

# Economists debate whether terror strike will lead to deep downturn

AFP, Washington

As world stock markets reel over the spectre of war and recession in the wake of the September 11 terror strikes, economists are debating whether the US and global economies will stage a rapid recovery or sink into a deep recession.

With aviation, tourism and related industries taking a devastating blow, Wall Street suffered its worst week since the depths of the Great Depression, as the Dow Jones industrials plunged more than 14 per cent since Monday, wiping out 1.4 trillion dollars in market value. Global markets were also sharply lower.

Led by aviation, tourism and related industries taking a devastating blow, Wall Street suffered its worst week since the depths of the Great Depression, as the Dow Jones industrials plunged more than 14 per cent since Monday, wiping out 1.4 trillion dollars in market value. Global markets were also sharply lower.

"Indisputably, a very important part of the US economy has experienced a significant shock," said a report by the New York-based Conference Board, which said the attacks are likely to have global repercussions.

## Chairmen, Mds of pvt insurance companies meet

A meeting of chairmen and managing director of all the private insurance companies was held at a city hotel on Wednesday, says a press release.

Nasir A Choudhury, Chairman of Bangladesh Insurance Association, presided over the meeting while Suheil Ahmed, Commerce Secretary, was present as chief guest and M U A Quader, Chief Controller of Insurance, as special guest.

Speaking on the occasion, the chief guest said he is very much aware of the problems of the insurance sector of the country and has already taken a number of steps to remove the hindrances on the way to the growth of the industry.

A separate insurance section has already been created in the ministry with sufficient manpower to take proper care of the sector, he added.

M A Samad, Chairman of BGIC, Haider Chowdhury, Chairman of Eastern Insurance, A K M Rafiqul Islam, Managing Director of Pragati Insurance, and Das Dev Prasad, Managing Director of Delta Life,

## OPEC 'highly unlikely' to boost output

AFP, Nicosia

The OPEC oil cartel is "highly unlikely" to agree to increase crude production at a ministerial meeting in Vienna on September 26 and 27, the Middle East Economic Survey says in its Monday edition.

"OPEC oil ministers believe there is enough oil being supplied and they are ready to move accordingly if there are any shortages of demand spikes," the Cyprus-based newsletter said.

"The US economy is 28 per cent of global GDP, and the Middle Atlantic region of the US (New York, New Jersey and Pennsylvania) is 16 per cent of US GDP. ... Business activity of this major economic center, and the related consumer income, has endured a serious shock."

But economic forecaster Donald Ratajczak of Morgan Keegan said the worst is likely over for the US economy.

"New York is coming back quicker than the rest of the country," Ratajczak said, adding that the terrorists were unable to cripple the heart of the US financial world.

"No question in my mind, the fourth quarter is going to be a positive quarter," he said.

"The stock market is adding to the depression that's already been inflicted on the American psyche," Ratajczak pointed out, but he said he thinks October will see a rally. "Once we get going, we will get going fairly quickly."

Sung Won Sohn, chief economist at Wells Fargo Bank, says it is too soon to tell whether the optimis-

tic or pessimistic scenarios will play out.

"In the optimistic case, the lost output from the attack gets quickly offset by insurance payments, increased government spending and lower interest rates, (and) layoffs from airlines and related industries do not spread to the rest of the economy, stabilizing employment," he said.

This scenario assumes rapid political and military victory -- before the end of the year -- in the campaign against terrorists. "With confidence soaring, the economy avoids a recession" under this scenario, he said.

But under the pessimistic alternative, "the economic damage from the attacks mounts and massive layoffs continue through the economy. Anxiety rises as the war on terrorism drags on with increasing casualties. Consumers, businesses and investors become even more risk averse. An oil-producing nation in the Middle East is attacked, disrupting oil production and shipment (and) forcing energy costs to jump higher."



PHOTO: SYNGENTA

M Saidul Hossain Khan, Human Resources Director of Syngenta Bangladesh Limited, and M Abul Kalam, President of Syngenta Bangladesh Limited Employees Union, sign an agreement on behalf of their respective sides in the city on Thursday. Sarwar Ahmed, Managing Director, and other directors of the company were also present on the occasion.

The business weekly Barron's said there is now a "buyer's market" on Wall Street and that stocks are undervalued by some 17 per cent.

The financial markets "will pay keen attention to the first measure of consumer confidence for September," said Lynn Reaser, chief economist at Bank of America Capital Management. "Brace for a sizable drop as the Conference Board releases its index on Tuesday."



