaka Chamber of Commerce & Industry, Japan Chamber of Commerce and JETRO. The members of the DCCI Trade delegation includes: Khurshid Ali Mollah, Syed Jamaluddin Haider, A.S.M. Quasem, A. Rob Chowdhury and Khandker A. Salam, all members of the Board of Directors of DCCI, MD. Nurul Islam, former First Vice President of Chittagong Chamber of Commerce & Industry and Member DCCI, Rashed Maksud Khan, Joint Managing Director of Bengal Fine Ceramics Ltd and member DCCI, Santosh Kumar Dutta, Deputy Secretary, DCCI.

Besides participation in the G-BOC '91 the delegation will visit Thailand between October 17 and October 20 and will hold meetings in Bangkok with Board of Trade of Thailand, Thai Chamber of Commerce, ESCAP and other Trade Promotion Organisations & will have individual business discussion with their Thai counterparts.

The DCCI delegation has been invited by The Nishio Chamber of Commerce & Industry to visit Nishio from October 26-27 during their stay in Japan. DCCI & Nishio are having Joint-Chamber agreement.

The delegation will visit Seoul, South Korea between October 28-31. During their stay at Seoul, the delegation will attend Bangladesh Investment Seminar on October 29 and will hold meetings with Korea Trade Promotion Corporation (KOTRA), Korea Foreign Trade Association, Korean Federation of Small Business and other Trade Promotion Organisations.

The members of the delegation will also hold individual business talks with the prospective counterparts at Seoul. The delegation is expected to be back home around November 3.

Lobbying in UK parliament

BCCI staff to move for redundancy pay rise

LONDON, Oct 16: Staff of the closed Bank of Credit and Commerce International (BCCI) said on Tuesday they would lobby Britain's Parliament on October 23 in a bid to improve their redundancy terms, reports Reuters.

The BCCI was shut down on July 5 in an international swoop by regulators as they investigated what they said might be the biggest fraud in the history of world finance.

More than 1,000 BCCI staff were made redundant this month when the Abu Dhabi owners of the bank said there was little hope of reviving its British operation.

The BCCI Staff Campaign Committee is sending ques-

tionnaires to all members of Parliament. The committee seeks a redundancy package which improve on statutory minimum terms now offered.

The questionnaire, a copy of which was obtained by Reuters, asks: "are you aware that any monies given to staff as a redundancy payment will be clawed back against staff loans I E mortgages or personal loans, under the liquidator's scheme?"

BCCI is under provisional liquidation and is managed by accountants Touch Ross.

Seoul

AFP adds from Seoul: Liquidators of the Seoul branch of the scandal-ridden.

E. Europe, Soviets dominate WB, IMF meet

BANGKOK, Oct 16: East Europeans and the Soviet Union are dominating the World Bank-IMF annual meeting, making speeches, calling news conferences, issuing statements and even causing arguments among the rich about how best to aid them, reports Reuters.

Poland and Czechoslovakia will address the plenary session today the second day of the three-day meeting, as the Group of 24 (G24) rich aid donors decides who in Eastern Europe needs more money.

Czechoslovakian Finance Minister Vaclav Klaus told interview that his country would need further foreign funding in 1992. "We will need some aid for next year," he said.

"There are indications that there will be no need for additional exceptional financial assistance for Poland and Hungary," said a source close to a report being considered by G-24.

The Yugoslavian delegation said it would issue a written statement on Wednesday.

The Soviet delegation, which has been busy seeking help to see it through an anticipated cash shortage, will hold a news conference on Wednesday.

Another message adds: The Soviet Union needs financial discipline to get out of its deepening economic crisis, senior officials of the International Monetary Fund and the World Bank said yesterday.

"What the Soviet Union needs is hard measures," Lawrence Summers, Chief Economist for the World Bank, told a meeting on the fringes of the annual meeting of the IMF and World Bank.

John Odling Smee, Deputy Director of the IMF's European

Nigeria sets debt buyback price

LONDON, Oct 16: Nigeria has said it will buyback debt from its commercial bank creditors at 40 per cent of face value, as part of a debt restructuring package finalised recently with the bank's bankers, involved in the deal said, reports Reuters.

The debt package includes a variety of options for reducing and rescheduling the 5.6 billion dollar debt, including the opportunity for Nigeria to repurchase its debt at a discount to face value.

The price set by Nigeria is slightly below the current market price for Nigerian debt of between 41 and 43 per cent of face value.

Coase's theory explains fall of communism

TUNIS, Oct 16: The winner of the 1991 Nobel Economics Prize, Professor Ronald Coase, only learned of his award a day later in Tunisia today.

