

BRIEFS

Wall Street continues to fall NEW YORK, Apr 21: Wall Street continued its slide, as investors transferred capital to the credit market...

Russia issues big amount of money MOSCOW, Apr 21: Russia in February churned out 350 billion roubles, as much money as was printed by the former Soviet Union...

Romania to delay vote on budget BUCHAREST, Apr 21: Romania's parliament might need another week of debate before taking a final vote on the 1993 budget...

Japan's trade surplus can increase EC trouble

TOKYO, Apr 21: Japan's burgeoning trade surplus is igniting an explosive situation which could make it a prime scapegoat for Europe's trouble economy...

European Community (EC) deficit would produce swift results. He welcomed a Japan-EC pact finalised with Tokyo on Tuesday...

rising unemployment, and dissatisfaction regarding economic management. Krenzler said. Krenzler said he had little confidence in Japan's package to spur consumer demand...



A dealer flashing a sign during the afternoon session of the Tokyo Foreign Exchange market April 20 as the US dollar slipped further despite intervention of the Bank of Japan to close at a record low of 110.25 yen down 0.75 yen from the previous day's finish.

Mahathir won't sack bank staff responsible for \$ 3.6b loss

KUALA LUMPUR, Apr 21: Malaysia's prime minister said Tuesday he will not fire executives of bank Negara, the Malaysian central bank, even though it lost 3.6 billion dollar in its foreign exchange market dealings last year...

Consortium meet to aid Pakistan postponed

ISLAMABAD, Apr 21: The aid-to-Pakistan consortium meeting scheduled to be held in Paris on April 22 has been postponed following a government change in Pakistan...

But no new date for the consortium meeting has been announced. Pakistan had earlier planned to request 2.25 billion US dollar of aid commitments from the consortium for fiscal year 1993-94...

New Pak govt to continue Sharif's reforms

ISLAMABAD, Apr 21: Pakistan's new government will retain the privatisation policies of sacked reformist Prime Minister Nawaz Sharif, honour all contractual obligations and further deregulate the economy...

Russia's economy shows signs of improvement

MOSCOW, Apr 21: Russia's economy has improved since September but there are signs of potential backsliding on free-market reforms, economists said Tuesday...

The most positive sign is that growth of the inflation rate dropped to 21 per cent in March and is expected to reach 15 per cent to 18 per cent in April, Layard said. That followed a steady 25 per cent monthly growth in 1992, he added.

Indian bond scam Monmohan to face parliamentary probe body

NEW DELHI, Apr 21: An all-party parliamentary team probing a 2 billion dollar securities scandal will summon India's Finance Minister Manmohan Singh to answer members questions...

UK public sector deficit reaches \$ 56.6b

LONDON, Apr 21: Britain's public sector deficit grew to 36.5 billion pound (56.6 billion dollar) or six per cent of GDP in 1992/93, after surging to a record 9.51 billion pound in March, officials said Tuesday...

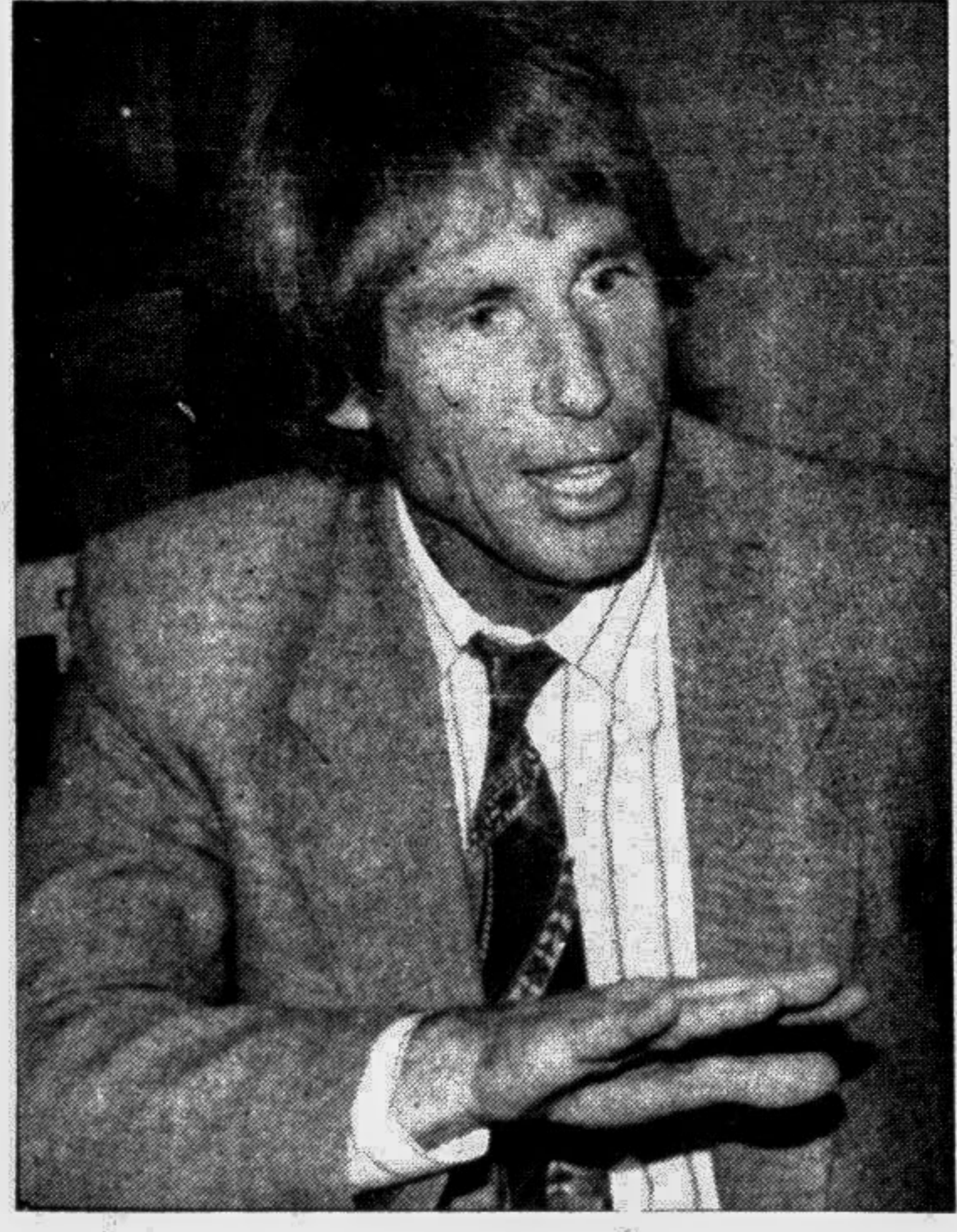
"Given proper conditions private sector is bound to respond"

