Japan's industries seek govt subsidy

TOKYO, Apr 11: Japan's computer industry, hurt by sagging sales, has decided to ask for government subsidies to help cover the cost of employment adjustments. Members of the Japan Electronic Industry Development Association, which includes most computer makers, decided to apply to the Ministry of Labour for the subsidies for employee reassignments and retraining. Other industries, including audio and visual equipment, steel and auto parts makers have applied or are in the process of applying for similar subsidies, reports

Yugoslavia devalues dinar massively

BELGRADE, Apr 11: The Yugoslav dinar was massively devalued at midnight Friday. Tanjug news agency announced. Its exchange rate went from 750 dinar to the dollar to 48,000 by decision of the federal government, the agency said. Prime Minister Radoje Dakic of the rump Yugoslavia (Serbia and Montenegro) was quoted as saying the new rate would apply to all foreign transactions and the buying and selling of hard currency on the local market, reports AFP.

Japanese medical workers strike

TOKYO, Apr 11: About 100,000 nurses and other medical workers staged brief nationwide strikes Wednesday to demand higher wages and better working conditions. The shortage of nurses is a growing problem that has set off a vicious cycle of long hours and hard labour. As more and more quit because of bad conditions, those remaining on the job are even more overworked. Tokyo Women's Medical College Hospital's unionised medical workers went on a three-hour strike after hospital management refused to give them a raise for fiscal 1993, reports AP.

Trinidad, Tobago to

float currencies
PORT OF SPAIN, Apr 11: The Trinidad and Tobago will float its dollar starting Tuesday, a move aimed at stimulating the declining economy that was expected to immediately devalue the overvalued currency, analysts said. Floating of the dollar comes after 10 years of a protracted decline in the gross domestic product of the two-island Caribbean country. Capital flight in the period of 1986 to 1991 was estimated at one billion US dollar, reports AFP.

Soybean farming to rise in China

HARBIN, Apr 11: The soybean, which used to be a dull crop few liked to grow, now has found favour in Chinese peasants' eyes. As a 'major soybean producer, northeast China's Heilongjiang province is likely to expand its growing acreage by 670,000 hectares this year, to make up half of the national increase, according to authoritative sources. An expert attributed the hot soybean planting to the market economy currently in practice in China, reports Xinhua.

French electric firm cuts losses

PARIS, Apr 11: The French Thomson SA Stateowned electronics group made a net loss after minority interests of 544 million franc (100 million dollar) in 1992, down from a loss of 702 million franc of the previous year, the company reported Friday. Thomson Consumer Electronics, the leisure electronics arms of the group, made a net loss of 1.77 billion French franc (327 million dollar) in 1992. In 1991 this unit had lost 2.47 billion franc, reports

Thai police seize \$1m gold bars

BANGKOK, Apr 11: Thai police have confiscated 68 gold bars worth nearly one million dollar and charged the driver of the pickup truckpin which they were found with smuggling, a news report said Saturday. Police told local reporters they arrested Krongsak Srisammakorn, 34, on Thursday after the gold was found hidden under the back scat of his truck, which was parked at a Bangkok shopping mall. The gold bars each weigh one kilogram (2.2 pounds) said Anant Pananont, Deputy Director General of Thai Customs Department, reports

BRIEFS Confidence can put an end to hyperinflation

John Linton, a British consultant for agro-industry projects in developing countries, has an easy remedy for hyperinflation.

His firm sticks to foreign currencies while working on projects in Africa. Apart from the occasional local purchase, such as a bottle of gin, which has soared from 100 Sudancse dollars to 1,000 in two years, Linton is largely immune to inflation ablaze in the local currency. "Hyperinflation is not such a hassle in business if you turn over quickly and you are paid in hard currency," says Linton.

Of course, this option is seldom available to the average wage earners in countries hit hard by hyperinflation. And, Linton admits - as any economist would tell you when locals increasingly rely on foreign exchange, their own currencies are further devalued. The result: prices spiral

higher. Such is the nature of hyperinflation, technically defined as a monthly inflation rate exceeding 50 per cent. The normal methods of coping with inflation - such as seeking higher wages or applying cost-of-living indexes to social support payments or resorting to foreign currencies.

