

BRIEFS

China for uplift of market system
BEIJING, Oct 1: Chinese Premier Li Peng Wednesday declared that China will "speed up the development of a market system" while pursuing a "reasonably high growth rate."

Sales of US new homes plunges 6.1 pc
WASHINGTON Oct 1: Sales of new homes plunged 6.1 per cent in August, the government said Wednesday, despite the lowest mortgage interest rates in nearly two decades.

Oil rationing in Iran not ruled out
NICOSIA, Oct 1: Iran's oil minister said Wednesday that distribution of petroleum products in the country was up from last year but the possibility of rationing has not been ruled out.

Boeing-Iran talk on aircraft sales
SEATTLE, Oct 1: With Iran shopping for three billion dollar worth of jetliners, Boeing is talking with Iran Air and lobbying the federal government in hopes of getting a share of those purchases.

EC proposal for research, uplift
BRUSSELS, Oct 1: The European Community's executive agency on Wednesday proposed a programme of 14.7 billion European currency units to finance research and development between 1994 and 1998.

Iraqi oil sale proposal in doubt
UNITED NATIONS, Oct 1: Iraq's new plan to sell four billion dollar of oil to pay for humanitarian projects is just an attempt to deflect the seizure of its oil assets and is not to be taken seriously.

Honda to export cars to Israel
TOKYO, Oct 1: Japan's Honda Motor Co. Ltd will start car exports to Israel from its domestic plants in late October at an annual rate of 1,500 units.

BNL plan to distance from scandal
ATLANTA, Oct 1: Executives of Italy's Banca Nazionale del Lavoro (BNL) met extensively with US government officials to plan how to distance the bank from a loan scandal involving its Atlanta branch.

Former French Premier blames Bundesbank for the turmoil

LONDON, Oct 1: The Bundesbank was at fault in the way it behaved immediately before the crisis which forced a devaluation of sterling, former French Prime Minister Michael Rocard said here on Wednesday, reports AFP. Rocard, who was Socialist Prime Minister until May 15, 1991, blamed implicitly the President of the Bundesbank, Helmut Schlesinger, in an interview with AFP shortly after meeting British Prime Minister John Major.

est rates at the cost of unemployment and recession. Referring to the currency drama of September 16, when sterling was forced to leave the exchange rate mechanism of the EMS, Rocard said: "There was a public statement by a governor of a central bank." Schlesinger had reportedly suggested in a disputed newspaper interview on September 15 that even after a seven per cent devaluation of the lira a few days earlier, a further change of exchange rates within the EMS was necessary. This was interpreted as meaning he thought that sterling should be devalued.

Britain for reform of the EMS, Rocard said that it was necessary to wait for technical proposals being prepared by the British government. Rocard said that Major wanted "the entire international community, and France will certainly not be the last, to recognise that Britain has not been very well treated and that, in this crisis, it did what it could in an honourable way." Rocard, who had planned his visit before the summer before the currency crisis erupted, also said that Major should not be hurried to submit the Maastricht treaties on European union for parliamentary ratification because he should not be pushed towards certain failure through premature submission.

Rocard said after talking to Major for an hour: "Something happened there which, all the same, was a fault." Rocard stressed that the Governor of the Bundesbank "does not alone represent all Germans" and that "there is no need to return to the level of hatred which we experienced during the last World War." Rocard said that Major wanted "the entire international community, and France will certainly not be the last, to recognise that Britain has not been very well treated and that, in this crisis, it did what it could in an honourable way."

India aims further economic reform

NEW DELHI, Oct 1: India aims to further free foreign trade, slash tariffs and make the rupee fully convertible as it continues on the path of economic reform, the Finance Minister said Wednesday, reports AFP. Manmohan Singh said the government aimed to do away with state controls that still bound trade and prune the small "negative list" of imports and exports banned or restricted as it erases the vestiges of its protectionist past.

Singh told a meeting here of the Associated Chambers of Commerce and Industry, a big business organisation, that "distortions" in the tariff structure will be removed and the average tariff level cut to about 25 per cent. The Minister used the speech to hit out at "excessive protectionism" and "extreme export pessimism" that had led India to lose out in exports, with its share of world exports plunging to less than one per cent.

Highly capital intensive industries had been set up to produce goods at costs far exceeding import prices and an industrial complex created that was not able to compete in the international market. "It was precisely for this reason that the government had initiated the process of economic reforms so as to promote competition internally as well as externally to bring about integration of the Indian economy with the global economy," Singh said. India has torn down an array of state controls shackling private enterprise, liberalised foreign investment regulations and made the rupee partly convertible after opening up to

the world last year. But some curbs and disincentives remain. Potential investors have called for an 'exit' policy that would enable them to fire surplus labour and to restructure and close down unprofitable operations when they wanted. Singh said Wednesday an exit policy was needed, but added that at the same time a social safety net should be devised to protect the "legitimate" interests of labour. A Reuter report says: Two leading Indian newspapers demanded Attorney-General C. Ramaswamy quit over the country's biggest financial scandal.

