

UNCTAD may lose its decision making role

GENEVA, Feb 6: The United Nations Conference on Trade and Development (UNCTAD) will seek to define and clarify its role when it holds its eighth conference in Cartagena de Indias, Colombia, at the end of the month, diplomats here said on Tuesday, reports AFP.

UNCTAD, which is based in Geneva, was set up to strengthen dialogue and co-operation between rich countries in the Northern hemisphere and poor countries in the South.

But many diplomats here told that it has lost its way among development issues, and that industrialised countries are increasingly shunning it with complaints that its approach is unrealistic and out of keeping with the times.

UNCTAD Secretary General Kenneth Dadzie of Ghana said on Tuesday that "institutional matters will be a major issue" at the conference from February 8 to 25.

There was "basic agreement" that UNCTAD would in future be more of a broad forum for discussion of development problems than a center of decision. Some UNCTAD activities might be abolished, merged or restructured, he said.

He acknowledged that texts submitted to ministers on trade, services and technology were vague because "hardly any negotiation took place" and because there had been "little attempt to reconcile positions."

The text stressed the need for "structural reforms both in developed countries and in developing countries in favour of efficient use of human and economic resources, and proposed directives for national and international action in five sectors."

These were resources for development, international trade, technology, and basic services and products.

The question of economic clauses in international agreements on raw materials is the area of most controversy between developed and developing countries at UNCTAD.

Attempts to introduce regulation of supply and demand through agreements between producers and consumers in order to increase prices, have failed during recent years.

The conference will try to define what is meant by 'good management' in terms of ensuring that development programmes are successful and that markets work effectively.

Gaddafi invites foreign investors

BONN, Feb 6: Libyan leader Muammar Gaddafi said he welcomed foreign investors and planned to spend billions of dollars on factories and petrochemical works to raise Libya's crude oil production, reports Reuter.

In an interview on German television, he said Libya also planned to spend billions of dollars on a railway line, high-tech factories, an aluminium plant and mountain hotels.

Asked if he would create a new law for foreign investors, he replied: "All foreign investors are welcome, from every country."

"We have big plans and will spend billions of dollars, on building a railway line longer than 1,000 km... and on building petro-chemical installations because we will raise our crude oil production to three million barrels per day," he said.

Gaddafi has in recent years opened up his own brand of an Islamic Socialist economy to consumer goods and used oil to fight poverty and raise living standards in what was a poor desert kingdom a generation ago.



EXPOSED TO DAMAGE: Hundreds of bags of cement have to remain under open sky at Badam Tali Ghat in Dhaka as there is no shed to accommodate them after being unloaded from vessels. —Star photo

Russian reform: Old guards at war with Young Turks

DAVOS (Switzerland), Feb 6: Exchanges during talks on the former Soviet economy at the World Economic Forum in Davos highlighted a yawning generation gap among reformers, reports Reuter.

"They call themselves professionals but what we have is young men with no experience running our government," said Moscow academician Oleg Bogomolov.

"We are getting a lot of flack from the academics, but we know their failings because they were our professors and we were their students," retorted Russian Deputy Premier Alexander Shokhin.

The gulf separates those who won renown at the leading edge of the struggle for change under former Soviet President Mikhail Gorbachev from the "Young Turks" who now control the Russian administration under Boris Yeltsin.

Among the former were Moscow Mayor and economics professor Gavril Popov, St Petersburg Mayor Anatoly Sobchak and Abel Aganbegyan, known as the "father" of Soviet economic reform.

Standard-bearers for the new wave bidding for the ear of world business leaders at the forum were the 40-year-old Shokhin and Anatoly Chubais, 36, minister in charge of Yeltsin's privatization programme.

Shokhin and Chubais represent a government in power only two months but which has embarked on the first concerted effort to push through a programme to build a market system.

"These young men are obsessed with the idea of balancing the budget," Sobchak, a law professor who was one of the oratorical stars of the former Soviet Parliament, declared at one session.

They simply cannot understand that what we need to do first of all is to get production moving," Chubais, a former Sobchak aide, brushed the charge aside.