At its worst, hyperinflation can so ravage a country that currency becomes worthless. For example, in Germany in the 1923, a loaf of bread cost 428,000 billion marks. This havoc is often the catalyst of political upheaval, as occurred in China in the 1940s, in Chile in 1973 and more recently in Yugoslavia.

The cases of Germany and

its neighbours in the 1920s. when shoppers carted money around in suitcases to buy groceries, serve as textbook examples of hyperinflation. The lessons from Europe remain valid today in explaining hyperinflation in Latin America, Africa or Russia. Says Killick: "The essential reasons

for hyperinflation are not very

flation was relatively stable at 100 per cent in 1991, the government loans were at low or zero interest rates, effectively amounting to free money for the businesses. Since the government's money is backed neither by gold reserves nor any perceived ability to repay its debts, the flood of money into public financ, has con-

Among the many fires Boris Yeltsin must try to quell in Russia is hyperinflation. Russians have seen inflation surge to 1,500 per cent - wiping out life savings for many. Hyperinflation is not new. It caused chaos in Europe in the 1920s and more recently in Africa and Latin America, hand in hand with black marketeering and panic.

controversial , among economists. It is an exceptional expansion of the supply of money and almost always stems from a public spending budget that is out of control."

Typically hyperinflation is caused by massive government spending to either wage war or to rebuild following war. With spending rises far exceeding the government's ability to raise taxes, the country's central bank steps in to fill the gap by increasing the total supply of money. In 1973, in the six months before it fell. the Chilean government of Salvador Allende had boosted the money supply by 500' per cent to pay for massive nationalisation schemes it could not

This is the case in Russia. where, in defiance of Russian President Boris Yeltsin, the central bank began lending trillions of Roubles to prop up money- losing, state-owned businesses last year. While intributed to a deteriorating perception of the value of the money. And that produces a painful escalation of prices,

cent last year. The influential Moscow News now estimates the capital faces a daily inflation rate of 15 per cent. It describes the Russian Central Bank's actions as an "inflationary war against its own people.

which soared by 1,500 per

Says Killick: "Often hyperinflation occurs in situations where the people have learned not to believe their governments. If people think inflation is going to continue very, very rapidly, they're going to continue spending as soon as they get the money." Thus, the problem worsens.

The same pattern occurred in China in the 1940s, when the government boosted the money supply 75 times over to finance war against Japan, drastically shaking foreign and domestic confidence. As a result, the real buying power of

government wages sank by as much 90 per cent.

Hyperinflation carries with it massive distortions that can preoccupy a country. Since money is deemed so unstable, hoarding becomes commonplace. Companies hoard raw materials to buffer against higher prices later. At the other end of the chain, firms hold on to finished goods, so they can be sold at higher

These artificial shortages give way to black marketers and speculators of all sorts. A French historian decried the distortions due to hyperinflation in the 18th century: "Commerce was dead: Betting took it place."

Hence, factory output de clines. And money is diverted to business segments, such as warehousing, which may not be economically justified in a more stable economy. Also, workers are forced to take on extra jobs to make ends meet.

But the sudden labour glut forces wages down, making things worse.

