

BRIEFS

Australian state premier resigned

ADELAIDE (Australia), Sept 1: South Australian state premier John Bannon, under pressure over his government's forced, multi-billion dollar bailout of the state bank, resigned here Tuesday. Bannon has been heavily criticised for his Labour government's handling of the financial failure of the State Bank of South Australia. The government had been forced to inject 3.1 billion Australian dollar (2.2 billion US) to prop up the bank, reports AFP.

Yugoslav inflation sky-rocketed

BELGRADE, Sept 1: The Yugoslav economy, crippled by regional wars and international sanctions, recorded a month-on-month rise in inflation of 42.4 per cent in August, federal authorities said on Monday. The inflation rate since the beginning of this year is 4,038 per cent and 7,607.6 per cent since August last year. Tanjug news agency reported. The monthly rate reached a record high of 102 per cent in June but fell to 62 per cent in July, reports Reuter.

Investors concerned about security

MANILA, Sept 1: Asian businessmen are interested in investing in the Philippines but are concerned about kidnappings and other threats to their security, the foreign secretary was quoted Tuesday as saying. "They were convinced that political stability is not the issue," Foreign Secretary Roberto Romulo was quoted as saying by The Manila Chronicle. "What they are bothered about is the peace and order situation," Romulo, who returned from a visit to Thailand and Singapore, said Asian businessmen were especially concerned about a wave of ransom kidnappings which has gripped the country, reports AP.

Snowstorm hits NZ's sheep farmers

CHRISTCHURCH (New Zealand) Sept 1: The worst snowstorm in 40 years has forced farmers to dump dead sheep into mass graves, and some say the weather could rob them of an entire year's income. Ministry of Agriculture spokesman Clive Dalton estimates that the toll, mostly on South Island around Christchurch, will climb to 1.5 million animals over the next few weeks. The total already includes one million newborn lambs, worth an estimated US \$150 million, reports AP.

UN sanction on Serbia broken

AMSTERDAM, Sept 1: United Nations trade sanctions against Serbia and Montenegro are repeatedly being broken by shipments of goods across the Hungarian border, the Dutch transport union Vervoersbond FNV said. Union representatives recently returned from a fact-finding trip to the border where they spoke to truck drivers, customs workers and EC officials. "We got the impression that the UN boycott was not working at all," said Fons Tuynstra, one of the union officials on the trip, reports Reuter.

\$50m lawsuit fails

AKRON (Ohio), Sept 1: The mother of Jeffrey Dahmer's first victim has filed a 50 million dollar lawsuit against the serial killer's family, arguing the Dahmers should have known he was a threat. Dahmer pleaded guilty in May to a single count of aggravated murder for the 1978 beating death of Steven Hicks, 18, of Coventry Township. Dahmer, then 18, was living alone in Bath Township when he picked up the hitchhiking Hicks, drove home and killed Hicks, reports AP.

Collor fighting to survive

BRASILIA (Brazil), Sept 1: President Fernando Collor de Mello's government, mired in a growing corruption scandal, fought on Monday to stop three top cabinet ministers from resigning and the administration from disintegrating. The Ministers, who include economy Supremo Marcellio Marques Moreira, were upset by Collor's insistence in a televised address on Sunday that he had done nothing wrong and would not resign. A congressional investigation has accused Collor of pocketing millions of dollars from a vast corruption scheme run by his friend Paulo Cesar Farias and most Brazilians believe the President's impeachment is only a matter of time, reports Reuter.

US silent to IMF deficit cut call

WASHINGTON, Sept 1: The International Monetary Fund (IMF) urged the United States to take tough action to rein in its budget deficit, but no one seemed to be listening, reports Reuter.

Monetary sources said IMF staffers argued at a meeting of the fund's board that a cut in America's deficit would be good for both the US, and the world economy, and advocated tax hikes and spending reductions to help bring that about.

But neither President George Bush nor Democrat challenger Bill Clinton have shown much inclination to prescribe such painful medicine in the run-up to the November election.