Hernan Buchi, 43, Finance Minister of Chile from 1985-89, a presidential candidate in 1989, and currently adviser to several governments in Latin America and East European countries, was recently in Bangladesh at the joint invitation of the MCCI and the World Bank...

socialist agenda, won the elections in Chile and became its President in early seventies. HB - I would like to point out, that in a sense what Allende did was something new in Chile. The policies he instituted were there from the 30s. He represented the culmination of a process...

Former Chilean Finance Minister, Hernan Buchi interviewed by Mahfuz Anam, Executive Editor, The Daily Star.

or did the Group go to the government... HB - No, no. It is much more complicated than that. The military was under a lot of pressure and they received a lot of alternative proposals...



Hernan Buchi

You have to understand that there were severe internal fights going on to get influence and power. But finally in 1975 the government accepted our policy and gave us the go ahead. I was a part of the group inside the government...

debt crisis. We got fully started in '75 and the country began to grow from '76. DS - What were the reforms? HB - Imagine that we had more than two digit inflation per month. Imagine there were three thousand prices fixed artificially. Imagine 40 exchange rate of our currency - one in which it was worth ten, in another it was worth a thousand. So the first reforms put Chile in a very uneasy situation. Because everybody thought the reforms would work. Suddenly everything collapsed...

are trying to tell our trade unions the same thing, without much success. HB - In life, you have to discuss, and try to persuade. If they don't work, then you must act. Only talking, but no decisive action, does not produce any results. In Argentina, Mexico and other places, democratic governments acted and then the unions accepted the changes. Like, you close down a public company that does not make any money. There is no money to run it - so it has to shut down. A few actions like that, made workers of other public enterprises, work day and night to make their companies profitable. In Colombia, the government closed down many public companies. It gave the right signal to others and there were dramatic changes. May be there will be a strike, but so what! What is good for the country must be carried out. But that is a political decision. DS - And, about gaining confidence of the private sector...? HB - As to generating confidence among the private sector to act, well if all the right measures are taken, the private sector will respond. May be it takes time, but much less than you may think. But obviously only talking will not generate confidence. You must put policies into action and stand firmly behind it. Then confidence will grow, and the private sector will respond. People said Chileans are not entrepreneurs. They are only bureaucrats. DS - Same is said about us, Bangladeshis. HB - But now it is fascinating to see how fundamentally wrong that perception is. When there is opportunity, how naturally and quickly the Chileans became entrepreneurs. But the government's role is very important. It must create the environment so that private sector can go ahead. DS - So what is your main message to us? HB - Very simple. Trust the basic entrepreneurship of the people. Don't believe if anybody says, your people are not entrepreneurs. They said the same about us. Just create the conditions - both macro and micro level - for the growth of private sector. Make your economy open, help your private sector to become competitive and allow free market to determine who is a better producer. We had many of your drawbacks - except the population - and our policy of open economy has helped us. DS - Thank you for being with us. HB - Thank you and good luck.