

# Moscow to review economic policy

MOSCOW, Jan 24: Russia's economic policy, likely to be rewritten after the ousting of top market reformers, will be spelled out this week when centrist Prime Minister Viktor Chernomyrdin unveils his budget plans for 1994, reports Reuter.

But the government's commitment to tight monetary policies already seems to be fading fast.

Chernomyrdin's Press Secretary Valentin Sergeyev gave a clear indication of the new thinking when he said that the new cabinet's reform programme contains only elements of western market economics."

The mechanical transfer of western economic methods to Russian soil has caused more harm than good, Sergeyev was quoted as saying by Itar-Tass news agency on Friday night.

In power since a Thursday reshuffle, is a centrist-led government. Russia's two leading reformists — former first Deputy Prime Minister Yegor

Gaidar and former Deputy Prime Minister Boris Fyodorov — are not on the list.

Their departure follows the election in December of a new parliament, dominated by a loose alliance of nationalists, conservatives and communists who are hostile to market reform.

President Boris Yeltsin, whose beliefs and allegiances are prone to change, has several times in the past given radical reformers a free rein to lead Russia towards a western-style capitalist economy.

But the shock of the election results seems to have taken its toll. After four days of talks with his Prime Minister, Yeltsin knuckled under and sanctioned the government of Chernomyrdin's choice.

Gaidar had resigned in a rage because, he said, his monetarist policies were being subverted by more conservative colleagues in the old cabinet. Fyodorov was offered the renewal of only his second post as Finance Minister, but

turned it down.

Russia's Economy Minister, formerly held by reform architect Gaidar, is now in the hands of the less radical Alexander Shokhin. Shokhin, Russia's debt negotiator up to now, favours more state support of industry.

Gaidar and Fyodorov say such policies will lead to hyper-inflation and disaster.

Yeltsin's Chief Aide Viktor Ilyushin has said since the new cabinet was named that the President is not abandoning serious market reform. But the gap between those words and the cabinet appointments has drawn western economists worried attention.

Economists said on Friday the new government would shun proven routes to stabilisation and industrial revival, prolonging the pain of economic reform and endangering new international cash inflows.

The cabinet met for the first time on Friday and made clear it favoured more moderate reforms, promising to

look for ways to keep struggling enterprises above water. This would inevitably mean relaxing tight monetary policy.

Chernomyrdin told Interfax news agency that priority had to be given to stopping the slump in production.

What sort of reforms or democracy can one talk about at a time when huge enterprises and private businesses come to a standstill while coal miners, oil workers, doctors and journalists go on strike?

"No matter how progressive it might be no theory can by itself salvage a huge country from shortages of food, energy and commodities and by definition, from social upheavals which will make the reforms next to impossible.

If we fail to boost production, we will fail to salvage the newly-emerging market economy."

He shouted to reassure western creditors saying Russia would continue to pay interest on its 80 billion US dollars foreign debt.

Sergeyev quoted Chernomyrdin as saying Yeltsin, who last week assured US President Bill Clinton that the market reforms would stay on track, had backed the new programme.

The course of reform worked out by the Russian government, and approved by the President of course contains elements of western market economics but mainly takes into account the special characteristics of our state people.

# Quake won't harm US economy

WASHINGTON, Jan 24: An earthquake on the west coast and frigid weather in the east brought huge sections of the United States to a virtual standstill last week, but it won't baffle a healthy economy off course, reports Reuter.

With the US economy roaring ahead at about a 5.6 per cent annual rate late last year, a slowdown is not such a bad thing. It can help prevent overheating, analysts said.

Nature's rough hand will depress economic activity in January, robbing about half a percentage point or more from national output in the first quarter of 1994, they said.

Although confident the economy can sustain the blow, analysts are divided over its longer term impacts.

Optimists say the winter snap could turn into a spring crescendo.

"We were looking for four per cent first-quarter growth. Now we would be more comfortable with three per cent," said Russell Sheldon, economist at Mellon Bank.

"By the second quarter, we will probably get back everything we lost, and possibly more," Sheldon said.

As a warming trend chases away sub-zero temperatures which gripped Kentucky in the south to Maine and Minnesota in the north, shoppers will return to deserted malls, shuttered factories will step up production to meet busy schedules and housing con-

struction will surge again, he said.

In Los Angeles, meanwhile, the earthquake that brought parts of America's second largest metropolis to its knees will unleash a rush of new spending.

"What we learned from two recent hurricanes and an

earthquake is that in each case, the economy actually performs better," after natural disasters, said Brian Keyser, economist at NationsBank.

Early estimate for rebuilding Los Angeles put the costs at least at 15 billion dollar to 20 billion dollar.

Singapore Prime Minister Goh Chok Tong (C) introduces his wife to his Indian counterpart, P. V. Narasimha Rao at a ceremony at the Presidential Palace yesterday. Goh arrived in New Delhi Sunday night for a week-long visit and is to be the chief guest at India's Republic Day parade on January 26.

— AFP photo

## Singapore expects closer business links with India

NEW DELHI, Jan 24: Singapore Prime Minister Goh Chok Tong began a week-long visit here today, hoping to forge closer business and investment links with a fast-liberalising India, reports AFP.

Goh, 53, who has described the trip as the potential harbinger of a "mini India fever" among investors in his city-state, was given a ceremonial reception on the forecourt of the Presidential Palace.

"I hope this visit will strengthen our relationship," Goh told reporters after being greeted by Indian Prime Minister PV Narasimha Rao and inspecting an inter-services honour guard.

Rao, 72, called Goh's trip the start of a "new chapter" in ties between India and Singapore.

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