The economic programmes unveiled by President Bush and Arkansas

governor Clinton have a common theme, said Hong Tran, economist with Deutsche Bank, Germany's largest bank. "Despite paying lip service to the contrary, no priority has been accorded to reduction of the US budget deficit."

The US deficit is expected to soar to a record 314 billion dollar in the year ending September 30.

Some economists believe that the deficit could fall next year as US economic growth picks and government tax revenues increase. The IMF expects US, growth to accelerate to 3.4 per cent next year from 2.1 per cent in 1992.

But faster economic growth alone won't be enough to eliminate the deficit and the IMF believes that tough action to cut spending and raise taxes is also needed, monetary sources

said. Bush though has rejected any talk of increasing taxes, and instead has called for an across-the-board tax cut balanced by commensurate reductions in federal spending.

The President is still smarting from the political fallout from his 1990 budget deal with Congress, in which he broke his 1988 campaign pledge not to raise taxes in return for tighter controls on government spending.

Although the pact was hailed as a breakthrough by many economist at the time, it has failed to stem the government's red ink. "The deficit outlook is bleak," said the bipartisan congressional budget office in a report this month.

To cut the budget shortfall, Bush has proposed letting

Americans designate up to 10 per cent of their taxes for deficit reduction by checking a box on their tax returns.

"The President's check-off box is a gimmick," Texas tycoon and former independent presidential candidate Ross Perot wrote Sunday in the New York Times newspaper.

But the trouble, economists said, that Clinton does not have a solid plan to reduce the deficit either.

They said his programme relies on rapid economic growth to cut the deficit — growth the economy is unlikely to achieve.

It also depends on raising tens of billions of dollar more in taxes from foreign corporations operating in the United States — revenue that most analysts think cannot be counted on.

Stock market in NY posts lower

NEW YORK, Sept 1: The stock market posted some scattered losses in quiet trading Monday while traders awaited new signs of the American economy's direction, reports AP.

The dollar has steadied of late in currency markets, relieving one big worry that had been weighing down stock prices.

In addition, Japanese stocks have rallied sharply from the six-year lows they hit less than two weeks ago. Monday the Nikkei index of 225 selected issues climbed above 18,000 for the first time since early June.

But brokers said investors' attention had already begun to turn toward this Friday's scheduled report from the Labour Department on US employment in August.

Economists expect the data to show a big increase in non-farm payroll employment.



POLAND: A perished deer in the forest near Silesia, southern Poland August 31. About 10,000 hectares of forest have been on fire since August 26. 8,000 fire-fighters, police and forest workers continue their struggle on the sixth day of Europe's biggest forest fire ever. —AFP/UNB photo

Breakthrough in GATT talks likely

TOKYO, Sept 1: There may be a breakthrough in stalled world trade talks after late September, the Director General of the General Agreement on Tariffs and Trade (GATT) told Japanese government officials on Monday, reports Reuter.

But Arthur Dunkel's comment did not reflect the views of many officials here, sources said.

It is possible that the currently stalled negotiations will move forward after September 20, that is before the US election day in November, Dunkel was quoted by a Foreign Ministry official as telling Chief Cabinet Secretary Koichi Kato.

So Japan and other negotiators should be ready by then, Dunkel arrived in Tokyo on

Sunday for a four-day visit to meet Japanese government officials and to seek cooperation in the upcoming negotiations in the Uruguay round of trade talks.

GATT's Uruguay round has dragged on for more than five years largely because of a dispute between the United States and the European Community over farm trade.

No substantial GATT negotiations are expected before September 20, when France votes on the EC Maastricht Treaty on closer European integration, Dunkel was quoted as saying.

Even after that, no clear decision is likely until after the US presidential election in November, Japanese government officials said. Dunkel said the negotia-

tions may move swiftly.

"I don't want to be the boy that cried wolf ... the prospect of the negotiations seems to be unclear under the current political schedules in the US and in the EC. But it is clear among all negotiators that the last deadline should be next spring," Dunkel told Kato.

