

Business

Clampdown on public sector wages

Teachers challenge Major

LONDON, Sept 18: Britain's biggest teachers' union challenged Prime Minister John Major's latest clampdown on public-sector wages with a 13 per cent pay claim, reports Reuters.

The demand underscored how hard it will be for the government to implement the effective pay freeze for five million public service employees which Chancellor of the Exchequer Kenneth Clarke unveiled on Tuesday.

The National Union of Teachers (NUT), already at loggerheads with the government over school curriculum reforms, said it wanted an eight per cent pay rise plus 1,000 pound (1,540 dollar) for its members.

The claim is worth 13 per cent on average but 16 per cent to the lowest-paid teachers earning 12,000 pound (18,500 dollar) a year.

The 170,000-member NUT

said the big increase was justified because teachers' pay had lagged increases in the public sector.

"In under-valuing the teachers the government puts in jeopardy economic recovery and the country's future," the General Secretary of the NUT, Doug Meavoy, said.

Education Secretary John Patten brushed off the pay claim as unrealistic and said it would cost 80,000 teachers jobs.

Under Clarke's pay guidelines, the public sector's total wage bill next year will be frozen and any wage increases will have to be justified by improved productivity.

Clamping down on pay for a second year, after a 1.5 per cent ceiling on increases this year, is a way for Major to show financial markets and the right wing of his divided Conservative Party that he is serious about

cutting the government's 50 billion pound (77 billion dollar) deficit and curbing inflation.

Some economists feared a surge in inflation after Major, a year ago to the day, abandoned the anti-inflationary discipline of a link to the German mark by taking the pound out of the European Community's Exchange Rate Mechanism (ERM) grid.

Inflation did not take off, even though a fall of about 10 percent in the value of the pound raised the cost of imports, but figures released on Wednesday showed that Major could not afford to be complacent.

Annual inflation picked up to 1.7 per cent in August from 1.4 per cent in July. Underlying inflation, which strips out volatile home-loan costs, accelerated to 3.1 per cent from 2.9 per cent.

Union leaders said the figures showed higher wages were

needed to protect living standards.

But Major, who is languishing in the opinion polls and could even face a leadership challenge, was in no mood to compromise.

"What we have said is that we cannot allow the public sector pay bill to rise. Over the past two years, the country has made great efforts, great sacrifices, to get our economy back on a growing trend with low inflation," he said.

"We are not going to throw that away now. We do need to restrain our expenditure and we do need to put our accounts back in order. That is what we are going to do," he added.

Major shrugged off union threats of industrial action this winter and said he was confident the government would meet its target for underlying inflation of one per cent to four per cent.

Japan's company gets \$ 16m from Pak railways

TOKYO, Sept 18: Japan's Marubeni Corp. has received a 1.7 billion yen (16 million dollar) order from state-owned Pakistan railways to improve its signalling system of over 2,000 kilometers (1,240 miles) of trunk lines, a spokesman said yesterday, reports AFP.

Pakistan unit of Germany's Siemens AG will produce the system while Marubeni, a major trading house, will coordinate the project, which is to be completed by 1996, the spokesman for Marubeni said.

Reclamation to pull out Yangtze hydroelectric dam project

WASHINGTON, Sept 18: The Bureau of Reclamation said Friday it will pull out of a project to build the world's largest hydroelectric dam across China's Yangtze river in a move to get out of the dam building business, reports AFP.

"Reclamation's current priorities are water resource management and environmental restoration, not large dam projects," the bureau's Director Dan Beard said in a statement.

Although the bureau has for years built hydroelectric dams in the United States and abroad, Beard, the bureau's new director, and interior secretary Bruce Babbitt have decided that was no longer its mission.

"Further involvement in this project is not consistent with Reclamation's mission," Beard said.

Interest-free loans for wedding

BAGHDAD, Sept 18: President Saddam Hussein has ordered interest-free loans of 10,000 dinar for couples wishing to marry but hampered by spiralling costs from a UN embargo, an Iraqi daily said Friday, reports AFP.

The head of the Iraqi Youth Union Salf El-Din Al-Mishaidani told Ath-Thawra, organ of the ruling Baath Party, the interest-free 10,000-dinar loans would be repayable over 12 years with a two-year grace period.

A dinar buys 3.2 dollar at the official rate but the greenback fetches 65 dinar on the black market.

