

UN commission calls for Marshall Plan

# Depression likely to spark unrest in Eastern Europe

GENEVA, Dec 2: United Nations economists on Sunday forecast growing social unrest in 1992 in the Soviet Union and the former East Bloc with depression and unemployment fuelling pressure on governments to abandon economic reform, reports Reuters.

But in its latest bi-annual report, the world body's Economic Commission for Europe (ECE) argues a new "Marshall Plan" of coordinated western assistance could put the region firmly on the road to recovery and political stability.

The declines in output in Eastern Europe and the Soviet Union are now so large that it would be appropriate to speak of a depression," said the report, compiled by a team of European economists at ECE's Geneva headquarters.

The economists estimated the overall drop in industrial production for Albania, Bulgaria, Czechoslovakia, Hungary, Poland, Romania and Yugoslavia at 19.5 per cent for 1991, and nine per cent and accelerating for the Soviet Union.

In the former East Germany, now part of a united German state, the fall this year was likely to be around 50 per cent but there were signs recovery was about to begin, they said.

With all the ex-communist states forced to pursue tough measures in the switch to market economies, they said, it was increasingly uncertain how far their peoples would continue to accept the heavy

costs without serious protest. "It seems likely that social unrest will increase in 1992 and that in some countries there will be increasing pressure to dilute or abandon the reform process," the 125-page report— or economic bulletin for Europe," it added.

There is growing evidence that the limits of endurance may be dangerously close and that a further fall in living standards may be strongly resisted," it said.

Production and consumption levels seemed set to continue to fall and unemployment and inflation to rise and there was a mounting danger of frustration over the continuing hardships would increase the attraction of "simplistic solutions."

The reports said annual inflation in September was running at 20 per cent in Hungary and 60 per cent in Poland— both relatively advanced in reform— and at around a massive 360 per cent in the Soviet Union.

The ECE warnings came against the background of a minor resurgence in some East European countries of backing for former communist parties and of a rapid growth in support for nationalist groups with strongly right-wing programmes.

In this situation, the report said, it was urgent for western governments and international organisations to decide how far they could support the reform process and then organise assistance on a scale necessary

to ensure success. In 1947, as Western Europe was struggling to rebuild in the wake of World War two and communism appeared on the March, US Secretary of State George Marshall launched a European Recovery Programme (ERP) to revive the continent's stricken economies.

Denounced at the time by Moscow as an instrument of US "economic imperialism", it had pumped some 13 billion dollars into cash-strapped receiver countries and built the launch-pad for the boom of the 1950s and 1960s.

The ECE said a second ERP, creation of which it first proposed in 1990, would provide a framework for the west to coordinate assistance to the whole of Eastern Europe and states emerging from the break-up of the Soviet Union.

Under the "Marshall Plan", only the United States provided aid but today some 24 countries and at least seven world financial organisations are involved in guiding the former communist states out of the ruins of their state-run economies.

This dispersal has brought charges that much aid is wasted or duplicated and that limited financial and technical help is not fairly distributed. Some former East Bloc states argue the Soviet Union has preferential treatment.

The ECE said creation of a new ERP could as a vivid display of outside backing help

preserve domestic support for reform "especially when the going gets tough."

But ECE economists promoting the idea say a new recovery programme should turn the cash-driven "Marshall Plan" on its head by focussing primarily on technical assistance in setting up the structures essential for a successful market economy.

These include an efficient banking network, financial and taxation systems, contract laws and legislation protecting property rights— all destroyed under communist rule but which still existed in the devastated Europe of the mid-1940s.

The economists argue that financial support on the relative scale of the 1948 ERP would lose much of its effectiveness unless these structures are either in place or at least beginning to function as they would in full market systems.

The ECE report was critical of western countries which maintain trade barriers against exports from Eastern Europe, especially clothing, food and textile products. Such policies ran against western long-term interests, it said.

"It is clear that the successful transformation of the eastern economies is a matter of vital importance for the foreign policy and security objectives of western governments and as such it might be expected that these should have priority over sectional interests," it said.



Chinese science and technology delegation led by Mr. Chen Zutao called on State Minister for Education Principal Yunus Khan at the ministry Monday. An accord on technological cooperation was signed between Dhaka and Beijing the same day (Story on Page -2).

