

BRIEFS

Stress on Indian economic diplomacy

NEW DELHI, Jan 20: The new external affairs minister, Dinesh Singh, Tuesday underscored the 'special importance of economic diplomacy' and the new challenges in the area of foreign policy globally in the post-cold war era. Assuming charge of the ministry after a gap of 22 years, Dinesh Singh told officers in the southblock that the world was a dynamic and changing one and they would have to effectively deal with the changing environment for safeguarding and promoting national interests, reports PTI.

Citibank's involvement in Indian bond scam

NEW DELHI, Jan 20: The resignation of four executives from Citibank's India operations is the first implicit admission that it was involved in the nation's worst financial scandal. Citibank's main office in Bombay has refused to identify the four executives from its treasury department or explain why they resigned, but a top bank official did link the resignations and the scandal on Tuesday. "There is no doubt that it was connected to the stock scam," the official said in a telephone interview. "Four men have left us. Let's just stick to that," he said on condition of anonymity, reports AP.

British Airways to steps for foothold

LONDON, Jan 20: British Airways, frustrated in an attempt to buy 44 per cent of USAir Group Inc, plans as soon as this week to bid for a smaller stake that would give it a foothold in the domestic US aviation market, several newspapers said Monday. British Airways declined comment on the reports that an offer for up to 25 per cent of USAir could come soon after President-elect Bill Clinton's inauguration on Wednesday. The Financial Times, London's leading daily financial newspaper, said British Airways would bid 340 million dollar for a 20 per cent stake in USAir. Other newspaper reports put the stake being sought by British Airways between 15 per cent to 25 per cent, reports AP.

IBM loses \$5.46b in 4th quarter

NEW YORK, Jan 20: IBM on Tuesday reported a fourth-quarter loss of 5.46 billion dollar, capping a year in which the tarnished computer industry leader shed more than 40,000 jobs and saw its stock price tumble. The record quarterly loss was caused largely by 7.2 billion dollar in pre-tax accounting charges taken during the quarter to pay for another 25,000 job cuts planned for 1993, the latest in a series of restructuring announced in the last year, reports AP.

Strike cripples Kinshasa city

KINSHASA, Jan 20: A general strike crippled Zaire's capital on Monday but opposition threats to seize state radio and television failed to materialise. Kinshasa's normally teeming streets were almost deserted apart from heavily armed troops posted at key points or patrolling in armoured cars. Scarce buses driven by soldiers offered free transport but few residents ventured outside their homes. There were no normal buses or taxis on the roads, and shops, offices and government departments were shut, reports Reuters.

Dollar, stocks lower in Japan

TOKYO, Jan 20: The US dollar edged lower against the Japanese yen Wednesday, while share prices on the Tokyo Stock Exchange fell back. The dollar closed at 125.39 yen, down 0.07 yen from Tuesday's finish and also lower than its overnight finish in New York at 125.50 yen. It ranged between 125.37 yen and 125.54 yen, reports AP.

French Co to stop marketing

LONDON, Jan 20: French champagne houses demanded on Monday that a small British vineyard stop marketing an "elder flower champagne" even though the drink is non-alcoholic and sold in health shops. The French, led by the famous taittinger brand, told a high court judge the drink, sold in champagne-style bottles, would damage the good name of their wines, reports Reuters.

Clinton taking over when US workplace in grips of big shake-ups

NEW YORK, Jan 20: The American workplace is in the grips of one of the biggest shake-ups it has ever seen as Bill Clinton and his "baby boomer" generation prepare to take over the White House, reports Reuters.

With 2.8 million white-collar workers having lost their jobs in the last five years and major companies like IBM and General Motors undergoing massive layoffs, some management experts say American business is facing a long-deferred "day of reckoning" that might be as wrenching as the industrial revolution.

It is a stark contrast to a quarter of a century ago when the people in the streets were student protesters, not unemployed workers, and the issue of the day was whether the American economy could churn out both guns and butter.

Now the students protesters have put away their beads and donned ties and their biggest fear, despite Clinton's goal of creating millions of new jobs, is losing the one they already have.

A recession coupled with fierce global competition and a rude awakening from the excesses of the 1980s has produced what Fortune magazine calls "a new Darwinism" in the workplace — a new age when only the fittest worker will survive and may have to do it by moving from company to company.