Saddam recently asked the Iraqi Olympic Committee, headed by his son Uday, to organise mass weddings at government expense to help young Iraqis without the means to tie the knot.

Late Thursday 30 couples exchanged vows at a mass ceremony organised by the Youth Union which was partially broadcast on television. A similar collective ceremony in July was also underwritten by the government.

Indian planters call for policy to boost exports

BOMBAY, Sept 18: Indian tea, coffee, spices and rubber growers called yesterday for deregulation of the plantation sector to boost exports and match India's industrial liberalisation programme, reports Reuters.

In a speech marking the 100th anniversary of the United Planter's Association of Southern India (UPASI), its President, Ajit Thomas, said the government should adopt a comprehensive policy for the plantation sector.

This should be worked out jointly by the federal government, the governments of plantations states, state-sponsored commodity boards and the industry.

Thomas said the aim should be to help India achieve specific export and production targets, improve quality and maintain the country's position as a ma-

nor commodity producer.

"Deregulation of the pooled marketing system in coffee and in mandating the various controls on tea are priority areas of reform," he told the gathering of 400 planters' representatives and Indian Commerce Minister Pranab Mukherjee in the Southern hill town of Coonoor.

He said the government's economic liberalisation policies should be extended to include the highly regulated plantation sector, which employs 1.7 million workers.

India is the world's largest grower of black tea, the fourth biggest producer of rubber and controls one-third of the international trade in spices.

"In a wider context," he said "the need for the liberalised policies to percolate down to the state and local levels can hardly be over-emphasised."

Prime Minister P V

Narasimha Rao, who has launched an ambitious programme of reform to remove stifling controls on industry and reduce high protectionist trade barriers, cancelled a scheduled visit to join the 100th anniversary celebrations of which was founded by British colonial planters.

But the government is expected to ease restrictions on the direct export of coffee, which at present is controlled by a centrally-run marketing board, industry sources said.

India also maintains rigid regulation of tea exports while tea estates have to seek permission from the government before planting new trees, UPASI said. Seventy-five per cent of output must at present be sold through auctions.

Thomas called for changes in land policy to stimulate planting of new trees.

US officials call for changes to foreign aid programmes

WASHINGTON, Sept 18: US government officials have called for radical changes to foreign aid programmes including an end to country-by-country funding, the Washington Post reported on Saturday, says Reuters.

An inter-agency study team, in a report to cabinet-level officials, concludes foreign aid programmes are often wasteful, incoherent and inconsistent with the Clinton administration's objectives, the paper said.

The report calls for the setting of about 10 national objectives such as "transition from communism to democracy" and "non-proliferation and arms control" and allocating money to them rather than to individual countries.

"Congress would be asked to vote funds for goals, such as

democracy, and not for countries," the paper quotes the study as saying.

The report was prepared under the direction of the National Security Council in response to a directive from Clinton, according to the Post.

It said the new approach would shift much of the power to decide which programmes would be funded from Congress to the administration.

The study acknowledged such changes would face strong opposition in Congress, because they would probably result in reduced aid to both Israel and Egypt, by far the two largest recipients at present.

"With the disappearance of communism in the Soviet Union and Eastern Europe, the bedrock support for foreign assistance has eroded significantly," the paper quotes the report as saying.

There is no clear vision guiding the shape of our foreign assistance agenda for a world without the USSR. "A business as usual" approach which seeks to preserve virtually every existing programme is doomed to failure.

The Post quoted Brian Atwood, administrator of the agency for international development which disburses U.S. funds abroad, as saying in a memorandum to employees: "I am sure that some aspects of the present system are worth preserving but they have thus far escaped me."

Atwood did not comment in detail on the study, which is still classified, but said its recommendations appeared consistent with his agency's goals, the Post reported.