ROK may replace UK as ninth biggest car maker

SEOUL, Dec 2: South Korea is expected to become the world's ninth-largest automaker this year, selling more than 1.5 million cars at home and abroad, industry officials said Monday, reports AP.

Expected sales this year include 1.1 million cars at home and 400,000 abroad, said the officials at the Korea Automobile Industry Association.

If the sales projections are achieved, South Korea would replace England as the ninth largest car producer in the world, they said.

South Korea ranked 10th after England last year by producing 1.32 million cars, of which 951,000 were sold at home and 347,000 abroad, the officials said.

In the first 11 months of this year, Korea's five auto makers sold 1,003,254 cars at home, the officials said. It was the first time that domestic car sales have surpassed 1 million.

New stock of oil, gas found in Indonesia

JAKARTA, Dec 2: The state oil and gas company Pertamina announced yesterday it had found onshore oil and gas in Rengasdengklok, 35 kilometres northeast of here, reports AFP.

The Rengasdengklok L-3 delineation well had yielded 1,024.90 barrels of oil per day and 1.5 million cubic feet of gas per day, a Pertamina statement said.

The well, drilled in August, would be temporarily closed as a productive well, the statement said.

'Give Moscow aid to avert another coup'

NEW YORK, Dec 2: The US ambassador to Moscow said on Sunday that billions of dollars of foreign aid were needed to help democracy take hold in the Soviet Union and avert a possible coup, reports Reuters.

Portraying the Soviet as a nation in dire straits, ambassador Robert Strauss told CBS News the country was economically "somewhere between unbelievably poor and worse" and politically "a young democracy that is fighting and trying to find itself."

"It's incredibly difficult out here. They are out of money. They are facing terrible food shortages," he said in an interview from Moscow.

Strauss, asked if the situation was so bad there could be another coup attempt, said: "I don't think there's any question that it's real possibility— maybe not in the way it was before."

Military and government hard-liners staged a coup attempt in August, but it failed when Russian President Boris Yeltsin galvanised opposition.

Strauss raised the prospect of "a dangerous situation made to order for a demagogue" if armed troops were demobilised with no food for their families and homes to go to.

"I think the American taxpayers need to be told that there is no better investment we have than spending a few billion dollars out here in the next year to... try to get them (the Soviets) through this terribly difficult winter... and give democracy a chance to really take hold out here," he said.

Last Tuesday, negotiators from the Senate and House of Representatives approved authority for President George Bush to use up to 100 million dollars in defence money to have US military planes fly emergency food and medicine to Soviet republics.

Seoul asked to host talks on \$30b Asian development zone

SEOUL, Dec 2: The UN Development Programme (UNDP) has asked South Korea to host a meeting in January on plans for a 30-billion-dollar development zone in northeast Asia, foreign ministry officials said, reports Reuters.

"The UNDP asked us to hold the meeting on the Tumen river development project from January 30 to 31 in Seoul. We will set up a meeting very soon to work out the details and organise our ideas," a ministry official said.

North and South Korea, China and Mongolia agreed during a UNDP-sponsored meeting in Pyongyang last month to collaborate on the development programme over a 20-year period.

The Tumen river delta covers a 10,000-square km coastal area touching the borders of China, North Korea and Russian port of Vladivostok and is within east reach of the industrialised Chinese provinces of Jilin and Heilongjiang.

# Most Asian currencies fall

HONG KONG, Dec 2 (AFP): Most Asian currencies fell against the US dollar last week, but the Taiwan, South Korean and Philippine currencies defied the trend and rose.

Both the yen and the Australian dollar fell after rallies earlier in the week. The week's other decliners were the Singapore, New Zealand and Hong Kong dollars, the Thai baht, the Indonesian rupiah and the Malaysian ringgit.

JAPANESE YEN: The yen hit its highest level against the dollar in nine and a half months last week but fell back sharply to close Friday at 130.07 to the dollar, down from the previous week's 129.65.

The yen opened the week firm at 129.20 then rallied to touch 127.95 Tuesday after Bank of Japan governor Yasuhiro Mieno said Japan should open its markets and stabilise its currency at high levels to slash its current account surplus.