One problem is that more and more corporations are discovering that away to profitability in hard times is to cut expenses by cutting staff. Some companies cut layers of bureaucracy to move their companies closer to the customer, others to achieve a profit.

The Wall Street Journal recently profiled one bank chairman who let a fifth of his work force go, using such terms as "Jack the Ripper" and "a CEO for the new era" to describe him.

While workers at John Grundholer's First Bank System Inc in Minneapolis may curse his name, the bank chairman has become hero to stockholders for almost doubling the share price.

The strategy of profits-

through-firing is creating new and curious models for managers — the ax-man as hero," the journal said.

Abraham Zaleznik, Professor Emeritus at the Harvard Business School, says a new era of corporate thinking is indeed in force and calls the 1990s a period of "Draconian measures" born of decades of industrial mismanagement.

"These are the worst times for the American worker in decades. Not only blue-collar workers are being laid off but the professional staffs and the middle managers. A degrading of work is taking place," he says.

Zaleznik dismisses much of that new thinking as "baloney." "One of the most dreadful things in managerial circles is the baloney they pass around to each other. I was on a panel recently where a group of managers visualised the organisation of the future as a flat hierarchy. That's crazy, the natural form is a hierarchy. The real problem is making everyone accountable."

But not all experts on what

is happening in corporate America are as grim as Zaleznik.

University of Chicago management Professor Harry Davis sees the shake-up as the dawn of a new era in which businesses are radically changing to become more effective.

As with all periods of great change, Davis says what is happening in the workplace is messy but not necessarily fatal.

The down-sizing of corporate and industrial America is ushering in a new philosophy of management that talks of decentralisation, flat management structures and greater responsibility for remaining workers.

Donald Hambrick, a Professor of business at Columbia University, says decentralisation of business has indeed been the name of the game. "There has been the elimination of a lot of middle management positions."

"There's more responsibility and stress for everybody who's been left behind. In a lot of companies, one person today is doing the work of maybe three people in 1980."

In 1968, the United States was in the middle of a major conglomerate era with companies like ITT and Gulf and Western swallowing up one business after another.

Now Hambrick says, "We had a lot of companies wise up and get rid of unrelated tentacles and get back to the course of running businesses they know how to run."

He says that the "class of 1968" is now moving into the top corporate jobs and becoming "Genuine senior executives." It's not quite clear how they'll approach those jobs.

This group was anti-Vietnam, anti-corporate, nature-loving... It was a counter-culture. But that, of course, is the same demographic group that went onto the Chinese border face with western opposition to the SLORC, Myanmar's ruling military junta has become increasingly dependent economically on China. — AFP/UNB photo



YANGON: A stall in Yangon's China town is packed with cheap consumer goods Jan 13 that pour across the Chinese border face with western opposition to the SLORC, Myanmar's ruling military junta has become increasingly dependent economically on China. — AFP/UNB photo

EC sees GATT treaty within weeks of new US presidency

GENEVA, Jan 20: A senior European Community official said on Monday he saw a very good chance that a new world trade treaty could be concluded within the early weeks of the new administration in the United States, reports Reuters.

The round involves a total of 108 states, but agreements between the EC and the United States, the world's major traders, set the parameters for a final agreement covering manufactured goods, services, patents and textiles.

Last week a senior US official said that despite a major new year effort to bridge differences with the EC they were still far apart and a round accord lowering barriers to world trade remained far out of reach.

Tuesday's TNC meeting, expected to be brief, was called by Arthur Dunkel, Director-General of the General Agreement on Tariffs and Trade (GATT), which oversees the negotiations launched in Uruguay in 1986.

Senior officials on both sides made clear they were aiming to get the basis of an accord completed before the new democratic administration of Bill Clinton takes over in Washington on Wednesday from president George Bush's team.

Negotiators on the US side may now change as well as the top posts in the office of the trade representative — effectively a ministry of foreign trade — and GATT diplomats say they are unsure what policy the Clinton team will follow.

But EC officials are understood to believe that the major political deadline of the administration's "fast track" authority to present a round treaty to congress will be considerably more flexible with a democratic president.