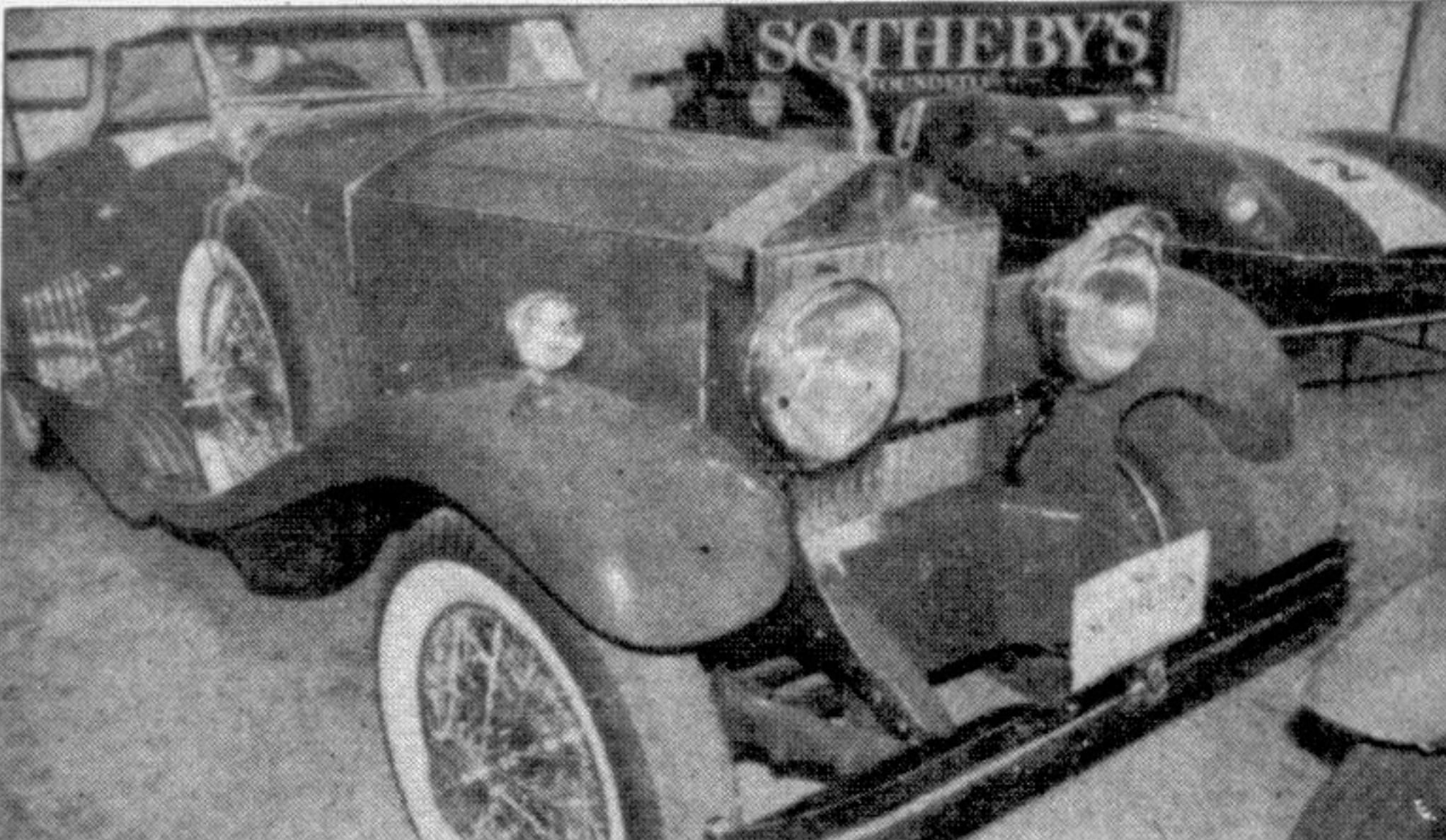
Indian truckers continue strike

NEW DELHI, Sept 18: A strike by India's 1.8 million long-distance truck drivers in protest at a big rise in licence fees entered its third day today, union officials said, reports Reuters.

O.P. Aggarwal, Vice-President of the All India Motor Transport Congress (AIMTC), said the strike, the second by the truckers in just over a month, would continue till the government waived the increase.

Annual national licence fees for truck owners were increased from 1,500 rupee (nearly 50 dollar) to 5,000 rupee (160 dollar) from September 1.

Newspapers have reported that supplies of food and other essentials are being disrupted and prices soaring in many areas, mainly because of hoarding by traders. The government says essential supplies are not being blocked.



A 1927 Rolls-Royce Phantom 1 Special roadster (L), worth 80,000 US dollar and an Ex-Works 1959 Lister-Jaguar Le Mans racing car (R), worth over 220,000 US dollar await buyers on the eve of the Sotheby's auction in Sydney yesterday. Historic sports, racing and collectors cars and automobilia worth in excess of one million dollar will be put under the hammer today.