"The trouble with Sobchak is that he was brought up in the old ideology and at his age it is difficult to shake it off. Chubais and a number of the former advisers to Sobchak left St. Petersburg to join the new Yeltsin team, in what Western economists who know them say was frustration at the Mayor's failings as an administrator.

In Moscow, they gathered around a 35-year-old former Bogomolov student Yegor Gaidar and then entered the second post-communist Russian government late last year with him as its Economic Reform Coordinator.

Sobchak and the other older-generation reformers argue that the young men are hard-hearted and ignore the human factor as they push through painful price reforms.

"The way they have introduced these reforms has undermined a lot of the popular support for change," said Aganbegyan in an interview in Davos.

Starvation claims 132 in Indonesia

JAKARTA, Feb 6: At least 132 people have died of starvation in the remote Indonesian province of Irian Jaya where bad weather has prevented crop-planting, Coordinating Social Welfare Minister Supardjo Rustam said today, reports Reuter.

The government was flying in supplies by helicopter, he told reporters. The tribes people began running out of food about six months ago.

Officials, who disclosed few details about their plight, blamed the delay in discovering the starving tribes people on the remoteness of their villages.

Irian Jaya is the eastern-most province in the Indonesian archipelago and home to some of its most primitive tribes, some barely out of the stone age.

US suggests tougher action for aid

People's pressure compels Moscow to cut taxes, raise pension

MOSCOW, Feb 6: Russian officials, responding on Wednesday to tough public criticism of their economic reforms, announced tax cuts on some key products and pledged help for pensioners trying to cope with higher prices, reports-Reuter.

The measures, which soften the impact of January's price liberalisation, were targeted at vulnerable sectors of the population, Alexander Nechayev, Deputy Minister for Finance and the Economy, told reporters.

"An immediate increase of 200 rouble for the lowest paid was planned", he told a press conference. The minimum monthly wage in Russia was set at 342 rouble last month.

Value added tax (VAT) of 28 per cent was introduced in December. It has been very unevenly applied, and would now be cut back to 15 per cent on certain products, Nechayev said.

But the Russian economy would continue to contract, he said. "We cannot stop the spiral of recession this year."

A Moscow doctor said on Tuesday the average daily calorie intake had fallen to around 2,200 from the recommended minimum of 2,800. Weekly protein intake had slumped to 50 grammes, well below the recommended minimum of 80 to 100 grammes.

Parliamentary speaker Ruslan Khasbulatov has been one of the toughest critics. Our decisions are a compromise between what we wanted and what parliament wanted, Nechayev said. Our aim is to help certain sections of the population.

Meanwhile, according to AP, Consumer prices in Russia rose 300 to 350 per cent from December to January, far higher than predicted by the government of President Boris Yeltsin his economic aides said Wednesday.

At the same time, the gross national product dropped by between 16 and 18 per cent from December to January, Deputy Prime Minister Alexander Shokhin and Deputy Finance Minister Andrei Nechayev told a news conference.

Russian government officials, in planning the price reforms that began on January 2, forecast that the cost of food and other consumer goods would rise 250 per cent, Shokhin said.

A Reuter copy from Washington says: Russia has appealed to rich industrial nations for 17 billion dollar in aid but has little chance of getting much help until it takes tough action to reform its economy, a senior US official said yesterday.

"I have to express a great deal of respect for the job that they're trying to do," US Treasury Undersecretary David Mulford told a House of Representatives Banking Subcommittee. "But they face an unbelievably difficult task."

"Nobody is going to sit down (now) and write out a 12 billion dollar check," Mulford added, referring to Russia's request for balance of payments support. The Group of Seven Britain, Canada, France, Germany, Italy, Japan and the United States is looking to the International Monetary Fund

(IMF) and the World Bank to provide the bulk of support for reforms in the former Soviet Union.

Another despatch from Tokyo adds: Uncertainty triggered by the collapse of the Soviet Union has delayed Japanese aid worth 2.6 billion dollar of which 600 million was for emergency food and medical supplies, banking source said.