Sources close to the negotiations say there have been signals from Washington that the March 2 limit could be

stretched by agreement between the Clinton White House and the democrat-controlled Congress.

If completion of an accord were postponed until late March, it would remove a major problem for France's socialist government which faces elections during that month in which the vote of the country's rural population will weigh heavily.

French farmers have bitterly opposed a deal between the EC and the US last November which resolved a long-running dispute over agricultural support which cleared the way for the final phase of round negotiations.

The French government, already facing likely defeat by the centre-right opposition, has sought to appease the farmers by declaring opposition to the deal and to any final round accord that includes it in its present form.

China urges Clinton to develop trade relations

BEIJING, Jan 20: Just hours before the inauguration of President-elect Clinton, a top Chinese trade official on Wednesday urged the new administration to take steps to develop bilateral trade relations, says an AP report.

"We hope the Clinton administration can proceed from the overall interests of the two countries, and make efforts to advance the development of bilateral economic and trade relations," said Zhou Jie, spokesman for the Ministry of Foreign Economic Relations and Trade.

During the presidential campaign, Clinton criticised President Bush for being soft on China and not revoking its most-favored nation trade status to press for human rights improvements. But he has softened his stand since the election and has said revoking MFN may not be necessary.

Zhou, speaking at an annual news conference, called MFN "the cornerstone" of US-China trade relations.

US-China trade relations have been plagued by a variety of issues, including a US customs investigation into Chinese trading companies evading US textile quotas and China's alleged arms sales to the Middle East.

Japanese team to investigate Sydney Co activities

TOKYO, Jan 20: Four Japanese investigators left Japan Tuesday for Australia to look into a failed investment company established by a former government official, police said, reports AFP.

During their ten-day stay, the officers are expected to investigate Jasi Japan Inc., which is suspected of fraudulent activities involving some six billion yen (48 million dollar) raised from more than 100 Japanese investors.

The company has frozen repayments to its former clients after it ceased operating in 1991 following the bankruptcy of its Australian parent, Jasi Australia Pvt. Ltd.

Former Jasi Japan President Nobukatsu Miyajima, a former health and welfare ministry official who founded the company in 1982, is believed to have fled to Australia where the company invested heavily.

Western economies reining lending to outside countries

BASLE, SWITZERLAND, Jan 20: Banks in major western economies kept a tight rein on lending to outside countries in the first half of last year 1992, the Bank for International Settlements (BIS) said on Tuesday, reports Reuters.

The Basle-based bank for central bankers said in a report that it had detected a trend not to renew maturing loans, and a shift towards less risky short-term, trade-related lending.

Nevertheless, total cross-border claims less repayments and domestic foreign currency claims on countries outside the reporting area rose, unusually

for a first half-year, by 11.7 billion dollar to 693.1 billion dollar.

The reporting area covers the group of 10 largest industrial nations plus other major west European economies.

In eastern Europe, the former Soviet Union was the only area to record a rise in its bank debt. But the 2.4 billion dollar increase mostly reflected the accumulation of interest arrears and the withdrawal of money from existing unused facilities.

Lending to members of the Organisation of Petroleum Exporting Countries (OPEC), rose 6.3 billion dollar against

1.7 billion dollar in the previous half-year the Lions' share, 3.3 billion dollar, went to Kuwait for post-gulf war reconstruction.

A 4.1 billion dollar rise in outstanding claims on Latin America was the largest in eight years. Brazil received 2.2 billion dollar of new credits, Argentina 1.2 billion dollar and Chile 900 million dollar.

At the same time, a 5.8 billion reduction of Latin American deposits in the BIS reporting area largely reflected return homes of flight capital.

New lending to non-OPEC countries in Asia slowed to 1.7 billion from 13.8 billion dollar

in the previous half. South Korea was the destination of 2.6 billion of new funds, Thailand of 1.9 billion dollar and Taiwan of 1.1 billion dollar.

Claims on China, which had risen by 5.4 billion dollar in the preceding half-year, fell 1.9 billion dollar in the first half of 1992 as a result of repayment of earlier short-term borrowing.

Claims on the Philippines fell by 1.6 billion to 7.1 billion dollar, mainly owing to 1.3 billion dollar debt buy-back agreed in May with creditor banks.