China moves to stabilise stock market

BEIJING, Oct 1: China has announced plans for three huge brokerages formed by state-owned banks in a move to assert control over its fledgling stock exchanges and restore flagging investor confidence, reports Reuter. Announcing the move on Wednesday, the official media made clear the brokerages would act to stabilise stock market prices and prevent wild swings. They will be based in Beijing, Shanghai and Shenzhen covering the whole country - and each will have paid up capital of one billion yuan (185 million dollar). "It is a big measure to foster and perfect a unified stock market for China and to support stock market stability," according to an official Xinhua news agency report carried in the People's Daily.



TAIPEI: A woman looks at the largest cut crystal exhibited at a local hotel on Sept 30. The 23kg crystal, 30cm in diameter, is presented by Austrian based crystal company Swarovski. - AFP/UNB photo

Warning sounded against trade blocs and global protectionism

SAN FRANCISCO, Oct 1: A warning rang out from the Pacific Economic Cooperation Conference (PECC) here last week that the emerging trading blocs of Asia, North America and Europe could spur global protectionism instead of promoting free trade, reports AFP. "The challenge before us is what direction should regionalism proceed," said Ker Stintze, Minister of State for Singapore and leader of his delegation to the ninth conference. Regions can compete in keeping the others out or they could cooperate in creating stronger global system to ensure free trade.

A major concern of the three-day conference, which has drawn about 600 business and government leaders from 20 Pacific rim nations, is reflected in its title: "Open regionalism: A Pacific model for global economic cooperation." A declaration dedicated to global free trade is expected to be signed at the conference on Friday. Although the draft is still being worked out,

Kenneth Herr, Chief Executive Officer and Chairman of Chevroncorp, mentioned the points of the declaration in his speech to the conference. The points include fighting all barriers to trade throughout the world, complying with the General Agreement on Tariffs and Trade, including the non-discriminatory clause, seeking benefits from trade within a region, improving regional free trade. "The principle of free trade and open regionalism are vital to our economic progress,"

said Ker, who chairs the conference. Ker predicted that world trade would grow to five trillion dollar over the next decade. Philippines President Fidel Ramos, in a speech delivered by his sister, Senator Leticia Ramos-Shahani, said East Asian countries, including those belonging to the Asian Free Trade Area, must keep their markets open to avoid retaliatory action by North America and Europe.

US industrial renaissance is real, though problems still remain

For five years, Washington has been buzzing with concerns about the competitiveness of US industry. Yet, while this competitiveness frenzy has been building up to a crescendo, US industry has been quietly becoming more competitive. By mid-1992, it can be argued that US industry no longer has a competitiveness problem. But it continues to work in a fragile and highly uncertain financial environment which sustains the high real cost of capital and which may well undermine the US capacity to remain competitive in the future. US absolute productivity, both overall and in manufacturing, remains the highest in the world. Overall productivity growth was particularly strong in the 1950s and 1960s. It weakened substantially in the 1970s. But, it grew faster again in the 1980s at a time when the US economy created more jobs by far than any other industrial country.

Productivity in manufacturing alone, not overall productivity, is the best measure of America's international competitiveness. Over 80 per cent of international trade takes place in manufactured goods. And in the manufacturing sector, US productivity growth soared in the 1980s. It grew at an annual rate of 3.5 per cent, almost equal to the four per cent annual rate in Japan. This productivity growth has been accompanied by relatively fewer jobs in manufacturing, as must happen because higher productivity means higher wages and therefore less incentive for business to hire new workers. But it has meant that US industry is increasingly able to hold its own against its best foreign competitors, including Japan. The US productivity gains apply across a variety of industrial sectors. In the 1980s, US productivity growth raced ahead of that of Germany in 10 or 14 industrial sectors, while

it lagged behind Germany in 13 of these sectors in the 1970s. The United States made similar progress in regard to Japan. The evidence that America's competitiveness renaissance is not mere abstraction is shown best by US exports. A tremendous boom has taken place in US manufacturing exports over the past five years. Total merchandise exports nearly doubled from 243,700 million dollar to 460,000 million dollar. Over 50 per cent of this growth was in capital goods. This is a country that is supposed to be de-industrialising, losing its manufacturing sector and becoming a third world country. Even in the auto sector, where the United States was presumably vanquished by the Japanese, exports increased by 50 per cent. Exports of consumer goods, another sector where the United States is supposed to be losing its shirt, expanded almost three-fold. The US export gains in the

late 1980s are further reflected in gains in market share. From 1985 to 1991, the US share of world exports increased from 19 per cent to 27 per cent. Among its toughest competitors, the 24 industrial countries belonging to the Organisation for Economic Co-operation and Development (OECD), the United States' share of manufacturing exports jumped from 14 per cent in 1987 to 18 per cent in 1991. Over the past five years, US merchandise exports have grown 40 per cent faster than Germany's and nearly 75 per cent faster than Japan's. It is truly amazing that these substantial gains have been totally ignored in the competitiveness debate. The good news about US exports does not mean that the threat to US competitiveness and standard of living has disappeared. The United States lives in a much tougher global economic marketplace. It can no longer afford the

WB to help reform China's central bank

WASHINGTON, Oct 1: The World Bank is to loan 60 million dollar to China to help reform the central bank and other key financial institutions, the bank said Wednesday. The money is being loaned by the International Development Association, the World Bank's concessional loan affiliate, and will be used to support the People's Bank of China in strengthening banking regulations and its supervision function. It will also assist the central bank and finance ministry to develop a programme to bring the country's accounting standards in line with international levels.