Bureaucratic obstacles and the collapse of central soviet government delayed disbursement of a 2.5 billion dollar aid package announced in October last year, Japanese officials said.

In addition, the Export-Import (EXIM) Bank of Japan is to handle 200 million dollar in export credits and arrange 500 million dollar in emergency food and medical aid.

EXIM Bank is still trying to arrange co-financing for a separate 100 million dollar loan to the Russian republic, first announced in December 1990 when it was intended for the Soviet Union, Banking sources said.

Lanka likely to get expected aid despite poor human rights record

COLOMBO, Feb 6: Sri Lanka will get no credit for its poor human rights record at Friday's crucial meeting of international aid donors in Paris, but can still expect the aid money it is seeking, western diplomats here say, reports AFP.

Western donors severely criticised Sri Lanka's human rights performance at their last aid group meeting in 1990, but still gave the country almost one billion dollar — about 150 million dollar more than it had asked for.

"Last time in Paris, everybody, except the French, was keen to hammer the (Sri Lanka) government on human rights," a western diplomat at that meeting told AFP. "But at the end of the day, they all signed the cheques."

He said that this time Sri Lanka should also expect a lot of flak for its slow progress in eliminating rights abuses, but could take comfort in rapid economic growth over the past year despite a continuing civil war.

"If there is any drop in the quantum of aid it would be because of a shortage of money available in donor countries rather than due to the human rights situation here," said another diplomat from a western donor country.

Shri Lankan Finance Secretary R Paskaralingam told newspaper editors in a recent interview that he was confident Colombo would be able to raise the 800 million dollar it is seeking from the Paris Aid Consortium.

Paskaralingam said the economic fundamentals of the country are good, although it has been unable to meet its targets for reducing the budget deficit.

However, the government is pressing ahead with an ambitious project to sell off dozens of state enterprises, both profitable ones and loss-making ventures, in line with recommendations of the World Bank.

In the run-up to the gathering, there has been hectic lobbying at western embassies here by ruling party dissidents and opposition groups, who want Colombo pressured to punish security personnel responsible for human rights abuses.

"The more fundamental issue is can people read and write. Are we giving them the skills they need to do the job?" he said.

Several blocks away near the TsUM department store, 19-year-old Slava Zagayevzhov was selling the last of 150 boxes of tea he brought from the Caucasus region. He was asking 15 ruble for a box that cost him six ruble.

Several women near him were hawking jars of Western-made hot dogs and bottles of Western cough syrup, most likely leftovers from humanitarian aid packages they received from the West.

Yura Kovasakov, 63, also was trying to make some money in the crowd. Recently released from prison, Kovasakov said he had no income and nowhere to live, and had resorted to spending nights sleeping in apartment building basements. He was selling Yugoslavian cigarettes.

Cory orders austerity to meet IMF target

MANILA, Feb 6: Philippine President Corason Aquino has ordered government agencies and corporations to limit spending and defer non-essential projects in order to meet targets agreed with the International Monetary Fund (IMF), reports Reuter.

In the administrative order released to reporters Wednesday Aquino said there was need for government "to maintain prudence in spending and to continue to streamline its operations in view of limited resources."

The Philippines in 1992 is committed to a public sector deficit equivalent to 2.7 per cent, of Gross National Product GNP under an economic stabilization programme agreed with the IMF.

The programme, which curbs spending and increases government revenues, is still awaiting final approval by the IMF board pending the Philippine Senate's passage of tax enhancement measures aimed at raising revenues.

Politicians have been reluctant to pass new tax measures, fearing adverse public reaction ahead of the May 11 national elections.

The Philippine Chamber of Commerce and Industry (PCCI) has urged the Senate to pass the measures to enable the government to pursue its economic stabilization programme.

Finance Secretary Jesus Estanislao said last month the government would cut spending in order to maintain the target deficit in the event no new taxes are approved.

The consolidated public sector deficit for 1992 is put at 37.7 billion peso. Aquino ordered government agencies and corporations to set aside 10 percent of their budget as reserve, which can only be released upon her approval.

She also ordered the deferment of all new non-infrastructure projects for 1992, except hospital and school buildings and projects "related to rehabilitation, reconstruction and other works for disaster-stricken areas."

