

Bush urges economic stimulus up to \$75b

REUTERS, Washington

The reeling US economy needs fresh stimulus measures of up to \$75 billion fast to help it cope with the shock of the devastating Sept 11 attacks, President George W Bush said Wednesday.

Bush said the new money would be on top of billions of dollars worth of emergency measures already announced.

And by day's end, the bold bid to spur business investment and extend a helping hand to people put out of work in the wake of the brutal attacks was garnering heavyweight support.

Bush and Treasury Secretary Paul O'Neill used separate appearances in New York and on Capitol Hill to push the plan and Federal Reserve Chairman Alan Greenspan reportedly gave his blessing at a

private session with lawmakers in mid-afternoon.

Greenspan, joined by former Treasury Secretary Robert Rubin and White House economic adviser Lawrence Lindsey, met congressional leaders. House Republican leader Dick Armey said later there was "clear understanding on the size and some fairly good consensus" on the makeup of a stimulus package.

Just two weeks ago, Greenspan was urging caution about added stimulus for fear it might strain the government's budget so severely that long-term interest rates would shoot higher.

But a growing impression that the US economy is in deep trouble is already in recession seemed to be setting in among the nation's top policymakers and adding urgency to

the bid to cushion the blow the economy has suffered.

"A couple of weeks ago they said 'stop'. This week they said 'go'," said John Feehery, spokesman for Dennis Hastert, Speaker of the US House of Representatives.

Economist Doug Lee of Economics from Washington Inc said that some upcoming economic data "are going to look ugly."

Greenspan, known for his keen political as well as economic skills, appears to be well aware of that.

"Is Greenspan worried? I'm sure he is, but anyone with any sense is worried. And he has a lot," Lee said.

Congress has already passed measures that include \$40 billion in emergency spending and about \$15 billion of aid and loan guarantees for airlines that have seen a steep drop-off in business following the attacks.

"With the actions already taken,

about \$50 billion of spending has already been put in motion. Recognising this, the president has instructed me to work with the appropriate members of Congress to formulate a package of actions with a fiscal year 2002 impact of about \$60 (billion) to \$75 billion," O'Neill told the Senate Finance Committee.

Bush, in New York addressing business leaders, urged Congress to move fast on the package.

He said "the two most effective ways" to boost consumer spending would be to provide tax rebates and accelerate personal income tax rate cuts already in the pipeline. He said for business investment tax credits and faster write-offs for purchases of computers and high-tech equipment might help.



Japan's electronics giant Sony employee Noriko Yamaguchi displays the portable DVD player "DVD Walkman D-VM1" equipped with a 3.5-inch LCD screen during Asia's largest IT convention CEATEC at Makuhari, Tokyo Thursday.

Greater market access must for globalisation: OECD

AFP, Paris

Economic globalisation could raise living standards around the world, but greater market access and consultation with consumers are needed for rules to be widely accepted, contributors to an OECD report say.

With just over a month before a scheduled November 9-13 meeting of the World Trade Organization (WTO) in Doha, the report explored several issues linked to increased trade and attempts to create a smoother global economic system.

The launch of a new round of trade talks remains stuck on several issues, agriculture and the environment in particular, but in the last few weeks the overall international climate has changed.

Many countries have been

drawn together in global controversy over terrorism as most suffer in some way from the economic damage of the attacks in the United States.

The talks are also controversial because anti-globalisation movements have disrupted preparatory meetings, one objection being that the negotiations are too distant from interested organisations and pressure groups.

The WTO's secretary-general, Mike Moore, said last Friday that he had no illusions about the difficulty WTO member countries would have in finding an agreement to launch a trade round.

But he said there was a new awareness of the importance of the task, because of a global economic slowdown and international tensions following September 11

attacks against the United States, which would also hurt developing countries.

Proponents of increased trade argue it has brought prosperity to countries which accept lower barriers, but many maintain that the views of poorer states and non-violent protestors can no longer be ignored in the decision-making process.

The General Agreement on Tariffs and Trade (GATT), a forerunner of the WTO, "succeeded in lowering customs duties in the industrialised countries from 40 per cent to an average level of four per cent," wrote German Economy Minister Werner Muller in the OECD Observer magazine for September, for which the contents was planned some time ago.

Malaysia Airlines cuts 12 services

AP, Kuala Lumpur

Malaysia's ailing national airline announced Thursday it will scrap flights to 12 destinations, including New York, to cut losses.

Malaysia Airlines, which was struggling even before the terrorist attacks in the United States threw the worldwide aviation industry into turmoil, also said it was preparing to lay off excess staff, and is in advanced talks with KLM royal Dutch Airlines for a possible alliance.

In a statement released ahead of a news conference by senior executives, Malaysian Airline System Bhd. which operates the carrier said cancellation of the New York service would be temporary.

The service cuts are aimed at saving 190 million ringgit (\$50 million) a year, it said.

Malaysian Airline System had reported a net loss of 413.8 million ringgit (\$109 million) in the first quarter ended June 30, from 128 million ringgit (\$33.7 million) a year earlier.