SOUTH KOREAN WON: The won appreciated marginally from 754.80 to the Greenback a week ago to 754.10 Friday as local firms sold dollars to meet a shortage of won funds.

HONG KONG DOLLAR: The Hong Kong dollar ended the week at 7.7610-7.7620 to the US dollar, down on the previous week's close of 7.7515-7.7525.

The Hong Kong dollar has been officially pegged at around 7.80 to the US dollar since October 1983. Its effective exchange rate stood at 111.1 Friday against 110.8 a week earlier.

INDONESIAN RUPIAH: The Indonesian currency closed the week's trading at 1,984 rupiah to the dollar Friday, two rupiah weaker than its 1,982 close the previous week.

MALAYSIAN RINGGIT: The ringgit ended the week Friday

sharply lower at 2.7530 to the US dollar against 2.7385 last week as the Greenback surged worldwide, dealers said.

They said intermittent intervention by Malaysia's central bank, Bank Negara, failed to prop up the ringgit against the US dollar, which was also well supported by continued patchy local commercial demand.

NEW ZEALAND DOLLAR: The New Zealand dollar ended a dull and light week at 56.21 US cents, down on its close a week earlier of 56.80 cents.

Business was muted with the currency locked into a narrow range between 56.18 cents and 56.25 cents.

One dealer said the problem with the Kiwis at the moment was that no one wanted to trade in it. "No one's prepared to be the one to give it a kickstart," he said.

PHILIPPINE PESO: The Philippine peso strengthened to 26.579 to the dollar on Friday from 26.75 the week before amid brisk trading ahead of the Christmas shopping season.

The peso has been shored up by the central bank's strong reserves and the dollar remittances from the Philippines more than 700,000 overseas workers ahead of the holidays.

THAI BAHT: The Thai baht declined slightly against the Greenback Friday to close at a mid-rate of 25.48 to the dollar compared with 25.45 a week ago, a spokesman for the Bangkok Bank Ltd said.

There was no domestic factor behind the baht's fall against the dollar, the spokesman said, and it could fall slightly further next week.

All the commercial banks in Thailand will be closed Thursday to mark the birthday of King Bhumibol Adulyad.

Delhi plans to save Rs 238 cr from petroleum sector

NEW DELHI, Dec 2: India hopes to save about Rs 238 crore in foreign exchange during 1991-92 through various conservation measures initiated in the Rs-40,000 crore petroleum sector, according to official sources, reports PTI.

The monetary value of petroleum products conserved is expected to be of the same order.

The government has attached the highest priority to petroleum products conservation ever since the Gulf crisis exerted tremendous pressures on the economy through enhanced value for imports.

The country imported crude and products worth over Rs 10,000 crore in 1990-91 and hopes to end 1991-92 with over Rs 13,000 crore assuming present levels of consumption do not rise any further.

# EC common currency, if adopted, to be irreversible

SCHIEVENINGEN (Netherlands), Dec 2: European Community finance ministers have decided there can be no going back once the EC nations sign a treaty to adopt a common currency, reports AP.

On Sunday, the ministers rejected a British-backed proposal that would have allowed any EC nation to "opt out" when the trade bloc adopts a single currency and central bank sometime after 1996.

"It's clear now there will be no general exemption clause," said Danish Economics Minister Anders Fogh Rasmussen told reporters after the first of three days of talks with his colleagues.

However, EC officials said the ministers supported an alternative plan to give Britain alone the right to defer a decision on adopting the common currency.

The ministers, who resume their meeting Monday in Brussels, are holding final talks in hopes of breaking down obstacles to a treaty turning the 12-nation EC into an economic and monetary union.

EC leaders are due to meet Dec 9-10 in the Dutch town of Maastricht to approve that accord along with a parallel deal forging a closer EC political union.

Dutch Finance Minister Wim Kok, who chaired

Sunday's session, said he is optimistic a full economic and monetary union treaty test will be ready for Maastricht. "We want to deliver a package as complete as possible," Kok told a news conference.