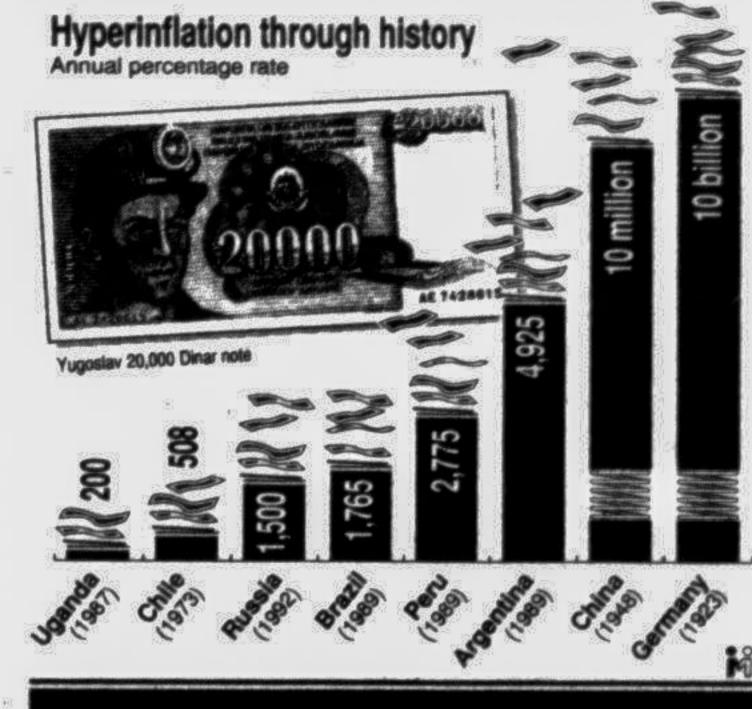
The cures for hyperinflation are the traditional rallying cries of conservative politicians, says Killick. Government spending must be cut moneylosing state-owned enterprises must be closed or sold off, and, most difficult of all, wage hikes must be de-indexed from the inflation rate. These harsh economic reforms helped con trol hyperinflation in Latin America, but they haven't been as successful in Africa.

European hyperinflation in the 1920s was flushed out

when more restrained policies by government and their central banks were introduced. and in some cases, debts for

war reparations were forgiven. In many cases, hyperinfla-

Often, hyperinflation can only be put to an end when businesses and consumers believed it will end. And as historians note, that often requires and change in government. If a



tion has only been wrestled to the ground when massive political changes took place. For example, China's hyperinflation didn't stop until the Communist takeover, when the old money was scrapped, accompanied with greater optimism due to the end of the war and improved harvests.

new government sends out the right signals, people believe change will follow.

Says Killick: "It sounds a bit like voodoo economics, but modern macro- economic theory places a lot of weight in the way the general public reacts to government policy." -Gemini News

G-7 may okay \$30b aid to Russia large amounts of money to

TOKYO, April 11: Eleven days before the referendum that will decide the fate of Russia's reformist president, the world's big industrial nations are meeting to decide on a rescue act, reports Reuter.

Group of Seven (G-7) finance and foreign ministers, who get together here on Wednesday and Thursday, are thought to be considering an aid package totalling about 30 billion dollars.

That may do little in the short term to cure Russia's deep economic woes. But western governments, nervous that a defeat for Boris Yeltsin in the April 25 vote could end their hopes of a "peace dividend," hope a headline-grabbing package will win him support at home. "We hope to unveil consid-

erable results at the ministerial meeting" Japan's Finance Minister Yoshiro Hayashi told reporters last week. G-7 ministers— from Bri-

tain, Canada, France, Germany, Italy, Japan and the United States — are widely expected to reiterate support for Yeltsin and his plans for the Russian economy but the real test will be how deep they dig for

There are deep differences within the group on what can and should be done. All the G-7 governments face tough budgetary restraints and many worry about wasting what cash is available on an economy that could be beyond help.

That could mean heavy demands on multilateral institutions such as the World Bank and the International Monetary Fund (IMF) because its economy is doing so badly.

"All of the countries concerned are carrying large debts domestically, so it will be difficult for them to justify to them electorates giving

Russia," said Chris Doyle of Cambridge University in England last week. Japanese officials said that

given tight budgets, some G-7 members may also take advantage of the meeting to offer specific micro-economic proposals to Russian officials.