PHOTO: BIA  
Photo shows Suheil Ahmed, Commerce Secretary, as chief guest with Nasir A Choudhury, Chairman of Bangladesh Insurance Association, M U A Quader, Chief Controller of Insurance, M A Samad, Chairman and Managing Director of Bangladesh General Insurance Co Ltd, and M Haider Chowdhury, Chairman of National Life and Eastern Insurance Co Ltd, at a meeting of the Bangladesh Insurance Association at a city hotel on Wednesday.

## Bush sees 'fundamentally strong' economy after terror attacks

AFP, Washington

President George W. Bush on Saturday portrayed the United States as a resilient nation with a "fundamentally strong" economy that would not be destroyed by the terrorists who launched attacks on New York and Washington.

The terrorists who attacked the United States on September 11 targeted our economy, as well as our people," Bush said in his weekly radio address.

"They brought down a symbol of American prosperity," he said, referring to the fallen 110-story twin towers of New York's World Trade Center, "but they could not touch its source."

He insisted that "our country's wealth is not contained in glass and steel; it is found in the skill and hard work and entrepreneurship of our people, and those are as strong

today as they were two weeks ago."

"Our economy has had a shock," the president acknowledged. "Many workers lost their jobs this week, especially in the airline and hospitality industries, in restaurants and in tourism, as companies struggle to remain afloat."

Airlines were visibly hemorrhaging this week, with Northwest Airlines announcing 10,000 job cuts and a 20 per cent reduction in service and US Airways announcing 11,000 layoffs and a 23 per cent cut back to work."

American Airlines, the world's biggest carrier, and United Airlines each announced some 20,000 job cuts. The two airlines each lost two planes in the hijackings. Two rammed into the twin towers of the World Trade Center, a third plowed into the Pentagon outside Washington and a fourth crashed in a field in western Pennsylvania.

The US Congress on Friday overwhelmingly approved a 15 billion-dollar aid package for US airlines.

But Bush insisted in his address Saturday that the US economy is "fundamentally strong" and that he is working with Congress "to strengthen our broader economy and to get Americans back to work."

"You can look forward to an improved business climate in America in the years ahead," Bush said, stressing that the Federal Reserve had been doing its part to try to stabilize the economy by implementing a series of interest rate cuts.

"I want to thank America for the outpouring of support," the US leader said, also praising the country's "strong will."

"And I want to remind the people of America, we're still the greatest nation on the face of the Earth, and no terrorist will ever be able to decide our fate."

## India planning new economic strategy

AFP, New Delhi

The Indian government is drawing up a contingency plan to deal with the economic fallout of the terrorist strikes in the United States, Indian Finance Minister Yashwant Sinha said Sunday.

"We will have our (contingency) plans in place to deal with any emergency. We are discussing a number of plans and I am not in a position to share them with you at this moment," he told the Press Trust of India.

He said the possibility of US forces launching attacks in

Afghanistan, where Osama bin Laden, the main suspect in last week's attacks, is believed to be hiding, could have an impact on oil prices.

"One does not know how oil prices will react in case of US retaliation. It would depend largely on the nature of the attack. Prolonged engagement may lead to instability in prices," Sinha said.

But he ruled out a rise in oil prices or the imposition of new taxes.

"It is my view that any increase in taxes at this point in time will be counter-productive."

## S'pore faces negative growth this year: PM

AFP, Singapore

Singapore should expect negative growth this year and batten down for a longer economic downturn as the global outlook worsened after the terrorist attacks in the United States, Prime Minister Goh Chok Tong said Saturday.

"We must therefore be prepared for a more prolonged economic downturn in Singapore," Goh said at a ceremony honouring model workers.

"While the situation is still fluid and dependent on events in the US, we must now expect negative growth this year," he said.

It was the first time a top official in Singapore, one of Asia's strongest economies, acknowledged that



gross domestic product will post negative growth this year, from a 9.9 per cent expansion in 2000.

The government has yet to revise its latest forecast of a 0.5 to 1.5 per cent growth in 2001.

Goh's remarks align with forecasts by private analysts, who projected negative growth after Singapore fell into recession in the second half on sharply falling exports and a downturn in global demand for electronics products -- the island-state's main exports.

Even before the September 11 attacks, the global economy was sliding downwards, Goh said.

The attacks "further darkened the gloomy outlook" and dashed hopes for an early recovery, he said.

## CURRENCY

## SHIPPING