New cabinet will boost liberalisation plan of India, hope businessmen

BOMBAY, Jan 20: A revamp of the Indian cabinet won praise on Tuesday from the business community which hopes for a new push to the country's liberalisation programme damaged by nation wide riots, reports Reuters.

But editorial writers said the cabinet reshuffle announced by Prime Minister PV

Narashimha Rao on Monday heralded a return of the old guard that did not amount to much.

"On the front of economic reforms the reshuffle may prove to be productive to some extent, but on the question of countering the canker of communalism it is far from certain that the ruling party

knows it mind," the Times of India said.

Some accused Rao of seeking to demonstrate his hold over the ruling party rather than shaping a government that could join battle with a huge surge of Hindu nationalism that many commentators see as independent India's worst crisis.

The Indian Express said the reshuffle showed that Rao "was concerned not so much with good governance as with political self-preservation."

Rao dropped 14 of his 54 ministers and strengthened economic ministries, retaining Finance Minister Manmohan Singh, the shepherd of bold economic reforms.

The neglected side of Japan's miraculous success story

Abu K Selimuddin

The Japanese, much admired but little loved, have successfully created their economic fame and fortune by making technology their art, commerce their religion, and frugality and patience their culture. Their three trillion-dollar a year GNP accounts for 15 per cent of the world's production of goods and services. But unfortunately, in their pursuit of economic miracle, the Japanese have neglected a thousand social and civic details.

At home, all the hazards and threats of unmet social needs like overcrowding, bone crunching long commutes, woefully inadequate leisure facilities, and a Third World level of drains, parks and roads do leave most Japanese feeling distinctly unrich. Even the mountain of trade surpluses do not buy good life for them. Abroad Japan creates suspicion and ill feeling that leads to Japan-bashing.

Consider a middle class Japanese, Kaifu, who works for a Japanese company and makes 50,000 dollar in annual income. Kaifu is motivated to work harder than any of his counterparts in the West because his company is what he calls a "fate-sharing vessel." But Kaifu's 50,000 dollar is not worth much in Japan; he has to pay up to three times as much Americans

pay for food, and nearly twice as much for other goods.

Rice costs 10 times the world market price because the Japanese are made to subsidize their country's politically powerful but economically inefficient farmers. What's more, the heaviest drain on Kaifu's income is the cost of housing. Kaifu has to dish out at least six times his annual salary to buy a house half the size of the average US home. Kaifu's 300,000 dollar house will probably have no yard, plumbing, dryer and central heating. An average Japanese with the annual income of 20,000 dollar can barely afford an apartment which is so small that he has to use his bedroom at night as his living room in day time.

The Japanese accept the poor housing condition because they are acutely aware of the hard reality that of 145,808 sq miles of the Japanese territory, only 18 per cent is usable as living space for the population of 125 million. They also put up with other hardships quietly. Why? Because they are bound together as a homogeneous group by a social contract that expects hard work and sacrifice for each other without a promise of great rewards.

They are willing to sacrifice personal economic comfort to maintain social harmony. Few Japanese challenge the prevailing social culture that has traditionally favoured producers over consumers. Clearly, there is no one to champion their cause — no grass-roots pressure groups and no vocal lobbyists.

Owning a car in Japan is another problem because parking space is woefully scarce and a gallon of gasoline costs 3.50 dollar. The Japanese accept the fact that more parking space means less land for farming and cheaper gasoline in a resource-starved economy means more dependence on other countries.

Stepped in the virtue of self-denial and frugality, the Japanese have long tolerated what the West calls "consumers' exploitation" — the widely practiced culture in Japan. The Japanese consumers think this sacrifice is necessary to foster rapid economic growth. They still share a sense of vulnerability originally fostered by life on cramped, isolated, resource-starved islands.

While Kaifu is too busy helping his company, his wife has to handle 80 per cent of the child rearing and 100 per cent of the other household functions. If and when Kaifu's wife looks for a job, she may have to settle for a part-time

one because eight in 10 Japanese females are part-timers who are discriminated against in the workplace in terms of wages.

This wage discrimination between men and women is a favoured practice in the business community. No one raises voice against this disparity because the hierarchical feudal virtues — the emphasis that men be the order-givers and women the order-takers — remain in place both in the Japanese family and job markets despite the sweeping changes which are now taking place in Japanese society. Japan is this the unique society to combine the world's most modern economy with the house rules of a small tribe.