"We are not just focusing on the macro-economic picture but also are focusing on the

that the G-7 will devote most attention to big dollar agree-

Ironically, two of the largest may be the least controversial. Some analysts expect the group to approve a rouble stabilisation fund totalling around six billion dollar and Paris Club creditor nations agreed a couple of weeks ago to reschedule 15 billion dollar in Russian

more urgently is money to buy imports and help Russia cope with painful economic reforms. Much of that will have to be provided by individual G-7

Russia might need around 14 billion doilar in foreign financing this year to help buy essential imports and avoid a complete economic break-

with Yeltsin, US President Bill Clinton pledged 1.6 billion dollar in aid. He made it clear he wants other G-7 nations to chip in more of their own

China's Boeing purchase heralds increase in imports from US

BEIJING, Apr 11: China's 800 million US dollar order for Boeing atreraft heralds an overall increase in imports from the United States this year, a senior Beijing trade official was quoted today as saying, reports Reuter.

range 737s and one 757 jet was placed on Friday last week by the civil aviation administration of China during a buying mission to the United States.

The order for 20 medium-

"Provided we get the right commercial terms, we expect to buy more than we did last Shi Jianxin, Deputy Director of the US section of the Ministry of Foreign Trade and Economic Cooperation, as saying. The buying mission - the

year," the China Daily quoted

fourth of its kind since 1990 has been sent before congress votes on annual renewal of China's Most Favoured Nation (MFN) trade status. It will visit the big three US

car-makers - General Motors, Chrysler and Ford - which all run joint- venture plants in China. Last year's mission bought about 130 million US dollar worth of US cars.

Russian central bank agrees to limit loans

MOSCOW, Apr 11: Russia's pro-reform government has managed to convince the central bank to limit credit for the next three months as part of an agreement that could save the economy from disastrous hyperinplation, Deputy Prime Minister Boris Fyodorov said on Saturday, reports AFP.

Fyodorov told a news conference that the decision to impose a 30 per cent ceiling on credits for the next three months was supported by central bank Governor Viktor Gerashchenko and his three vice- presidents.

Fyodorov called the agreement "historic" and said Russia now stood a chance at achieving financial stabilisation this year, a promise that President Boris Yeltsin said would be fulfilled by the end of 1993.

Inflation dropped from a monthly rate of 30 per cent in January to 17 per cent in March, Fyodorov said, adding: "There is now a real tendency towards a drop in inflation." The central bar:'s has over

the past year rejected the government's tight monetary policy and has granted easy credits to industry, charging that without state support, factorics would go bankrupt and millions would be out of work.

Fyodorov, the government's chief reform strategist, said the prime lending rate on credits would be raised from 100 per cent to 120 per cent

The agreement with the central bank came as Fyodorov was to travel to Tokyo

Gore urges Japan to shrink trade surplus

WASHINGTON, Apr 11: US Vice President Al Gore called on the Japanese government to take steps to trim the nations trade surplus and stimulate Japan's economy, reports

In an interview with CNN. Gore said the Japanese could be "helpful" in promoting world economic growth by whittling down the size of their very large surplus" and stimulating the domestic economy to attract more im-

> He said the United States was doing its part to help the *global economy by shrinking its budget deficit.

He also praised the Germans for cutting interest

Taiwan accepts US demand for copyright

TAIPEI (Taiwan), Apr 11: The Taiwan government has accepted a US demand to honour the exclusive rights of authorised agents to import copyrighted products, and to prosecute violators, a senior government official said Sunday, reports AP.

Lin Yi-fu, deputy director of the Board of Foreign Trade, told reporters on his return from Washington the next step will be to persuade Taiwan's parliament to accept the restrictions of face possible US trade retaliation.

Some legislators are opposed to the restrictions, saying they run counter to international practice and would harm Taiwan's businessmen. They say anyone should be allowed to import any products from the United States or elsewhere.

Officials said the parliament will have to decide on penalties for violators if it accepts the restrictions. Lin led a delegation to

Washington to discuss claims that Taiwan was guilty of copyright violations and failure to protect intellectual property The United States, Taiwan's

biggest trading partner, has accused Taiwan of breaking a bilateral copyright accord signed last year, and threatened to impose trade retaliations on Thursday unless the Nationalists stop the violations.