Kok said the ministers broadly agreed Britain could sign the treaty but attach a special declaration spelling out its concerns and claiming special rights to decide on the currency later in the decade.

That approach solved a nagging question: how to reconcile British alarm about closer integration of the EC with the desire of its partners to press ahead quickly. But it also promised difficulties for a British government increasingly isolated in the EC.

Britain, which fears losing its sovereignty to EC institutions, favoured the broad "opt out" clause largely to avoid special measures that make it appear the EC's lone dissenter.

"It's better to avoid specific national provisions whenever possible," a British official, demanding anonymity, quoted Chancellor of the Exchequer Norman Lamont as saying.

But EC Commission President Jacques Delors said the British plan would have created uncertainty about the eventual move to a common currency.

"A general opt-out clause would have been a sword of Damocles hanging over the head of economic and monetary union," he said.

All other EC nations have agreed to adopt the common currency once their economies are ready for that step after Jan 1, 1997.

On Monday, the ministers were due to move on to other nagging problems, including demands by the poorest EC nations—Spain, Portugal, Ireland and Greece—for large new commitments of development funds from richer areas of the EC.

They were also to discuss how much money each EC nation would put into the central bank once it is set up.

West urged to deal with Kremlin, not republics

MOSCOW, Dec 2: Soviet economic chief Ivan Silayev said in an interview published Monday that it would be "preferable" for foreign countries to continue dealing with the central government rather than the republics, reports AP.

Silayev also told Pravda he understood the concerns of European Community countries he recently visited about the possible secession of the Ukraine, which houses part of the Soviet nuclear arsenal.

But he said he didn't think the second-most populous republic would take any hasty action after voting overwhelmingly in favour of independence in a referendum Sunday.

"It would be preferable for the European Community to do business with the Soviet Union as a single body and not with republics scattered across separate economic zones," said Silayev.

"The same applies to the center's control over nuclear weapons," he said.

Silayev is chairman of the Inter-Republican Economic Committee, the new common market of Soviet republics. He recently returned from France and EC headquarters in Brussels, where he was seeking foreign aid.

"I understand the concern of France and all member countries of the European Community over prospects for the Ukraine's withdrawal from the Union," Silayev said when asked about future control over nuclear weapons.

AUSTRALIAN DOLLAR: The Australian dollar rallied early in the week but retraced gains by week's end to finish lower, dealers said here Friday.

The currency ended at 78.53 US cents compared with the previous week's close of 79.10 cents.

The Commonwealth Bank said in a weekly economic report that markets would next week focus on the release of economic growth data.

The bank has forecast Gross Domestic Product (GDP) will rise 1.3 per cent in the three months to September 30. Other predictions range between 0.5 per cent and 1.5 per cent.

SINGAPORE DOLLAR: The Singapore dollar weakened against the US currency to close at an exchange rate of 1.6685 here Friday compared with last week's level of 1.6655.

The local dollar was unchanged against the Hong Kong unit and firmed against the Malaysian ringgit.

Dealers said the Greenback closed stronger against the major currencies in the regional exchanges on short covering. Renewed fears about political instability in the Soviet Union also lifted the US currency in quiet dealing.

The OCB Bank trade-weighted index for the Singapore dollar stood at 136.21, up 0.25 from last week's 135.96.

TAIWAN DOLLAR: The Taiwan currency rallied to close at 25.7725 to the US dollar, up 14.75 Taiwan cents from its previous week's finish of 25.92.

After opening Monday at 25.85, the local unit hit a 25-month high of 25.77 on Wednesday in heavy trading, but increased demand for the Greenback at the end of November slowed the upward trend of the Taiwan currency, dealers said.



Suzuki motorbikes get free servicing upto 1000 miles at Rian Motors workshop, Tejgaon Industrial Area, Dhaka. — Star photo

100,000 tons Pak rice for Iran in pipeline

NICOSIA, Dec 2: Pakistan is to deliver another 100,000 tons of rice to Iran, the last instalment of 400,000 tons contained in an agreement last year, the Islamic Republic News Agency said Sunday.

The agency said the announcement came during a meeting between the Iranian ambassador to Pakistan, Javad Mansouri, and the Pakistani Minister of Economy and Finance, Sartaj Aziz.