Dunkel declined to say when the United States and the EC are likely to agree on the outstanding farm issues, but said they are close enough to reaching agreement.

The two seem close enough to find a meeting point, Dunkel told Koji Kakizawa, Vice-Minister for Foreign Affairs.

"I don't think the political situations of other negotiators such as Latin American and Asian countries will prevent

the negotiations from moving forward."

Japan, the world's largest food importer, has been under increasing international pressure to lift its import ban to help get the stalled GATT trade negotiations rolling again.

Tokyo bans commercial imports of rice, saying Japan needs to maintain self-sufficiency for national security reasons. The ban flies in the face of GATT's draft final accord calling on all non-tariff barriers to be converted into tariffs.

"We cannot promise in the GATT what we cannot do in our country. It (rice issue) is a very difficult political issue in Japan," Kato was quoted as telling Dunkel.

US against weak dollar

WASHINGTON, Sept 1: The United States is not seeking to lower the dollar, the White House said Monday, explaining that the Greenback's drop was due to the difference between US and German interest rates, reports AFP.

White House spokesman Marlin Fitzwater also rejected suggestions that the dollar's decline was due to President George Bush's call for major tax cuts.

"The US is not seeking a decline of the dollar and does not believe that a lower dollar is necessary for its export competitiveness," said Fitzwater.

He added that the United States led the world in exports, with 440 billion dollar annually, had seen its trade deficit nearly 60 per cent since it peaked in 1987 and enjoyed a trade surplus with Europe.

"The decline in the value of the dollar largely reflects the fact that US interest rates are six-and-a-half percentage points lower than the German interest rates," said Fitzwater.

"The US has reduced its interest rates to the lowest level in roughly 25 years," he added. The dollar dropped sharply following Bush's speech at the Republican convention August 20, when he promised an across-the-board tax cut at the beginning of next year if he were re-elected, but Fitzwater denied there was any link between the two.

"We don't believe there is any connection," he said.

In New York at 1.15 PM (1715 GMT) Monday, the dollar was trading at 1.4015 German mark and at 122.95 yen. It began the day at 1.4100 German mark and 123.15 yen, but bad news on the housing front — a 2.6 per cent drop in new home sales in July — then sent it lower.

China must draw up laws to protect investors'

BEIJING, Sept 1: China must draw up laws to protect investors and act to dampen unrealistic expectations if its experiment with stock markets is to succeed, the head of the top securities regulatory body in the United States said on Monday, reports Reuter.

Richard Breeden, Chairman of the US Securities and Exchange Commission, said Beijing officials told him they were still committed to expanding both market listings and investor access, and hoped to set up a government office to oversee the stock markets of Shanghai and Shenzhen.

He said, however, that this would not be enough to guarantee the country "world class" financial markets.

"There has to be a system

capable of imposing discipline," Breeden told reporters at the end of four-day visit here.

Breeden, who will visit both of China's infant markets later this week, was invited by the People's Bank of China, which has plotted stock policies over the past two years.

China's stock experiment shuddered briefly last month when huge crowds of prospective investors rioted in Shenzhen over a botched issue of share application forms.

The chief obstacle was China's lack of regulation, Breeden said, adding that Beijing needed to set up better trading systems, a more complete network for financial information and laws.

Jakarta urges donors to do more for Third World debt alleviation

JAKARTA, Sept 10: Indonesia holds that the creditor countries could do more to help nations whose economies are being crippled by foreign debt repayment, a senior Indonesian minister said, reports Xinhua.

Indonesian Coordinating Minister for Economic, Financial and Industrial Affairs Radius Prawiro said that the debt relief measures should allow Third World countries to recover and stimulate growth and development, according to the Jakarta Post Tuesday.

Radius is at the head of the Indonesian delegation to the economic committee of the Non-Aligned Movement (NAM) ministerial meeting held here Saturday and Sunday in preparation for the 10th NAM summit.

He suggested that the creditor nations offer debt forgive-

ness under the write-off scheme to the least developed countries.