What kind of a life can Kaifu hope to have in the year 2020 when he expects to retire? Kaifu's retired life does not appear to be a comfortable one. Why? Because while six working Japanese support one retiree today, in the 2020, there will be only three Japanese to support one retiree. This demographic transition will curtail Japan's savings, capital export and bring about a fall of Japan's social-welfare system.

Opening of rice market may bring Japan to verge of chaos

TOKYO, Jan 20: Opening Japan's market to rice from abroad could provoke "political and social confusion," and bring the country to "the verge of chaos," the main farmers' union warned here Monday, reports AFP.

Since Japan's main political parties have repeatedly opposed the liberalisation of the rice market, a concession on the matter would lead to the dissolution of both Prime Minister Kichiro Miyazawa's cabinet and parliament, and to a general election, said Teruka Ishikura, Director-General of Zenchu, the main Japanese agricultural trade union.

He reminded members of the foreign correspondents' club here that in 1989 the ruling Liberal Democratic Party

(LDP) lost its majority in the Senate, or upper house, following its decision to open the Japanese market up to foreign rice and citrus fruits.

Zenchu, while claiming to be politically neutral, has always brought the rural vote to the LDP.

Ishikura said his organisation sought the greatest possible support from the Japanese people in developing a united front against the opening up to rice from abroad.

With 30 billion dollar of agricultural produce imported annually, equivalent to nearly 70 per cent of consumption, he said that "importing countries' views are not reflected in a fair manner" in GATT's proposal to substitute the ban on rice for a tariff scheme.

Russian Premier approves privatisation plan

MOSCOW, Jan 20: Conservative Russian Prime Minister Viktor Chernomyrdin has approved a privatisation plan prepared by his reformist deputy, Anatoly Chubais, the newspaper Izvestia reported Tuesday, according to AFP.

There is no difference in principle in our positions, except on the question of assistance to privatisation in rural areas," Chubais told the paper in an interview.

"I have approved the changes sought by Mr Chernomyrdin," he added.

A key figure in the administration of Chernomyrdin's predecessor, the radical reformer Yegor Gaidar, Chubais was retained in his position during a government shakeup in December.

Chubais provided no details of the privatisation scheme but said he was "completely satisfied" after a recent meeting with Chernomyrdin.

He said the Prime Minister put his signature to the draft proposal and sent it on to President Boris Yeltsin.

But Chubais warned that securing the approval of parliament, dominated by hardliners opposed to Yeltsin's reform measures, could prove difficult.

"No politician who thinks rationally, even a committed communist, will say no outright to privatisation," Chubais told Izvestia.

"But they will talk of defending workers' collectives, for example, although their objective is to destroy or stop the privatisation process."

New EC members likely to help create single currency by 2,000

STRASBOURG, Jan 20: The addition of rich nations to the European Community could make it easier for the trading bloc to create a single currency before the end of the decade, a senior official said Tuesday, reports AP.

Henning Christophersen, the community's economic chief, said a monetary union could be formed more quickly than expected if the strong economies of Austria, Finland, Norway and Sweden were added to the ranks.

His remarks, made in an

interview with a small group of reporters, are much more optimistic about chances for economic and monetary union than most observers have been in recent months.

A complex formula spelled out under the new Maastricht unity treaty allows the nations to form a joint central bank and a single currency once a majority of members meet stiff economic criteria. They cover inflation, budget deficits, government debt and currency stability.

Iraq loses \$ 44b by UN embargo upto June last

BAGHDAD, Jan 20: Iraq said on Tuesday losses resulting from a UN embargo on its oil exports mounted to 44 billion dollar by the end of last June, says a Reuters report.

The economic losses suffered by Iraq as a result of the suspension of oil and oil product exports from August 1990 to the end of June 1992 reached 44 billion dollar," the government newspaper Al-Jumhuriyah, said quoting an Oil Ministry source.

The United Nations imposed trade sanctions on Iraq soon after its August 2, 1992 invasion of Kuwait. Trade is still blocked, apart from imports of food and medicine. Gulf War bombing inflicted damage worth 1.9 billion dollar oil installations, the source added.