The two officials also reviewed prospects for further developing trade exchanges, the agency said.

It said a joint Iran-Pakistan Economic Commission meeting earlier in the year had set the volume of annual trade exchanges between the two countries at \$ 400 million.

# Britons grappling with unemployment

LONDON, Dec 2: Kevin Fuller, a computer technician for 12 years, lost his job when Britain's economic troubles reached his company, reports AP.

"I never expected to be on the dole," the 35-year-old Londoner said on a gray afternoon, checking offers of jobs at a government-run employment office. "I've sent out 50, 60 queries. It has been frustrating."

Fuller is one of 2.45 million unemployed in Britain— 8.7 per cent of the 28 million workers.

Europe's fastest-rising unemployment rate and the sense that things are not getting better add to the winter gloom that is settling over the British Isles.

Britons complain to pollsters of high unemployment, tinkering with the National Health Service and, despite low inflation, the cost of living.

A Gallup Poll indicated 77 per cent were critical of the Conservative government's attempts to improve efficiency in the health service.

Optimism rallied at the end of the Gulf war, but not for long, said Bob Wybrow, an editor of the Gallup Political and Economic Index.

"We are kind of bumping along at the bottom," he said. "One would have expected things to be better."

Like Francois Mitterrand, the Socialist president of France, Britain's Conservatives have held power for more than a decade. There are signs of voter weariness on both sides of the English Channel.

In Britain, the Conservatives lost two special parliamentary elections Nov 7, bringing to seven the number of seats they have dropped since the 1987 general election.

Columnist Matthew Parris of The Times said in an inter-

view that even Conservative loyalists have trouble keeping the faith.

"They are rather like the Israelites being led through the desert," he said. "They want to believe their leader knows where he is leading them, but they just wish they knew for themselves that he does."

In a Gallup survey in October, 68 per cent of the 10,483 voters questioned thought economic conditions were worse than a year earlier.

By nearly all standards, the British economy is performing poorly compared with others in western Europe, but the inflation rate is down by more than half to 3.7 per cent, one of the lowest.

Low inflation came at a price: Some of the highest interest rates in western Europe—15.4 per cent a year ago and still 11.5—and the spreading unemployment that

caught Fuller.

The Organization for Economic Cooperation and Development, based in Paris, reported in July that Britain is expected to have Europe's most rapidly rising unemployment rate through next year.

Despite its problems, Britain has escaped much of the violence that plagues other European countries.

More than one million of eastern Germany's nine million workers are out of jobs and the number is expected to reach at least 1.2 million in 1992 as factories and shops struggle to learn capitalist ways. In former West Germany, only 1.7 million of the 36.5 million workers are without jobs.

Crime has become rampant in eastern Germany and hard times contribute to a rise in xenophobia.

Young right-wing thugs often attack foreigners in east-

ern Germany, and hostility toward immigrants is festering in other countries.

Anti-immigration parties have done well in Australia and Swiss elections. Violence has occurred in France, where polls indicate 15 per cent of voters support Jean-Marie Le Pen's racist National Front and more than twice as many generally agree with his ideas.

In Britain, the only trouble reported was some attacks on foreign students last summer at resorts on the south coast.

Prime Minister John Major's government has proposed measures to people seeking asylum in Britain— 30,000 last year compared with 5,000 in 1988.

The Confederation of British Industry found in its quarterly survey in October that optimism narrowly surpassed pessimism in the business community, but Britons generally are in no mood to be mollified.

Some say that is because they are grumblers by nature.

"The British are spiritually, culturally, and emotionally the most impoverished people in the world, compared with whom the slum dwellers of Mexico City... lead fulfilling lives," Theodore Dalrymple wrote in the Spectator. "The problem is both philosophical and psychological, and is to be cured neither by pills nor by public spending." Dennis Paton, 53, who has a fruit and vegetable shop in the Highbury district of north London, put it more simply: "They'll whine about the prices, but they've still got money to drink and gamble."

Major must call a general election by July. If the Conservatives expect to win, Pollster Wybrow said, they will need a number of things: a reduction in inflation, good news in unemployment, a reduction in the mortgage rate.

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