Russian banks distributing privatisation vouchers

MOSCOW, Oct 1: Banks began distributing privatisation vouchers Thursday as part of the government's most decisive step away from communism's legacy, a plan to turn millions of Russians into fledgling capitalists, reports AP. But there were few takers early in the morning in Moscow, a reflection of efforts to prevent large crowds from descending on banks. People have been assigned specific pickup days through December. The vouchers are being given to all 148 million Russians, including prisoners, the homeless and children born before Sept 1. They carry a face value of 10,000 ruble (40 dollar), about twice the average monthly wage. But their actual value is unclear.

Dollar plunges against yen, sparks Japan's worry

TOKYO, Oct 1: The dollar plunged to a record low against the yen here, sparking Japanese government worries and a two per cent slump on the stock market on fears the yen's rise will batter Japan's export sector, says AFP. Finance Minister Tsutomu Hata flagged concerted world action to stabilise global currency markets after the dollar sagged to an historic low of 118.60 yen in Tokyo morning trading. The Greenback recovered to 119.25 yen at the close compared to 119.65 yen previously. Hata voiced concern that the yen's rapid rise was "a little too fast."

He blamed the yen's advance on Europe's currency crisis, uncertainty surrounding the US presidential election, fears US unemployment was worsening and reports the German Bundesbank was refusing to cut interest rates. Japanese authorities worry the yen's surge will squeeze the competitiveness of export industries which hope increased overseas sales can compensate for the unwillingness of Japanese consumers to spend. Prime Minister Kiichi Miyazawa admitted that a dollar below 120 yen risked harming certain industries. Asked whether 120 yen to the dollar was the maximum Japanese industry could afford, he replied, "It depends on the sector."



An Iraqi woman sells some food in Mosul, northern Iraq, Sept 30 as the country is still hit by an international trade embargo since August 1990, following the Gulf War. - AFP/UNB photo

Screen-shopping

NEW YORK, Oct 1: Apple Computer Inc, Eastern Kodak Co, and Corning Inc are among more than a dozen companies planning to study communications systems that could deliver "movies on demand", electronic newspapers and other services to homes, industry, executives said Wednesday, reports AP. The venture, called First Cities, plans to announce its formation next week, the executives said, speaking on condition of anonymity. The group is coordinated by the Microelectronics and Computer Technology Corp, a computer industry consortium in Austin, Texas. Apple confirmed it was a part of the group. But spokesman Brooke Cohan said she could not comment on what specific services the group would study or who would win the system. Kodak and Corning said they had no comment. Industry executives said the other members included regional Baby Bell phone companies, but it was unclear which ones. A report about the group appeared earlier this week in US today. The systems would be interactive: by pressing buttons on a hand held control device, a viewer could order products from a shopping channel or a movie from a vast film library. Viewers could answer questions posed by an educational show and be graded at the end. Even video phone services may be offered.

Liquidators to sue BCCI Accountants for breach of contract, negligence

LONDON, Oct 1: Accountants are to be sued for an estimated eight billion dollar over their audit of the collapsed Bank of Credit and Commerce International, the Financial Times reported, says AP. The London Business daily said Wednesday that the suit alleges breach of contract and negligence against Price Waterhouse and Ernst and Young, who are acting for the holding company and its Cayman Islands and Luxembourg subsidiaries, are not obliged to make the details public. It said they have not decided whether to disclose the huge sum claimed, pending the start of a trial. Until 1987, Prince Waterhouse and Ernst and Young both acted as auditors to the BCCI group of companies. Price Waterhouse then took sole responsibility for auditing BCCI's businesses.

damages claim relates to losses suffered by BCCI since 1986. The paper said Price Waterhouse and Ernst and Young will contest the actions. The paper said that after serving the statement of claim on the two firms, the liquidators, who are acting for the holding company and its Cayman Islands and Luxembourg subsidiaries, are not obliged to make the details public. It said they have not decided whether to disclose the huge sum claimed, pending the start of a trial. Until 1987, Prince Waterhouse and Ernst and Young both acted as auditors to the BCCI group of companies. Price Waterhouse then took sole responsibility for auditing BCCI's businesses. OECD praises Mexico's bold reforms. PARIS, Oct 1: Mexico was praised for bold, state-of-the-art economic reforms Wednesday in a report viewed as a step toward its likely admission as the first Latin American member of the Organisation of Economic Co-operation and Development, reports AP.

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