Soviets raid farms, cars for food

MOSCOW, Dec 7: Meat and other food staples are in short supply in cities throughout the Soviet Union, prompting people in some regions to raid nearby farms and to stop cars carrying milk and butter, news reports said Friday, reports AP.

The alarming reports came the day after President Mikhail S Gorbachev warned that the Soviet capital needed urgent help to ease food shortages and appealed to other Russian cities and other republics to help.

Residents of Naryn in the central Asian republic of Kazakhstan have been rustling livestock from nearby collective farms, stealing 160,000 sheep, the state news agency Tass reported.

Near the Russian city of Krasnodar, farmers have reported the theft of 25 cows, 44 horse and 15 calves, the report said.

In the Ural Mountain city of Ufa, bread is the only product not rationed, the Komsomolskaya Pravda newspaper reported. But in the Georgian capital of Tbilisi, the only items that can be found "cheaply and without problems" are cheese and beans, it said.

Meat has become so difficult to find in state-run stores and so expensive at the cooperative farmers' markets that seaweed has started to replace it in some cities in the Soviet Far East, the newspaper reported.

"If the most direct path to a man's heart is through his stomach, then does it make sense these days to talk about the role meat plays along this path, which has become so incredibly difficult for many?" the paper asked.

"And here's yet another little task: how many days can you go without causing a family scandal if you serve seaweed in place of meat for breakfast or supper?" it said.

Gorbachev's comments, broadcast on national television, followed news reports that Moscow would face a severe food crisis within two weeks.

He said food deliveries to Moscow from other republics had been disrupted, creating severe shortages of meat, butter and milk. Last month, Muscovites had to endure days of acute bread shortages.

"Moscow is in a hard, critical situation regarding food," he said. "I think Muscovites and the Moscow leadership need help and support from the central government and the Russian republic."

As a harsh winter sets in, many Muscovites are getting sick and tired of waiting endless hours in line to buy basic food items. Starch has become a primary staple, in lieu of meat and vegetables.

As part of Russian Federation President Boris Yeltsin's radical reform programme to create a market economy, his government is planning to free prices from state control throughout the republic. By bringing prices in line with demand and production costs, Yeltsin also hopes to increase supplies.

But in the meantime, farmers are withholding food from the market, waiting for higher prices.

No date has been set for the price increases, although Russian Economic Reform Minister Yegor Gaidar told Soviet journalists Thursday it would happen within the next few weeks.

The list of food products that would maintain their fixed prices include bread, milk, kefir or buttermilk, non-fat cottage cheese, vegetable oil, sugar, salt, vodka and baby food, the Moskovskaya Pravda newspaper reported Friday.

In response to the food crisis, Moscow's Federation of Trade Unions and the Moscow Entrepreneurial Group sent an appeal to the Russian government on Friday, Tass reported.

Union leader Mikhail Shakov stressed the need to implement social programmes to help blunt suffering resulting from the reforms, Tass reported.

"If the mayor's office, the Moscow government and the city council are unable to ensure stability in the city and create normal working conditions for Muscovites, we will demand their resignations," the appeal said.

GRIM LIFE : A group of refugees resting inside a concrete barrack of the Maravi camp at Baracoa in eastern Cuban coastal town. More than 250 Haitian refugees are now living in this camp. —AFP photo

US Reserve pushes inter-bank interest rate to 20-year lowest

WASHINGTON, Dec 7: Confronted with sharply fewer Americans working last month, the Federal Reserve on Friday pushed a key interest rate to its lowest level in nearly 20 years, reports AP.

For the 14th time since the recession began in June 1990, the central bank signalled that it was lowering the federal funds rate, the interest that banks charge each other for overnight loans.

Private economists predicted thee would be more rate cuts to come.

The Fed's action came just a month after the last easing move and pushed the funds rate down from 4.75 per cent to 4.5 per cent, the lowest it has been since June 1972.

Hours earlier, the Labour Department reported the number of jobs fell by 241,000 in November, the biggest one-month drop since the depths of the recession in February and March. The unemployment rate held steady at 6.8 per cent.

The Labour Department report heightened fears that the weak economic recovery has faltered and the nation has entered a new recession.

Following its normal practice, the central bank issued no official confirmation of its move. But analysts said the manner in which the Fed had injected dollar three billion of reserves into the banking system left no doubt of its intentions.

"This was an unmistakable signal that the Fed has eased," said David Jones, economist at Aubrey G. Lanston and Co. financial firm. "The unemployment numbers were too terrible to ignore."