Private firms mushrooming in Chinese province

JINAN, Apr 11: Private enterprises have been mush-rooming in eastern China's Shandong province over the past two years. By the end of 1992 the number of such firms toped 10,000 compared with about 5,000 in 1990, according to official sources, reports Xinhua.

Last year these companies employed 160,000 people, while the figure in 1990 was only about 90,000.

The private economy in Shandong used to be active mainly in the rural areas, running small stores and mills. Now, however, private firms are also popping up in cities, and have expanded their business scope and increased investment.

Now a days 64 per cent of the companies are engaged in the machine building, chemicals and automobile industries, the sources noted.

World commodity market eases on the occasion of Easter holidays ever, as dealers pared back

some of the gains on concerns

over sluggish demand and as

Canadian mining outfit

Cominco said it planned modi-

fications at its red dog mine in

Alaska to raise its volumes and

improve lead and zinc recover-

Aluminium price fell over the

week to reach its lowest level

Aluminium price is de-

pressed by the high level of

stocks, the continuing exports

from the former Soviet Union,

fell sharply on liquidation sell-

ing after key support barriers

were ignored, dealers said.

Nickel price rose sharply last

month, helped by a renewal of

political uncertainties in

Russia, but dealers decided

they had overbought in the

rally and set off a selling wave

this week. Nickel stocks rose

by 438 tonnes to 88,050

firm start. Tin price slipped

slightly over the week despite

a firm start which saw tin

price jump on Monday in a

largely speculative rally, deal-

weak fundamentals under-

mined the increase and prices

start. After falling at the start

Concern over the metals

Coffee: Recovery after weak

Tin: Slightly lower after

tonnes.

ers said.

slipped back.

Nickel: Lower. Nickel price

and the sluggish demand.

since January 1992.

Aluminium: Lower.

LONDON, Apr 11; The commodity markets eased before the long Easter weekend on sentiment depressed by the lack of interest from investors who seemed more interested in planning their weekend holidays than in watching the

thousands homeless.

Precious metals were hit by profit taking and speculator sales after the relaxation of political tension in Russia. Gold, platinum and silver

fluctuating prices, reports AFP.

weeks following fears of unrest in Russia's mining regions. The coffee price, which had been hit by the disappointment over the collapse of talks in London on a new international coffee agreement,

had risen strongly in recent

and speculative recovery. The cocoa price was quiet with dealers waiting for a confirmation from the Ivory Coast government of its plans to reduce output. They remained cautious on fears of a liquidation of the stock regulator's

ceased falling on a technical

holdings in September. The sugar prices was also quiet and was little change having risen by 50 per cent since the beginning of the

Brent North Sea crude oil weakened slightly on fears that OPEC member countries would not respect their self-imposed production limits following news that Iran and Nigeria had broken their constraints in

Kuwaiti Oil Minister Ali-Al-Baghli said on Thursday that Kuwait might exceed its OPEC quota by 400,000 barrels a day after accusing Iran and Nigeria of breaking their limits.

General view April 11 of devastated village in Mursidabad district, India after a powerful

hurricane destroyed April 10 several villages killing more than one hundred people and left

"Kuwait has respected its commitments until now but also wants to protect its inter-

On the London Metal Exchange (LME), the price of cooper fell by more than five per cent under the pressure of Far East and Chinese sales and an increase in LME stocks. Others metals largely fol-

lowed suit but zinc rose against the trend after news of a cutback in Canadian and Mexican production. Gold: Lower. The price of gold, which rose last week to

its highest level for five months, fell back under the weight of profit taking and producer sales in Australia before the eastern weekend. The market was also affected by the announcement

from a Russian government official that its gold reserves had risen to 308 tonnes which was well above analysts' expecta-

Platinum: Lower. The price of platinum fell in the wake of gold, affected by profit taking and the lack of concrete signs of industrial recovery in the United States.

The relaxation of political tension in Russia, where deal-

ers had feared a disruption to supply from the Siberian platinum mines, also encouraged producers to sell.