The company said the airline may have to revise its earlier target of booking a profit by March 2004.

At a separate news conference, Malaysian Transport Minister Ling Liong Sik said Malaysia Airlines should concentrate its services within Asia to cope with a sharp decrease in demand since the Sept. 11 terror attacks in New York and Washington.

UK TUs urge cos not to cut jobs

AP, London

Union leaders have called on British companies to treat redundancy as a "last option," after thousands of jobs were axed in the postal, airline and telecom industries.

The Trades Union Congress has argued that the corporate sector has a responsibility to show restraint, as fears of a global recession take hold in the wake of the terrorist attacks on the United States.

Several companies announced large redundancies Wednesday. British Midland Airways, one of Britain's biggest carriers, said it was cutting capacity by 20 per cent starting Oct. 28 and would cut up to 600 jobs as it grounded as many as eight planes in its fleet of 62.

Flagship carrier British Airways has announced major cuts in services since the Sept. 11 attacks and is slashing 7,000 jobs.

Postal group Consignia announced Wednesday it plans to reduce costs by 15 per cent to tackle what it calls a financial crisis, prompting fears that up to 10 per cent of its 200,000 workers could lose their jobs in the next 18 months.

And French telecoms group Alcatel said Wednesday it was cutting more than 650 jobs at its plant in southeast London, which makes equipment for underwater cables used by a host of telecom operators worldwide.

Court injunction against Microsoft sought in ROK

AP, Seoul

A South Korean Internet portal sought a court injunction Thursday to block the planned release this month of Microsoft Corp's new desktop operating system in South Korea.

It was the second legal action to be taken by Daum Communications Corp against the American software giant. Daum filed a complaint with the government's fair trade regulators in September, alleging that Microsoft is shutting out competitors' stand-alone products by tying a range of application software to its new Windows XP.

Daum is South Korea's largest Internet portal, which controls 20 per cent of the country's instant messaging market.



People at the viewing gallery of the Kuala Lumpur International Airport watch a Malaysia Airline plane taxis on the runway in Sepang Thursday. Loss-making Malaysia Airline System (MAS) announced it would scrap 12 international routes and increase flights in Asia as part of a programme to return to the black by 2004.

Germany debates virtues of stimulus package

AFP, Frankfurt

Economic experts in Germany continued to debate on Thursday whether the government should implement a package of measures to bring the economy, still reeling from the terrorist assault on the US last month, back to life.

The debate was given fresh fuel when US President George W. Bush asked Congress on Wednesday to pass an extra 60-75 billion dollars in economic stimulus to limit a downward spiral after the terrorist onslaught.

But a spokeswoman for the German finance ministry in Berlin suggested that a similar move on this side of the Atlantic was unlikely.

The US was in a different posi-

tion, spokeswoman Maria Heider argued.

"We've already made it clear several times that there is no point in drawing up national economic stimulus programmes when the financial markets are so globalised," Heider said.

Neither was EU-wide action likely because governments were committed to keep spending down under the European growth and stability pact, she said.

However, the voices for some sort of action appear to be growing louder in Europe.

The head of Deutsche Bank, the country's biggest bank, Rolf Breuer urged Berlin to stimulate the shell-shocked economy by means of infrastructure investment and

bringing forward planned tax reforms.

Breuer wrote in an article published in the business daily Handelsblatt that the state's role should not be restricted to that of a mere firefighter in the economic crisis triggered by the attacks on September 11.

Reducing and streamlining the role of the state by the process of deregulation and privatisation did not mean that the modern-day state should be on the retreat everywhere, Breuer argued.

The political and economic situation in autumn 2001 "is extremely explosive and calls for steadfastness."

"Politicians must be more than firefighters," he said.

US Congress edges towards trade authority bill

REUTERS, Washington

The US Congress Wednesday edged closer to ending a 7-year deadlock over giving the White House authority to negotiate broad new trade pacts, following the introduction of a bipartisan bill in the House of Representatives.

House Ways and Means Committee Chairman Rep Bill Thomas, a California Republican, told reporters his panel would vote on Friday on the "trade promotion authority" bill in anticipation of winning full House approval next week.

Bush administration officials

hailed the bill as a "creative" compromise and said its introduction sent an important signal to global markets still reeling from the Sept. 11 attacks in New York and Washington.

"This bill should allow the Congress to move forward quickly in a cooperative fashion to grant the president vitally needed trade negotiating authority, and we will work with the Congress to support this effort," US Trade Representative Robert Zoellick and Commerce Secretary Don Evans said.

But top Democrats on the Ways and Means Panel said the bill did not go far enough to address key con-

cerns related to labour, the environment and congressional oversight of trade talks.

"The chairman's proposal does not meet the test of broad bipartisanship especially necessary during this challenging period for our country," Reps. Charlie Rangel of New York and Sander Levin of Michigan said in outlining an alternative plan.

The White House has not had trade promotion authority, also known as "fast track," since 1994 because of differences between Republicans and Democrats over the need for labour and environmental protections in trade pacts.