

# Li warns of dangers facing economic reforms

BEIJING, Aug 27: Chinese premier Li Peng has issued a stern warning about the dangers facing China's economic reforms with rampant inflation and low state-sector incomes generation fears of social unrest, reports AFP.

In an unusually frank speech carried on the front pages of all major Chinese newspapers Saturday, Li admitted that negative fallout from the ongoing reform programme was already posing a serious threat to social stability.

The social order in some areas is not good and some contradiction among the people arising in the new situation merit earnest study and settlement," Li told a plenary session of the Chinese Cabinet.

Citing the battle against inflation as the government's top

priority in the coming four months, the premier stressed that price control was "crucial" to maintaining national stability and development.

"Prices have risen too fast and the inflationary pressure is still too big," Li said, warning that capital construction had been "overextended" and investment in fixed assets — despite a government freeze — remained dangerously high.

Inflation is currently running at 20 per cent nationwide and as high as 25 per cent in major cities, fuelling public discontent over the price of basic foodstuffs and materials.

Since July last year, city dwellers have seen food prices rise 31.9 per cent, according to recent report by the State Statistics Bureau.

The Situation has been ex-

acerbated by the problems dogging China's loss-making state sector which have been workers' incomes fail to keep pace with inflation.

A number state-owned enterprises are in difficulty and the real income of workers has dropped in enterprises with poor economic results," Li said.

"Reforms in this sector should be deepened," he added.

However, while recognising the need for drastic changes, the government has so far been unwilling to overhaul state-run enterprise nearly 50 per cent of which are in the red — due to the threat of unemployment and social unrest that would be an inevitable part of any streamlining programme.

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the number of foreign workers on the grounds that the labour shortage has eased, but industrial leaders have repeatedly complained that they could not find enough labour.

The government has authorized 205,000 nationals from Indonesia, Malaysia, the Philippines and Thailand to work here since it permitted 73 manufacturing and construction sectors to hire foreign workers in 1989.

It is projected to increase to about 1.14 trillion yen (11.5 billion) next year from 1.06 trillion yen (10.7 billion) in the current fiscal year, officials said.

In recent years, the steep rise of the yen has meant Japan's aid in dollar terms has grown faster than the nominal figure.

Armed forces warn

## Japan to increase aid to developing countries

TOYKO, Aug 27: Japan will increase its official aid to developing countries and international organisations by about 7.7 per cent next financial year despite an austere state budget, officials said yesterday.

Growth in the overall state budget for the 1995-96 financial year will be kept to 4.8 per cent, totalling about 76.57 trillion yen (773 billion), finance and foreign ministry officials said.

Both ministries submitted their budget requests on Friday. The government will decide its final budget draft in December before seeking parliamentary approval.

Japan's aid programme, one of the largest in the world, includes grants, yen-denominated loans, technical assistance and contributions to international organisations.

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## Economic power of ethnic Chinese in Indonesia may lead to unrest

JAKARTA, Aug 27: Indonesia's armed forces has warned that the economic power of the country's ethnic Chinese is creating a growing income gap which could lead to unrest and disrupt national stability, a newspaper said today.

Reports Reuter

Lieutenant-General Haritono, quoted by The Jakarta Post daily, said the domination of the economy by Indonesia's ethnic Chinese was a potential threat to national unity as it was a source of racial resentment which if left unresolved could lead to social turmoil.

The success of the ethnic Chinese businessmen in the economic sector, especially in the big cities, has caused a large material gap," he said.

The exclusiveness of Indonesians of Chinese descent who band together in enclosed groups, combined with the unaccommodating attitude of other Indonesians, create these tendencies (racial resentment)," he said.

Hartono, armed forces chief of staff for socio-political affairs, made the comments in a paper presented to a seminar on Friday on Indonesia-China trade and investment relations.

Hartono also said the ethnic Chinese had enjoyed special business privileges since Dutch colonial rule, allowing them to gain quick control of the economy.

While Radis companies would come under one company.

SBC is a semi-government body and has three stations providing programmes in English, Chinese, Malay and Tamil.

SBC became a statutory board when the former Radio and Television Singapore (RTS), which was wholly government-owned, was dissolved.

The bill will become law when the President's assent is given and gazetted.

The government announced about three years ago that it has plans to privatise SBC and details were being worked out.

Yeo said the Singapore Broadcasting Corporation's (SBC) Television services would be restructured into three separate companies

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