Federal Reserve Chairman Alan Greenspan, speaking to a convention of Wall Street executives after the Fed action, said, "The economic recovery, which seemed to be gathering momentum and spark during the summer, more recently has shown signs of faltering."

Greenspan made no mention of the latest Fed easing in his speech.

Jones said the huge quarter-million drop in payroll employment indicated to him that the economy dipped back into recession last month.

The Fed's action did not prompt commercial banks to cut their prime rate, the benchmark for many consumer and business loans, but analysts said they expected the central bank will move fairly soon to cut rates further.

"I think this is the first stage in a two-stage easing," said Allen Sinai, chief economist of the Boston Co financial firm.

Many economists said they expected another quarter-point reduction in the federal funds rate within the next couple of weeks, accompanied by a full half-percentage point drop in the discount rate, the fee the Fed charges for direct loans to banks. That rate is currently at a 19-year low of 4.5 per cent.

These moves should be enough to prompt banks to lower the prime rate from its current level of 7.5 per cent 7 per cent, analysts said.

The Fed's easing moves so far have sent a variety of consumer interest rates, including mortgage rates, to their lowest levels in years.

Meanwhile President Bush signed into law Friday a $ 291 billion military budget bill that denies his request for more B-2 stealth bombers but provides the highest-ever spending on the anti-missile Strategic Defense Initiative.

In a statement released by the White House as Bush traveled to Hawaii for ceremonies marking the 50th anniversary of Japan's attack on Pearl Harbor, the president said the bill provides for a defence "sufficient to meet foreseeable threats to the national security and generally supports his defence priorities.

The House and the Senate passed the bill last month.

Bush said he was particularly pleased by the SDI provisions of the bill, which include $4.15 billion in research and development money and for the first time set a target date for deploying a defence against long-range ballistic missiles.

The bill orders the Defence Department to develop for deployment by 1996 a force of 100 ground-based interceptor missiles on the continental United States by long-range missiles.

Bush wants to go further to put anti-missile weapons in space as part off a system that could protect not only the United States but also other countries around the globe.

The 1992 defence bill is a step in that direction, although it specifies that no space-based weapons would be part of an initial anti-missile system.

In his statement, Bush said he objected to several of the bill's provisions but would "respect the intent" of the provisions "as far as possible."

Canada banks cut prime lending rates to 18-yr low

TORONTO, Dec 7: Major Canadian banks cut prime lending rates to an 18-year low yesterday, as low consumer confidence and high unemployment continue to plague economic recovery, reports Reuter.

The Royal Bank of Canada led the cuts, dropping its prime rate to 8.0 per cent from 8.5 per cent. Other major Canadian banks quickly followed.

The prime rate, which banks charge their best customers, is now at its lowest level since 1973 in Canada.

"Clearly we're in a weaker situation than we were a few months ago, in terms of expectations in the economy," said economist Marc Chandler of the Royal Bank of Canada.

The prime cuts came a day before the federal government is expected to release statistics showing Canadian unemployment remaining at 10.3 per cent in November, virtually unchanged since Canada emerged from recession in the spring.

Thieves after cigarettes

CALGARY, (Alberta) Dec 7: With Canadian "sin taxes" sending the price of cigarettes as high as seven dollars a pack, using a car or truck to crash into a store to steal cigarettes is a growing crime trend, say police, reports AP.

Lee Riege, owner of a convenience store, was the latest victim of a crash and enter break-in in four years for his store and the second time thieves used a vehicle.

"It's awfully frustrating," said Riege, who is considering installing concrete pillars to prevent another crash-in.

Thieves rammed a pickup truck through the doors of his store, then loaded it with more than two dozen cartons of cigarettes valued at about 1,200 dollars. Damage to the store is estimated at 10,000 dollar.

The rising cost of cigarettes, largely due to new taxes this year aimed at fighting smoking, makes them a hot item for thieves who can easily sell them, said police inspector Peter Jackson.

Japanese seek less working hours

TOKYO, Dec 7: As deaths through overwork known as 'Karoshi' increase in Japan, three out of five Japanese favour reducing working hours, according to a government poll, reports Kyodo.

The survey showed 61.7 per cent favour a cut in annual working hours from the present 2,044 hours, compared with the 48.8 per cent who sought shorter hours in a similar poll in 1986. The poll is conducted every five years.

Results of the poll, released by the Prime Minister's office showed 13.6 per cent of the respondents want working hours to be cut to the levels of 1.646 hours in France and 1.636 in Germany, with 48.1 per cent favoring them cut to the government target of 1,800 hours.