Aquino directed agencies to limit hiring of regular employees and suspend hiring of consultants and casual workers.

Tokyo, Honolulu, executives pay most for homes

NEW YORK, Feb 6: Homes fit for business executives cost the most in Tokyo and Honolulu among 59 leading markets around the world, a real estate company said Wednesday, reports AP.

The prices of homes varied widely by city, with 900,000 dollar buying 144-square-meter home with five rooms and a one-car garage in Tokyo, the survey said.

The survey by Century 21 Real Estate Corp. looked at homes suitable for executives earning 150,000 dollar a year who are transferring to new job locations.

Listings for 198-square-metre homes with four bedrooms and a two-car garage average 650,000 dollar in Honolulu, Century 21 said.

Following Tokyo and Honolulu as the most costly markets were Rio de Janeiro, Brazil, at 600,000 dollar and Manhattan, N.Y. and San Juan, Puerto Rico, both at 500,000 dollar.

The least costly market among the 59 surveyed was El Paso, 216-square-meter home with four or five bedrooms would cost 160,000 dollar. Mexico City was second lowest with a list price of 220,000 dollar for a 204-square-meter home with three bedrooms. Omaha, Neb. was third lowest at 225,000 dollar.

Last year's survey ranked Tokyo and London as the most costly markets and Puerto Vallarta, Mexico, and Edmonton, Canada, as the least costly. Neither Puerto Vallarta nor Edmonton are included in this year's survey.

Unemployment in Germany rises sharply

NUREMBERG, Feb 6: The number of people unemployed in Germany rose sharply in January, to 16.5 per cent of the workforce in the East of the country and to 6.3 per cent in the West, official figures showed on Wednesday, reports AFP.

In former East Germany there were 1.343 million people unemployed or 305,000 more than in December, 1991, the Federal Labour Office said. In former West Germany there were 1.875 million people unemployed or 140,000 more than in December when the rate was 5.4 per cent.

The sharp rise in the East of the country was partly attributable to the ending of some governmental schemes to create jobs, the office said.

US experts contest Miyazawa's remark

WASHINGTON, Feb 6: Productivity in the United States barely rose in 1991 after declining in the previous two years. That proves that Japanese Prime Minister Kijichi Miyazawa was correct when he said Americans have lost the work ethic, right?

Wrong, economists say, writes AP. To be sure, the work ethic — how energetic or lazy workers are — affects the nation's productivity, the output of goods and services for each hour of labour that went into providing them.

But economists said other factors are far more important. Among them are natural fluctuations during the business cycle, the inability of debt-laden corporations to invest in modern equipment, poor management, and the decline of the nation's schools.

The Labour Department said Wednesday that the productivity of non-farm workers advanced only 0.2 per cent in 1991, after falling 0.1 per cent in 1990 and 0.9 per cent in 1989.

Among US factory workers, productivity rose 1.4 per cent last year, compared with a 2.5 per cent increase in 1990. By comparison, productivity among Japanese factory workers — the only category in which comparable figures are available — rose 3.7 per cent in 1990. That same year, US labour costs increased 3.2 per cent per hour, compared with a 5.8 per cent increase in hourly labour costs in Japan.

The numbers may not be as bad as they appear, economists said. American workers remain the most productive in the world. If other countries post bigger gains, it means only that they are narrowing the gap.

"The US level of output per hour of work remains the highest in the world, but Germany and Japan are moving up at a faster rate," says Federal Reserve Chairman Alan Greenspan.

Also, productivity improvements always slow down as the economy enters a recession, as it did in July 1990. That's because sales and factory production fall faster than businesses can trim their payrolls.

The reverse occurs when recoveries begin. Because businesses are reluctant to hire again until they are sure sales will sustain the added employment, the output per worker tends to rise faster than average.

But even discounting the effects of the business cycle, productivity gains last year were still too slight to improve or even sustain robust, non-inflationary growth, economists maintain.

"The best proxy for the long-term standard of living is productivity," Greenspan told

the House Budget committee this week. "Relative to other countries, we have some very major reasons to be concerned."