- AFP/ UNB photo

Silver: Higher. The price of silver, which rose last week to its highest level since August 1992, fell back on profit tak-The calm in the Russian

mines, second most-important

source of silver after Mexico. also encouraged selling. Copper: Lower. The price of copper [ell sharply over the week by 5.5 per cent from the price last Friday and 14.4 per cent off its high point of the

year so far. It was depressed by

a wave of selling from China

and the Far East.

tonnes.

The fall took the price to a five-year low, through the 2,000 dollar per tonne barrier to about 1,350 pound per tonne. Lead: Higher. Lead defied

cooper's trend and moved slightly higher, up two per cent on the week, as technical factors restricted supply, dealers said. Lead stocks on the LME fell 450 tonnes to 246,025

Zine: Higher. Zinc price rose at the beginning of the week after Canadian and Mexican producers announced cuts in supply. Mexican zinc output should decline by some 50,000 tonnes this year, traders said.

The rally was brief, how-

question of what sort of assistance would really be effective and tangible," a Japanese foreign ministry official said. But there is little question

chunks of the aid programme

But what may be needed

members. Monetary sources said

At last weekends summit

of the week to its lowest level for five months, coffee price staged a technical recovery, boosted by speculative buying

Prices fell early in the week as they suffered the effects of the breakdown of negotiations at the International Coffee Organisation the week before.

Cocoa: Slightly higher. The

before the long eastern week-

price of cocoa rose slightly, with dealers cautious ahead of confirmation of the Ivory Coast government's plans. The government recently said that it would not buy co-

coa from planters after April

30 in order to raise prices and

improve the quality of its cocoa Sugar: Stable. The price of sugar rose at the beginning of the week on the signing of an agreement between Cuban state sugar company Cubazucar and China for the delivery of 700,000 tonnes of sugar in

However the gains were knocked back later by official estimates of the Cuban harvest which said it would be only "slightly lower" in 1992-93 than in the year before.

1993

Vegetable oils: Calm. Vegetable oil price was boosted by predictions of a slight reduction in oilsced production in 1992-93 but let down later as tension grew between the EC and the United States over the GATT trade

The specialist review oil

world said that world production of the 10 main oilseeds would fall slightly to 226.5 million tonnes in 1992-93 from 226.7 million tonnes in 1991-92, despite a major increase in soyabeans produc-

Oil: Lower. After beginning on a firm note the price of oil fell back below the 19 dollar a barrel level when it emerged that Iran and Nigeria had broken their production quotas, making it less likely other OPEC countries would keep to their own limits.

Kuwaiti Oil Minister Ali Al Baghli said on Thursday that Kuwait might exceed its OPEC quota by 400,000 barrels a day after accusing Iran and Nigeria of breaking their limits.

Rubber: Lower. The price of natural rubber fell to its lowest level for five months, depressed by weak demand, the strengthening pound and the higher than expected level of output from Asia Last week's apparent final

breakdown of negotiations on a new international agreement continued to weigh on prices, analysts fearing the dispersal of the 170,000 tonnes of rubber held by the stock regula-

Grains: Lower. The price of wheat and barley were hit by profit taking after an earlier

surge on the announcement of a plan of US food aid to Russia during the US-Russia presidential summit in Vancouver, Canada. The market also suffered

from the feeling that the quantity of US wheat sent to Russia would be much lower than had been forecast initially. Tea: Lower. The price of tea

continued to fall as prospects for worldwide production improve with the average price in London, falling to 120 pence/kilo from 122 pence for middle grade and down to 92 from 96 pence for lower grade

The average price for higher grade tea rose to 155 pence per kilo from 150 pence.

Cotton: Calm. The price of cotton remained stable at the weekly sales in Liverpool, supported by signs of a contract in world output in 1992-93 because of a fall-off in China, the US and the former Soviet nion.

Wool: Weak. The price of wool fell to its lowest level since June 1991, depressed by difficulty in the textile industry, the strengthening of the pound and the high level of world supplies

The fall of the Australian market after the Canberra government refused to renew a floor price added to the pres-

sure on prices.