Many poor nations could not repay their heavy debts since they needed the meager existing fund to stimulate their economic growth, he added.

Meanwhile, he urged the poor countries to concentrate more on getting loans on concessionary terms rather than commercial terms.

It was learnt that the economic committee also studied a proposal to establish a new financial institution grouping the richer NAM member countries to help overcome the debt problems of their poorer NAM colleagues.

Many of the 108-member NAM countries, especially those from Latin America, are burdened with huge foreign debts which hinder the development of their economy.

'A poor nation has no respect' Mahathir asks Malaysians to help development

KUALA LUMPUR, Sept 1: Prime Minister Mahathir Mohamad told Malaysians on Monday to roll up their sleeves and help the country's development, adding that a poor country did not gain respect from others, reports AFP.

"A poor nation will not be able to act freely because it is dependent on the goodwill of others," Mahathir said in a televised message marking Malaysia's 35th National Day.

"If we do not attempt to forge ahead now, we will remain a poor nation," he said.

Mahathir said that although the nation had made tremendous progress since its 1957

independence from Britain the people must continue to strive hard to develop the country.

He said Malaysia had proven to the world that ethnic diversity did not prevent it from achieving progress and success, although many had predicted the country would collapse because of its multi-racial, multi-cultural and multi-religious nature.

Mahathir said Malaysia was fortunate not to be embroiled in racial or religious conflicts and was among the few countries in the world that continued to enjoy peace, stability and prosperity.

Move to tax India's 'gentleman farmers' draws strong protest from lobby

NEW DELHI, Sept 1: Tax reforms proposed to boost government revenue won wide acclaim here from Indian business and the press, but a suggestion to tax the income of part-time 'gentleman farmers' hit a political raw nerve, reports AFP.

Agriculture Minister Balram Jakhar has protested, saying the proposal that annual agricultural incomes above 25,000 rupee (960 dollar) earned by those who farmed as a sideline "will not be tolerated."

"Farmers inheriting land and farming from their ancestors and engaged in other business cannot be called businessmen," newspapers quoted Jakhar as telling a conference Sunday in the south Indian city of Hyderabad.

"No one can deny their hereditary right to farm by taxing the income from it," he said. "We will not tolerate such a move. I have collective strength from the farmers."

Governments have since independence fought shy of taxing agricultural incomes for fear of arousing the ire of the powerful farm lobby, annoying rural voters and providing a disincentive for food production.

Many rich Indians known as 'gentleman farmers' have benefited by using land holdings to reduce their tax burden. The dishonest have used it to invest 'black money' or unaccounted wealth in agricultural land to escape the tax net.

But Jakhar said there was no way of determining who was first a businessman and next a farmer and vice-versa, as he fired the first volley against the reforms proposed by an expert panel Friday.

The committee, headed by economist Raja Chelliah, stopped short of calling for a tax on all agricultural incomes, trying to strike middle ground on a politically sensitive issue.

But analysts doubted if entrenched lobbies would allow the government to accept even the toned-down recommendation.

"It is long overdue," said an economist at the Federation of Indian Chambers of Commerce and Industry. "But I doubt if they (government) had the political strength to implement it."

He estimated that about 10 per cent of India's estimated 500 million farmers may fall into the tax net if the measures is put in effect.

No current estimates are available for how much revenue may accrue, but in 1973 a committee said a tax on agriculture could at the time have yielded the government an annual 200 million dollar.

Other reforms proposed by Chelliah include a two-stage cut in corporate tax from 51.75 to 40 per cent, which industry welcomed as a measure that would improve its

post-tax surpluses and make India more attractive for foreign investors.

"This is a far cry from the days when companies were seen as milch cows for the government to milk," the Economic Times said in an editorial.

The proposed cut was seen as an indication that high taxation had proved counter-productive.

"So it is better to have a low rate of taxation and thus minimise tax-dodging than to have a prohibitive tax rate which is sure to drive even an honest entrepreneur to fiddle with his accounts," the Tribune Daily said.