While there are no official figures on those who die from overwork and stress, specifically cardiovascular disease, officials say the problem in growing as Japanese businesses struggle to keep abreast of a severe labour shortage. Karoshi, first pinpointed as a problem in the late 1970's. Apparently resulted in 777 compensation claims filed in 1989 for cardiovascular disease, the officials said.

Aid terms upset WB

PARIS, Dec 7: Political conditions that rich countries are attaching to Third World aid are not only worrying some autocratic regimes but also putting the World Bank in an uncomfortable position, senior Bank officials say, reports Reuter.

After freezing aid to Kenya last week, development ministers of the rich world endorsed the link between aid and democratisation at a meeting of the Organisation for Economic Cooperation and Development (OECD) here this week.

But World Bank officials made it clear the Bank's statutes bar it from making the same linkage — at least explicitly.

"There is an increasing tendency to use the international institutions as a political instrument. This is something that we as an institution must resist," said Olivier Lafourcade, Director of the Bank's European office in Paris.

The European Bank for Reconstruction and Development (EBRD), which can lend only to Eastern European states shedding communism, is seen as a model by some rich nations.

But the World Bank, citing its development focus, does not want to have to judge regimes.

The Paris office of the World Bank organises most of the meetings at which aid donors meet recipient countries.

It was at such a meeting last week that donors refused to promise Kenya any 1992 aid unless it embarked on economic and social reforms and gave Nairobi six months to show willingness to do so.

That was the clearest case to date of donors applying political pressure through their aid policy on regimes they deem undemocratic, though a July meeting also deferred pledges for Guyana until elections were held.

World Bank officials looked uncomfortable at a news conference following the Kenya meeting and did not contradict Kenyan ministers who denied there had been any freezing of aid.

"We have to be careful who we play our role as Chairman of the group," said Alexander Shakow, the World Bank's Director of External Affairs.

Through its regional offices the Bank can warn a country that donors are upset — as in the case of Kenya — about corruption, human rights abuses or lack of democracy, but it cannot publicly support the setting of political conditions.

That does not mean it doles out money with no strings attached. Its idea of "good governance" — World Bank jargon for open, efficient government — means it may hold back aid if it thinks an economy is being mismanaged.

The amount spent on arms is nowadays an especially important consideration.

Ministers of the Development Assistance Committee (DAC) of the OECD who met in Paris on Tuesday and Wednesday highlighted in a statement the need for "participatory development" — OECD-speak for good government but also, explicitly, democratisation and the respect of human rights.

However, DAC Chairman Alexander Love said donors would find ways of aiding people in countries whose regimes they found distasteful. Political considerations would not hurt the poor.

"What you use is an approach that looks at different ways of allocating assistance in a country if donors have a problem with a government," he said.

Direct humanitarian aid, for example, could be given through non-governmental organisations and relief agencies.

Love said donors prefer to take the positive approach of giving more aid to countries making progress on democracy. In the rare cases aid is withheld, as with Kenya, it is because of what Love called "gross human rights abuses."

UN staffers demonstrate for collective bargaining right

UNITED NATIONS, Dec 7: Hundreds of UN employees rallied outside UN Headquarters on Friday to demand collective bargaining rights and better salaries and pensions, reports AP.

The Federation of International Civil Servants' Associations had announced that over 3,000 UN staffers would join the protest, but fewer than 500 showed up under crisp sunny skies with temperatures in the mid-40s.

At a morning staff union meeting, hundreds of staffers from UN agencies around the world adopted a resolution demanding an end to the erosion of non-professional salaries, the end of freezes on professional staff raises, improved pensions, and collective bargaining rights.

The resolution was later presented to UN Secretary-General Javier Perez de Cuellar.

Staffers have grown more militant as many UN member-states pile new demands on the world body while refusing to pay their UN dues on time.

The staff's demand for better pay has run head-on into demands by many of members such as the United States and Japan for more cost-cutting and trimming the staff, particularly the upper professional ranks.

As of early December, only 115 of the 166 UN nations have fully paid their dues. The United States owes 355.5 million dollars of the 523.1 million dollars in arrears that all nations owe the regular UN Headquarters budget.

Of the one billion dollars budget at the UN's New York Headquarters, which has about 5,000 employees, nearly 75 per cent was used for staff costs.

In New York, secretaries earn about 20,000 dollars after pension and tax deductions are taken out, and mid-level professionals get about 43,000 dollars.

The UN staff's working conditions provide family health insurance, six-week paid vacations and a pension plan.