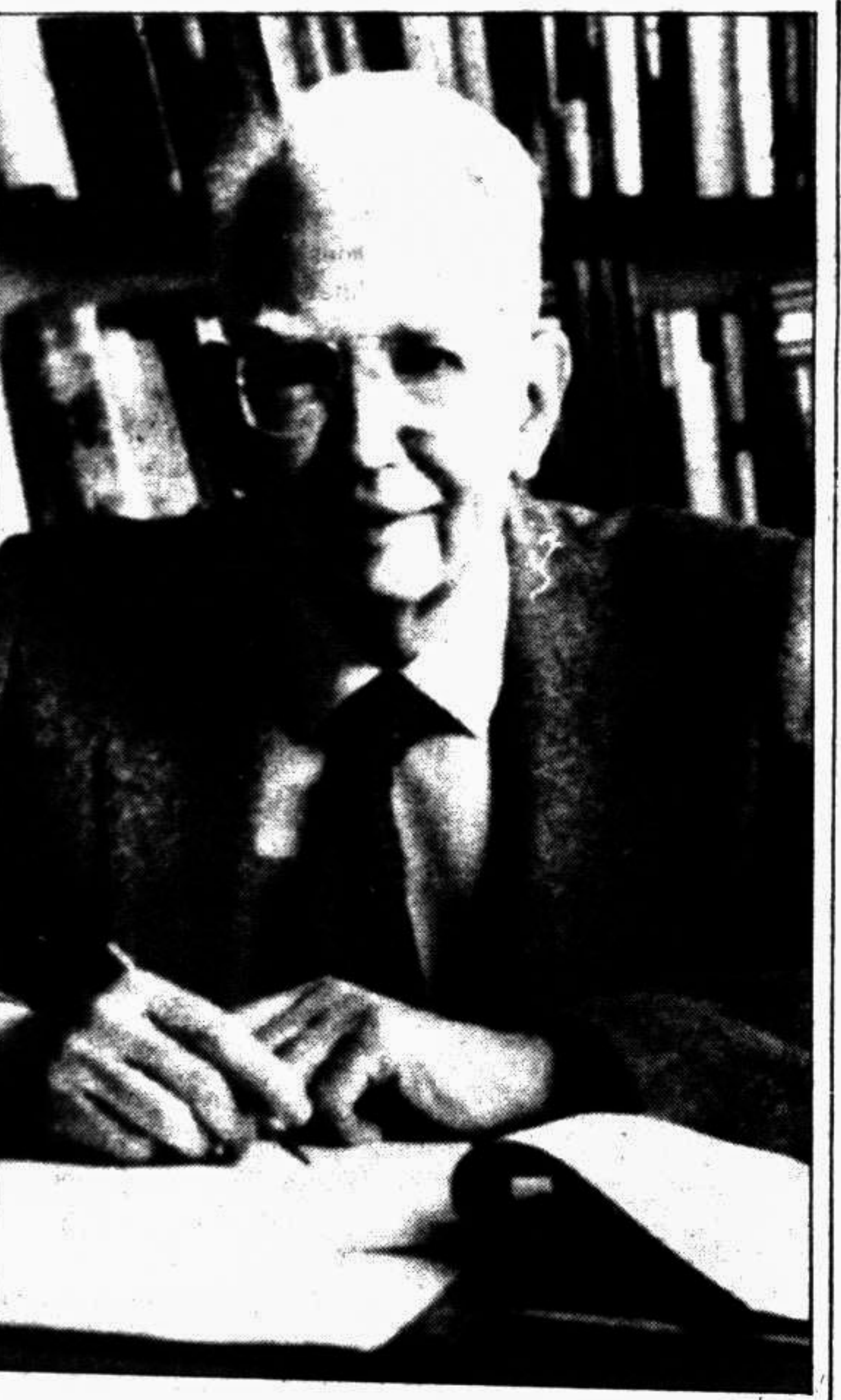
Coase, 81, heard the news from a Reuters correspondent who tracked him down among the Roman remains in Carthage. "That's a great surprise," he said.

The British-born Professor from the University of Chicago is holidaying in Tunisia, with his wife.

The Nobel committee announced on Tuesday it was giving him the prize for his theories which helped explain why companies exist, and also why communist economies collapsed.

"I'm extremely surprised, but I would like to know why they gave me the prize, I'm here in Carthage studying the remains," an emotional Coase told Reuters.

Coase asked the correspondent to fetch the Reuters report from his bureau so he could see the details.



CHICAGO, Oct 15: Undated recent file photograph showing Briton Ronald Coase, Professor Emeritus at the University of Chicago who was named the recipient of the 1991 Nobel Memorial prize in economics. — AFP/UNB photo

PDB, Korean firm sign accord on Grid Sub-station

Bangladesh Power Development Board (PDB) and M/S Hyosung Industries Co Ltd Seoul, Korea has signed an agreement in Dhaka Wednesday for construction and augmentation of Grid Sub-stations and Transmission Lines, says a press release of PDB.