Since the end of World War II, policy makers have relied primarily on productivity increases to improve Americans' living standards. But the average annual productivity gains have slowed from 2.4 per cent in the 1960s, to 1.3 per cent through 1970s, to 0.6 per cent in the 1990s.

Everyone agrees that raising productivity growth is the key task of economic policy makers. In addition to changing management practices and union work rules, William Dunkelberg, Dean of the Business School at Temple University, stressed education.

"The more fundamental issue is can people read and write. Are we giving them the skills they need to do the job?" he said.

Business briefs

British aid for Indian children: Britain plans to donate nine million pounds to a children's health care project in the Indian state of Andhra Pradesh, the government announced Wednesday, reports AP from London.

Aramco seeks \$2.4b credit: Saudi Aramco, one of the world's biggest oil companies, has asked to borrow 2.4 billion dollar from foreign banks to help fund ambitious expansion plans and to buy new supertankers, Gulf-based bankers said on Tuesday, reports Reuter from Kuwait.

Tokyo to cut defence cost: Japan's defence minister told parliament his ministry would slash 100 billion yen from the current five-year defence programme to compensate for part of last year's Gulf war contribution, reports Reuter from Tokyo.

EC seeks 70-yr copyright for art work: The European Commission Wednesday proposed a 70-year copyright for art works throughout the 12-nation trading bloc, starting with the death of an artist, reports AP from Brussels.

The commission, the EC's executive body, will also propose a 50-year copyright for the rights of interpreters, performers, record, radio and TV companies. The commission said the harmonisation of copyright lengths was necessary for the single European market in which all obstacles to the free movement of goods and services will be abolished.

Once drab Moscow streets bustling with side-walk sale

MOSCOW, Feb 6: Nina Novikova is relieved at a new law legalizing selling goods in the streets. Now she doesn't have to worry about trying to sell the plastic jar of mayonnaise that her husband was lucky to get cheaply last week, reports AP.

"I think it's a good law," Novikova said on a downtown sidewalk, surrounded by 500 people trying to sell everything from caviar to brassieres to vacuum cleaners.

"After all, people need to live," she said. Moscow's drab, gray streets have been turned into a bustling sidewalk since Russian President Boris N Yeltsin signed the decree January 29. It made it legal for both private individuals and enterprises to engage in commercial business activities.

Coming more than three weeks after Yeltsin freed prices on most goods in Russia on January 2, the decree was formulated in part with the "goal of developing the consumer market, stimulating competition, and overcoming monopolies in the retail trade sphere."

With many basic goods in short supply and those that are available now affordable only to a few, the sidewalks are now full with sellers. But because the cost of so many basic items has skyrocketed following the price increases, many of the hawkers are simply poor, tired people struggling to exist on incomes that are rapidly losing their spending power.

Many have resorted to selling their own clothes, household items and scarce food products in hopes of making some extra money. "I've stood here all day and I've sold almost nothing," complained Galina Adamanenko. The unemployed mother of two who was trying to

sell two packages of cigarettes and an old pair of boots outside the Detaki Mir (Children's World) toy store opposite the headquarters of the former KGB secret police.

"I know where to buy things cheap, and then I can resell them," Adamanenko said. She said she found the cigarettes for 45 ruble a pack at a kiosk and hopes to resell them for 80 ruble.

A ruble is worthless now one cent at the tourist exchange rate, and the average monthly salary is about 960 rubles. Ivan Petrov, 63, was eagerly trying to unload two pairs of men's blue jeans with embroidered pockets—part of a clothing package his daughter brought back from a recent trip abroad.

"Life has become a lot harder for me now. Everything is more expensive and there's nothing in the stores," said Petrov, who was wearing a brown fur hat and fake fur coat to keep warm in freezing winter weather.

"These are from the West," he added proudly, pointing to the jeans. "They're from Poland."

Several blocks away near the TsUM department store, 19-year-old Slava Zagayevzhov was selling the last of 150 boxes of tea he brought from the Caucasus region. He was asking 15 ruble for a box that cost him six ruble.