The proposed reforms, which the government said would be implemented after a political debate, are in line with the year-old liberalisation policy pursued by India to unshackle private enterprise on the road to a free-market economy.

Poland moves to dismiss striking workers

WARSAW (Poland), Sept 1: Officials began drafting dismissal notices for hundreds of striking workers at a coal mine and an auto plant Monday, on the 12th anniversary of the founding of the Solidarity labour movement, reports AP.

No Polish government since the collapse of Communism in 1989 has taken such a hard line against workers, who are using the same tactics that gave birth to Solidarity and led the overthrow of the Communists.

The firings represent a dramatic and potentially risky move for Prime Minister Hanna Suchocka, who is struggling to revitalise the economy and cut the number of state-run enterprises.

Lech Walesa, the founder of Solidarity and now Poland's President, called it "sacrilege"

for strike leaders to invoke August 1980, when Walesa and the Communists signed an agreement allowing free trade unions.

"This is a completely different situation," he said. "There is no division now into an oppressed society and the totalitarian authorities. ... We elected our representatives ourselves. This is not to say we accept all their moves, but we must show respect for our own choices made in free and democratic elections."

The strikes generally have been confined to the state-owned FSM car plant in southern Poland and the Rozbark coal mine. Last week, several dozen workers were fired after a small strike at the Gdansk shipyard, the birthplace of Solidarity.

So far, the public has been

generally unsupportive of disruptions.

The government has released optimistic economic data showing a 10 per cent industrial production increase over last year, and a one billion dollar trade surplus. But opinion polls show optimism is falling. With the dismantling of state-owned factories just underway, unemployment is already at 13 per cent.

Dismissal notices are ready for distribution Tuesday to 393 of the approximately 2,000 workers — out of 7,000 — striking at the FSM plant, managers said. Notices also were prepared Monday for first 17 of about 1,000 strikers at the coal mine, a manager said.

The strikes are being led by an unusual coalition: Solidarity

'80, a radical group that splintered from Solidarity; the one-time Communist union OPZZ and a radical farmers group called Self Defence.

They have presented the government with a 21-demand petition, reminiscent of the one forced on the Communists in 1980, except that its goals are drastically different. The new coalition calls for ending reforms, raising pay and "restoring the living standards of 1989" — before the Communists were toppled.

"The quelling of strikes may involve an amount of risk for the government because in Poland industrial action is still associated with the heroic struggle," wrote newspaper commentator Marcin Dominik Zdrot.

difference ... these days the slogans ... eulogize the old 'secure' order and demand its reinstatement.

Self Defence leader Andrzej Lepper has called for a nationwide protest that "the whole country will feel," but there has been barely a ripple.

The strike at the FSM plant is delaying an agreement with the Italian automaker Fiat SPA potentially worth two billion dollar.

Mrs Suchocka dismissed the strike as "absurd," pointing out that delaying Fiat's capital infusion is only postponing the possibility of raises.

The government is under pressure from the International Monetary Fund, which seeks to limit the budget deficit, not to expand its payments to workers.

New codes on investment in China Taiwan to impose fines on violating traders

TAIPEI, Sept 1: Taiwan is to impose stiff fines on businessmen who violate new draft codes governing indirect trade with political rival China, economic officials said, reports AFP.

Those investing in industries banned by the new regulations will be liable to fines of up to 600,000 US dollar or have their business licenses suspended, the officials said.

All indirect investments in China will have to be screened by the government, vice economics minister Yang Shih Chien said.

At present, Taiwan allows firms to invest in 3,737 labour-

intensive industrial items in China via a third area after they report on such investments to the ministry, but only 2,581 firms have reported to the ministry of their activities.

More than 5,000 Taiwan investors are believed to have invested in China, many through subsidiaries in Hong Kong, in the past several years investors have channeled at least three billion US dollar into China.

Many businessmen have ignored government restrictions on investments by directing money through companies set up abroad and Taipei has been trying to tighten up regulations on trade with China.