Under the Seven Transmission Line Project, six new 132/33 KV Sub-stations will be constructed besides augmenting the capacity of seven 132/33 Grid Sub-stations.

Other works of the project include construction of 359km long 132KV and 8km long 230KV transmission lines.

The project is expected to be completed by July 1992. The project will cost Tk 72 crores of which Taka 66 crores will be provided by Asian Development Bank (ADB).

The scheme also aims at recovery of 200 MW load. Power supply to be improved include the areas of Netrokona, Chowmohani, Lalmonirhat, Sirajganj, Pabna, Nawabganj, Mymensingh, Feni, Rangpur, Bogra, Shahjapur, Ishardi and Rajshahi.

The contract was signed by Secretary, PDB and Executive Vice-President of M/S Hyosung Corporation, Korea on behalf of their respective organisations.

3 stage Soviet reform plan unveiled

BANGKOK, Oct 16: Soviet economic strategist Grigory Yavlinsky outlined a three-stage reform plan to lead his country out of crisis with market-oriented policies aimed at conquering falling output, high inflation and shortages, reports Reuters.

The plan, contained in a 13-page report on the Soviet economy, said no programme of reforms had yet been agreed on by Soviet republics, most of which are expected to form an economic union as a basis for cooperation and implementation of reforms. "There is an understanding with respect to the order of steps which must be taken," the report said.

Specific and detailed work on practical measures has already begun and some aspects of the programme should not be publicly discussed, said Yavlinsky, co-author of previous Soviet reform blueprints that have been sidelined in the face of conservative opposition.

His report, entitled "Economy of the USSR: overcoming the totalitarian system's heritage" was delivered to this week's annual meetings of the International Monetary Fund (IMF) and World Bank where Soviet issues have stolen the show.

It is based on the assumption that efforts at creating an economic union among republics are crowned with success.

Following are the three stages of the plan, which contains elements of Yavlinsky's previous "100-day" and "Grand bargain" reform programmes.

Stage one: A preparatory phase depending largely on creation of a basis for reform, measures include working out inter-republican agreements and a procedure for approving a programme of action.

The plan suggests cooperation with the IMF, World Bank, European Community and Organisation for Economic Cooperation and Development (OECD) using funds provided by these agencies and industrialised nations for technical assistance.

At this stage, a number of urgent measures are needed to streamline legislation, toughen monetary policy, reduce the budget deficit, liberalise prices, privatise, form currency markets, devalue the Rouble, implement land reform and create market structures.

Stage two: Practical im-

plementation of agreed reforms, including macroeconomic stabilisation by coordination of budget and monetary policies, public spending cuts and increase in indirect taxation.

The banking system must be reorganised to carry out a single monetary policy.

Stage three: Long-term institutional and structural transformations to be introduced, related in particular to the increasing role of the private sector in the economy, formation of labour, housing and financial markets.

Stimulation of domestic investment, especially through tax benefits, is described as important at this stage.

Conditions for foreign private investments, including for development of consumer goods production, should be favourable and the country's export basis should improve.

Asia succeeds in structural adjustment: ILO

Adjustment in structural changes will continue to dominate the development policy of the Asian Countries during the current decade, according to a report of International Labour Organisation (ILO), reports BSS.

The report will be examined by the 11th session of the ILO Asian Regional Conference which meets in Bangkok from November 26 to December next.

The report said the policy must press ahead with sustainable growth and development strategies which integrate social concerns to counter the negative impact of short-term stabilisation and structural adjustment programmes on certain groups and regions.

It said the policy should combine generation of employment-intensive growth to absorb the burgeoning labour force, pursue the war on want and enhance the technology capability for restructuring and protecting the environment.

The report said Asia and the Pacific as a whole had outperformed every other developing region in terms of output and showed that successful structural adjustment was possible. In many cases agricultural output increased at a higher rate than population turning the tide in the battle against poverty, it added.

In the midst of a hostile world environment of recession, mounting protectionism, declining prices, trade deficits and reversed net resource transfers, the report said. These were notable gains but Asia still contains in absolute terms the largest number of poor, unemployed and malnourished, illiterate and unskilled. Some economies have grown spectacularly, others in ASEAN and South Asia still have vast populations in search of a threshold standard of living.

The report, therefore, emphasised the need for careful examination of Asian successes.