Most UN salaries are about 15 per cent higher than the US Civil Service, and staffers get a cost-of-living stipend in expensive cities such as New York or Geneva.

But Kofi Annan, the UN's Chief Financial Officer, said the organisation's salaries, especially at upper management levels, were not competitive with other international agencies.

The UN workers who rallied Friday were a cross-section of the 32,000 UN staff worldwide working in 29 agencies.

Yeltsin risks economic conflict with Ukraine

KIEV, Dec 7: Russian President Boris Yeltsin has moved quickly to show support for Ukrainian independence but he faces the risk of economic conflict with Ukraine if it makes good on plan to introduce its own currency next year, reports Reuter.

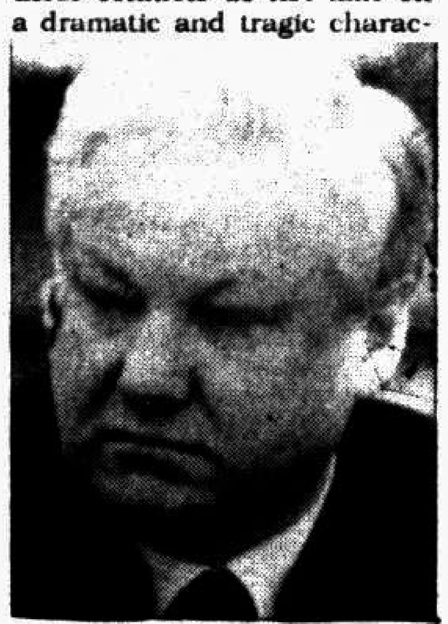
Russians and Ukrainians are closely linked by language, history and culture and mix easily. Good relations, however, will require not only overcoming Ukrainian grievances over nearly 350 years of subordination to Moscow but resolving economic differences as well.

Yeltsin dispatched an envoy to Kiev yesterday confirming Russia was recognising Ukrainian independence.

But economists here say that the most likely flash point in the future could be Ukraine's determination to introduce its own currency, a move that could produce chaos in Russia which would be flooded with roubles from its southern neighbour.

Ukrainians, for their part, are worried about Russia's plans to introduce free prices, which cold lead to a huge outflow of scarce food and consumer goods to the Russian market.

Vladimir Chenyak, a leading Ukrainian economist, said he saw conflicts between Russia and Ukraine over the economy as unavoidable but added, "the main thing is to ensure these conflicts do not take on a dramatic and tragic character."



Yeltsin : Risk

New Ukrainian President Leonid Kravchuk will meet Yeltsin in Minsk tomorrow to sell his idea for a new grouping that would no European Community.

Kravchuk hopes to forge a political relationship with Yeltsin's Russia under which both would be fully independent and the vestiges of the centralised Soviet state would vanish.

So far Yeltsin has stuck loyally to his partnership with Soviet President Mikhail Gorbachev, supporting his plan for a new treaty to create a successor state to the old Soviet Union.

But it now seems only a matter of time Yeltsin changes his position. Yesterday after meeting with Gorbachev he said, "If Ukraine is to be a fully independent state then we will have to look for new alternatives." Gorbachev, seen by Ukrainians as out of touch with popular opinion, looks like being the big loser.

After Sunday's referendum with its 90 per cent majority for Ukrainian independence, Kravchuk would find it impossible to retreat and sign Gorbachev's treaty, even if he wanted to.

Heavily dependent on Yeltsin's support, Kravchuk has tried to reassure the 11 million Russians in the Ukraine, most of whom voted for independence, that he will protect their interests.

One-month saga of Maxwell empire collapse

LONDON, Dec 7: The worldwide business empire it took Robert Maxwell 40 years to build up crumbled and collapsed within a month of his death, leaving his sons and heirs facing personal ruin, reports AFP.

November 5 : Robert Maxwell found dead in sea off Canary Islands. Shares in Maxwell Communication Corporation (MCC) and Mirror Group Newspapers (MGN) suspended at 121 pence and 77.5 pence.

November 6 : His sons Kevin and Ian take over the empire, Kevin as Chairman of MCC and at the head of private family interests, Ian at MGN.

November 7 : Shares Relistex. MCC immediately plunges, value halved in four days. MGN shares surge as analysts predict takeover attempt.

Berlitz International Language Business sold for 265 million Dollars to Japan's Fukutake Publishing. Kevin Maxwell signals new era and says next 12 months will see "orderly" programme of disposal, including his father's yachts and helicopters.

November 12 : Macmillan Computer Publishing (MCP) sold to paramount for 157.7 million dollars.