— AFP photo

Six Muslim states warn against population boom in ex-USSR

TEHRAN, Sept 18: The Muslim states of Central Asia have warned against a population explosion in the former Soviet republics and are calling for international help, reports AFP.

Representatives from six Central Asian countries, attending a UN seminar in Tehran this week, examined the problems they faced back home in checking population growth.

Based on official figures presented at the conference, the population growth rate in all central Asian countries exceeds 2.5 per cent, and in the case of Turkmenistan and Uzbekistan it is as high as 3.5 per cent.

"Having at least four children

is the clearest sign of success for a family in my country," said a representative from Uzbekistan.

Before the collapse of the Soviet Union, the people in these Muslim republics often resisted liberal family planning programmes introduced by Moscow. But since gaining independence in 1991 the situation has worsened due to mounting economic difficulties.

A representative from Azerbaijan told the United Nations Population Fund (UNFPA) seminar that all population control programmes in his country had been halted as a result of the five-year war with Armenia.

"More than 200 health centers have been destroyed in the course of the conflict and one million people have been displaced," he said.

Birth rates were also up because Azerbaijan lacks adequate foreign currency to purchase contraceptives abroad.

"For a country with a population of 7.5 million, there are about 180,000 new births per year," he said.

Kazakhstan was facing similar problems. The country recorded 400,000 births last year, which is considered high given its population of 16.5 million.

A representative from Kazakhstan said his country

faced numerous obstacles in efforts to curb population growth, including the lack of family planning programmes and the absence of external help.

He said Kazakhstan could not afford to import contraceptives and women there largely depended on abortion as a means of birth control.

Tajikistan, with a population of 5.5 million, was also unable to develop its population control programmes due to lack of funds.

In Kyrgyzstan family planning programmes move even slower because of deeply-rooted religious beliefs. Families there consider the birth of a child a gift from God.

Move to decrease Africa's debt

WASHINGTON, Sept 18: US government officials and lobbyists grappled with ways Friday to decrease Africa's debt and increase aid and trade at a time of shrinking government resources, reports AP.

"Africa faces a series of challenges," George Moose, assistant secretary of state for African affairs, told a panel convened by the Congressional Black Caucus.

The continent needs jobs, health care, a greater infrastructure and more trade, among other things, and there is not a lot of aid the United States can give, Moose said.

South Africa, for example, is seeing only 1.5 billion dollar year in trade, down from the era before sanctions cut out most trade with the United States, Moose said.

If there is going to be capital investment, job stimulation and increased trade, "it is going to have to be through the private

sector," Moose said.

For every billion dollars in increased trade, there will be 30,000 to 40,000 more jobs in the United States, Moose said. That also would help pick up the economies of the states bordering South Africa.

"Southern Africa promises to be a major area of economic development" once sanctions are lifted and a new government starts to put the economy back together in post-apartheid South Africa, he said.

The new era could begin if a newly created Transitional Executive Council is allowed to help oversee the government between now and elections set for next April. Those elections are likely to bring majority rule for the first time to South Africa.

But Africa must also overcome its debt problems, said Solomon Gomes, special political affairs officer at the Organization of African Unity.

Africa had 292 billion dollar in debt in 1992 and debt service from 1993 to 2005 will equal 450 billion dollar, Gomes said. Much of that, he said, is from loans from the IMF and the World Bank, which should reschedule or forgive that money so it can be used to develop the continent.

"The debt has to be addressed. There is nothing Africa can do" until that obstacle is removed, Gomes said.

Another way to help Africa is to release or increase money that the US government has already designated for Africa, said Randall Robinson, executive director of Trans Africa, a lobbying group that was a leader in the sanctions and anti-apartheid movement.

The Development Fund for Africa has 80 million dollar of which 80 million dollar went to South Africa over the past two years, Robinson said.



An elderly resident checks the price of 5,600,000,000 dinar for a bottle of imported salad dressing in a shop (Thursday). Due to the UN imposed embargo and an inflation of 1,900 per cent, prices of rare products sometimes reach the equivalent of the average pension in Yugoslavia.

— AFP photo

Developed states should raise levy on capital to reduce debt: UNCTAD

GENEVA, Sept 18: Developed countries should engineer global reflection to combat unemployment and raise a levy on capital to reduce debt, UNCTAD advised, reports AFP.

