

BRIEFS

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 re-training. 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 AP.

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 strikes nationwide 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 State-owned 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 franc (327 million dollar) in 1992. In 1991 this unit had lost 2.47 billion franc, reports AFP.

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 Kongsak Srisam-akorn, 34, on Thursday after the gold was found hidden under the back seat 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 AFP.

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 Sudanese dollars to 1,000 in two years, Linton is largely immune to inflation 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 finance, has con-

tributed to a deteriorating perception of the value of the money. And that produces a painful escalation of prices, which soared by 1,500 per 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."

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 prices.

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

Hence, factory output declines. 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, money-losing 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 control 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

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 rights.

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 mushrooming in eastern China's Shandong province over the past two years. By the end of 1992 the number of such firms topped 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.

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 Reuter.

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 imports."

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 rates.

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.

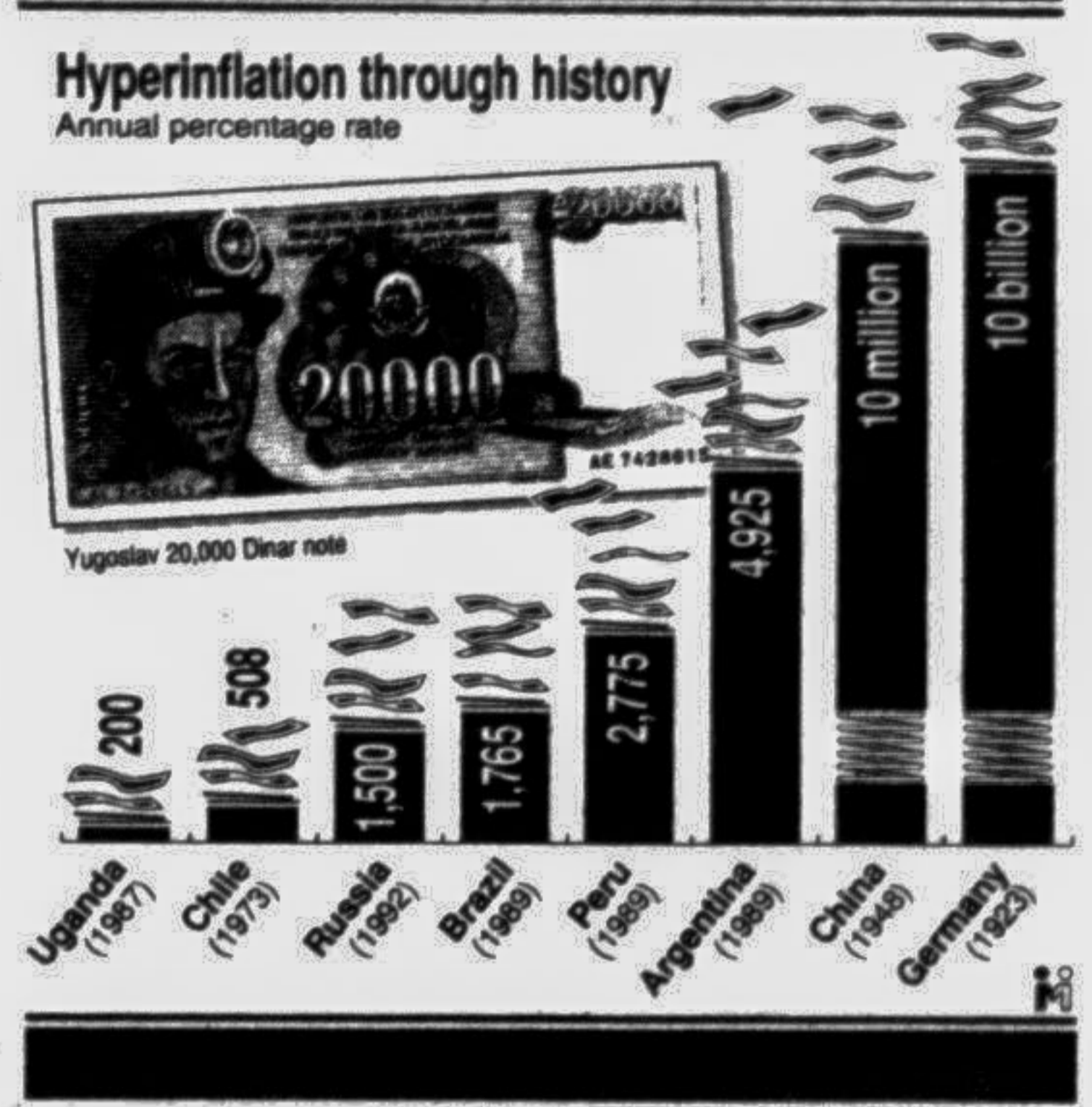
Lin Yi-fu, deputy director of the Board of Foreign Trade, told reporters on his return from Washington the next step will be to persuade Taiwan's parliament to accept the restrictions of face possible US trade retaliation.

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China's Boeing purchase heralds increase in imports from US

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

The order for 20 medium-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.

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

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 hyperinflation, 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.

G-7 may okay \$30b aid to Russia

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

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 their electorates giving

large amounts of money to 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.

World commodity market eases on the occasion of Easter holidays

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 fluctuating prices, reports AFP.

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

March. Kuwait Oil Minister Ali-Al-Baghlil 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.

Kuwait has respected its commitments until now but also wants to protect its interests.

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 price of cocoa rose slightly, with dealers cautious ahead of confirmation of the Ivory Coast government's plans.

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 thousands homeless.

At last weekends summit 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 money.

Ironically, two of the largest chunks of the aid programme 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 debt.

But what may be needed 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 members.

Aluminium: Lower. Aluminium price fell over the week to reach its lowest level since January 1992.

Nickel: Lower. Nickel price fell sharply on liquidation selling 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 tonnes.

The calm in the Russian mines, second most important source of silver after Mexico, also encouraged selling.

Copper: Lower. The price of copper fell sharply over the week by 3.5 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.

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.

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 1993.

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.

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' expectations.

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-

ever, as dealers pared back some of the gains on concerns over sluggish demand and as Canadian mining outfit Cominco said it planned modifications at its red dog mine in Alaska to raise its volumes and improve lead and zinc recoveries.

Tin: Slightly lower after 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, dealers said.

Others metals largely followed suit but zinc rose against the trend after news of a cut-back in Canadian and Mexican production.

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 Union.

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.

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

talks.

World commodity market eases on the occasion of Easter holidays

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 soybeans production.

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.

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 tea.

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.

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