Biman Poultry Complex profit Tk 17.5 lakh

Biman Poultry Complex — a subsidiary of Biman — has earned an operating profit of Taka 17.5 lakh approximately in the first three months of the current fiscal year (1990-91), says a press release of Biman issued on Wednesday.

Established at a cost of Taka 2 crore with a foreign exchange component of Taka 18 lakh, this complex went into production on 1st November, 1981. As the pioneer in poultry farming in the country, the complex has provided guidelines and material support to the development of the private sector poultry industry of the country.

The Biman Poultry Complex, which has been contributing to the revenue earning of the national airline, markets at present 4,000 dressed broilers and 50,000 eggs for consumption on weekly basis. Besides, the complex commercially produces 20,000 day-old broiler chicks and 2,000 layers per week.

'Nobel Foundation deserves prize in economics itself'

From Randall Mikkelsen

STOCKHOLM, Oct 16: Charitable foundation administering the prestigious annual Nobel awards is so successful that it almost deserves a prize in economics itself.

After decades of rebuilding the eroded endowment of industrialist Alfred Noble, the Nobel Foundation was able to raise the 1991 awards by half to six million Swedish Crowns — about one million Dollars — in each of the six categories.

That is roughly equivalent to the value in real terms of the awards when they were first given in 1901, and compares with 450,000 Crowns 20 years ago, which was all the inflation-and-tax depleted endowment could sustain.

"We lost two-thirds of the capital's worth in the first 50 years, we have now recovered all the losses," foundation

executive Director Baron Stig Ramel told, Reuters in an interview.

The Nobel prize season began on October 3, with the awarding of the prize for literature to South African novelist Nadine Gordimer and concludes with the Physics and Chemistry prizes to be announced on October 16. Other categories are medicine or physiology, peace and economics.

Ramel said the endowment is now worth 1.7 billion Crowns (about 275 million Dollars), 70 per cent more in real terms than the estate Alfred Nobel, left to endow the prizes, when he died in 1896.

The rebuilding of the endowment has enabled the foundation to safeguard the prestige of the Nobel Prize, and has enabled some award winners to become donors themselves, Ramel said.

Twenty years ago, "a lot of awards went to building a new roof on the house or buying a new car, but now the award has gotten so big that many feel they should do something more with it," Ramel said.

"Many prize winners think that this is such a fantastic lot of money, that they start their own foundations, which in turn give scholarships for young researchers," Ramel said.

"In that way, we have gotten an echo effect of the Nobel Prize," Ramel said. Prize winners are exempt from income taxes in all countries except the United States, he said.

The endowment began to erode soon after Nobel's death due to high inflation in the two World Wars and a restrictive investment policy that let the foundation invest only in government bonds.

The award's value shrunk from 150,800 Crowns the first year to an all-time low of 115,000 in 1923, and grew little in the next three decades.

In 1953 the foundation's statutes were changed, permitting it to invest in stocks and real estate and freeing it from the low returns of government bonds.

Ramel said the endowment grew rapidly in the soaring financial markets of the 1980s and the foundation chose the right time to shift into more secure investments.

In particular, the foundation in 1990 completed a selloff of a real estate firm for 702 million Crowns (114 million Dollars at current rates), doubling its capital base and just escaping a virtual collapse of prices on the Stockholm property market.

"The 1980s were a very successful time for investors. The 1990s will be harder. We were lucky enough to take home profits while they still were profits," Ramel said.

Comparing the foundation's performance with that of other investors, Ramel said it has some unique advantages, including an exemption granted in 1946 from national income taxes and an independence that allows it to invest for long-term performance.

"We don't have the same pressure as some other investors who need immediate results," he said.

The endowment now is invested 20 per cent in Swedish shares, 40 per cent in government and corporate fixed-income securities, 10 per cent in real estate, and 30 per cent in foreign investments, mostly securities.

The foundation has no ties to Sweden's Nobel Industries an arms-to-chemicals firm which has roots in Alfred Nobel's industrial empire and which is currently ensnared in financial and ownership difficulties.

Ramel said the prestige of the Nobel Prizes had survived the erosion of the monetary value.

But he said the prizes eventually could have lost their appeal had the reward remained low. "A great prize should also be big in money terms," he said.

"If it had great prestige, but the award was low, then the Japanese or Americans might have come along and launched a new prize that was larger in money, and we could have been in danger," Ramel added.

"Soviet republics economic ties vital for Western aid"

BANGKOK, Oct 16: Britain's Chancellor of the Exchequer Norman Lamont said Wednesday that an economic accord between Moscow and the Soviet Republics would be crucial to providing Western assistance to the Soviet Union, reports AFP.

"The failure to sign a treaty of any kind will be a setback," he told a news conference in Bangkok during the annual meeting of the World Bank and the International Monetary Fund (IMF).