The United Nations Conference on Trade and Development (UNCTAD) also warned that the convergence policies laid down under the E.C. Maastricht Treaty would condemn Western Europe to recession.

UNCTAD said in its annual report that contrary to unduly optimistic official forecasts, the economic crisis was continuing.

It expected Gross Domestic Product (GDP) in industrialised countries to grow by 1.4 per cent in 1993, but in the

European Community (EC) it would decline by 0.5 per cent.

There were three main factors behind the recessionary trend: Restriction of corporate and private expenditure and of bank lending in the United States, Monetary contraction in Japan which had succeeded "all to all" in bursting inflated asset prices, and "sky-high" interest rates in Europe owing to the Bundesbank's policy of taming the unification boom with monetary overkill.

In many countries in Western Europe the main cause of deficits was the interest paid on public debt and the main obstacle to growth was the cost of borrowing.

An increase in interest rates to support a currency cause domestic problems and had strained the European Monetary System (EMS), while increasing the difficulties of meeting the conditions for monetary union laid down under the Maastricht Treaty. For some countries these targets were now "impossible."

"The dilemma between deficits and the dole (unemployment benefits) is sharpened because national policy is taking place without international coordination," UNCTAD said.

"This provides a compelling

case for countering global deflation through global reflection. Unfortunately, the stance of policy in most developed countries is facing the opposite direction."

A fiscal package in the United States had been shorn of short-term stimulus, while in Europe a "serious attempt" to respect the targets for convergence under the Maastricht Treaty "would drag western Europe into recession."

UNCTAD said that "thankfully" fiscal policy in Japan was expansionary.

Warning that in the absence of growth countries might resort to "beggar-my-neighbor" import protection of export subsidisa-

tion," UNCTAD said that bold and innovative action was required in contrast to the motto of the 1980s "leave it to the markets."

The report proposed that: "Since the main source of government deficits is the interest payable to the private sector, in the final analysis the private sector must pay most of that bill itself."

"The most promising way to deal with deficits, debt and deflation, is a one-time capital levy combined with privatisation to reduce debt, along side one-off spending increases to sustain private incomes."

It would also be necessary to relax monetary policy and there

was "substantial" scope for this in western Europe.

In the United States the main need was to "avoid putting on the monetary brakes too soon in the recovery process."

Against the background of high interest rates and recession, only Luxembourg met the Maastricht criteria for convergence in the European Community. The level of interest rates was a major obstacle to budgetary convergence.

Even Germany, France and Britain, which met the criteria for debt in 1992, would have to reduce their budget deficits to remain within the debt/GDP ratio of 60 per cent laid down under the treaty, UNCTAD said.

Vietnam slashes number of state firms

HANOI, Sept 18: Vietnam has slashed the number of state-owned firms from more than 12,000 in 1990 years ago to 7,050 as of June 1993, under a policy to revamp the state sector, the communist party Daily Nha Dan reported yesterday, says AFP.

Three thousand were amalgamated or scrapped and 2,000 were taken into the private sector, it said.

Vietnam is drawing up laws on state firms and bankruptcies that aim to promote private enterprise and foreign investment in the communist-run country. The laws are expected to be adopted by the national assembly in December.

IMF-Vietnam debt accord to be finalized by Sept end

HANOI, Sept 18: An agreement on settling Vietnam's 142 million dollar debt with the International Monetary Fund (IMF) should be finalised by the end of the month, diplomats said here today, reports AFP.

Settling the debt would clear the way for implementation of an IMF-financed economic restructuring programme for Vietnam, as close to 600 million dollar in development loans from the World Bank and Asian Development Bank.

The IMF debt will be paid off through a combination of grants and loans from a group of supportive led by France and Japan, the diplomats said.

Any shortfall will be covered by a bridging loan from an international consortium of commercial banks led by the French Foreign Trade Bank (BFCE).

Indian capital market watchdog calls for more transparency

BOMBAY, Sept 18: India's capital market watchdog called for more transparency and efficiency in stock exchanges yesterday to conform to world standards and lure foreign investors, projecting rapid market growth, reports AFP.

"We need an efficient capital market to encourage more investors and issues and bring in foreign capital under fair and open conditions of holding and acquiring shares," G.V. Ramakrishna said.

Ramakrishna, Chief of the Securities and Exchange Board of India (SEBI), told a conference here that stock markets and exports would be the twin engines for economic growth in post liberalisation India.