November 15 : First signs of strains in creditor banks position of keeping the empire together appear: Citibank transfers two million MCC shares held as collateral on a Maxwell loan to one of its own companies.

November 18 : Emerges that Swiss Bank Corporation asked serious Fraud Office to investigate missing shares a private Maxwell company advisor 188 pledged as security on a 55 million pound loan. Threatens to call in loan, raising prospect of Domino-effect collapse of the whole empire.

November 20 : National Westminster, lead banker to the private companies, begins crisis talks on restructuring of debts thought to total 800 million pounds.

November 21 : MGN subject of intense takeover speculation. Australian Kerry Packer tipped as likely bidder.

November 25 : First round of crisis talks between banks and private Maxwell companies. Security on loans thought to be deficient by around 150 million pounds. Banks agree informal standstill until December 20 to allow time to study restructuring proposals.

November 26 : MCC shares stage recovery on hopes empire's crisis won't prove fatal.

November 27 : MCC postpones interim results announcement. MCC shares come under pressure again as speculation about dividend payment grows.

November 29 : Cracks in bank's United Front appear as "sources" question valuation of Maxwell assets.

December 2 : MCC and MGN shares suspended for a second time. MCC at 35 pence, MGN at 125 pence, "pending clarification" of family financial position.

December 3 : Banks meet to consider rescue plan put forward by the brothers, extend the standstill for three days. Later emerges that banks have demanded 300 million pounds cash injection.

Kevin Maxwell resigns as MCC Chairman. Ian Maxwell resigns as chair of MGN. Both cite "conflict of interest" with investigations into transfer of money from two public companies to private family concerns. Kevin Maxwell admits "we didn't know everything" about this father's activities.

MGN announces a "significant part" of the group's pensions funds had been transferred "apparently without due authority," to private interests.

December 4 : Emerges that MGN pension fund was raided for 350 million pounds, mostly in the month before Maxwell's death. New MGN Chairman refers to "increasingly desperate actions of a desperate man." Later emerges that total taken from Maxwell group pension funds exceeds 400 million pounds. Another 100 million was taken from MGN company funds, some 25 million from MCC.

December 5 : Maxwells apply for private companies to be placed under administration to provide protection from creditors following collapse of rescue talks. Administrators take over and put the 400 companies that made up the private empire and the MCC and MGN stakes up for sale.

Administrators say known private debts total 1.4 billion pounds, of which 800 million to banks. Value of assets could be only 500 million pounds.

Prospect of lengthy legal battles over assets emerges as Swiss Bank calls in receivers on advisor 188.

New York Daily New files for bankruptcy protection. Editor of European Newspaper says Friday's edition will be the last if a buyer not found.

MCC says some of the shares in Berlitz it sold to Fukutake are missing, endangering the sale and raising the prospect that the creditors, owed at least 1.5 billion pounds, will call in receivers.

December 6 : Publishing group Pearson and German giant Bertelsmann seen as likely bidders for MGN. Emerges that Maxwell brothers authorised pension fund transfers, raising prospect of criminal and civil actions which could leave them ruined.

It was suicide ?

Meanwhile AP reports : Speculation that Robert Maxwell may have committed suicide was fueled this week by disclosures of his publishing empire's huge debts and his movement of money among his companies to hide their tenuous state.

Law enforcement officials raided Maxwell's London headquarters Friday to begin investigating allegations that millions were looted from a pension fund. Court-appointed administrators put pieces of the empire up for sale Thursday to pay off Maxwell's legacy of more than dlrs 4 billion in debt.

British tabloids and associates of Maxwell's suggested with renewed vigour that he may believed suicide was his only option.

Spanish pathologists who performed the autopsy on the body indicated last week that lab tests supported their preliminary finding that the 68-year-old Maxwell died of natural causes, probably a heart attack.

"Three weeks ago I would have said that suicide was only a 1 percent chance. That percentage has increased," Julio Claverta, the Maxwell family lawyer in Tenerife was quoted as saying in the Daily Mail and other British tabloids Thursday.

"But I still find it difficult to believe that he jumped into the sea. There are other ways of taking your life."

Roy Greenslade, former editor of Maxwell's flagship newspaper the Daily Mirror, said in an interview: "It is obvious he was facing a fight he could not win. He was facing jail."

The disclosures of Maxwell's larger-than-expected debts, and the measures he took to conceal them, stripping 350 million pounds (627 million dollars) from the Mirror Group pension fund "certainly provided motive of the strongest possible kind for him to take his own life," Greenslade said.