MULTAN, Pakistan - Soldiers have evacuated one million villagers from the path of floods that have already wreaked widespread damage in central Pakistan, officials said. The death toll passed 900 as the Jhelum and Chenab rivers, swollen by torrential rains last week on northern mountains, devastated vast swathes of Punjab province and destroyed 30 to 40% of crops.

SARAJEVO - Fighting in Bosnia intensified, killing 80 civilians and wounding 370. Bosnian Moslem leader Alija Izetbegovic protested to UN Security Council against Serb air strikes.

BELGRADE - Yugoslav Prime Minister Milan Panic returned from visits to China and Russia saying he would press for international endorsement of rump Yugoslavia’s application for United Nations membership.

MIAMI - Hurricane Andrew left the equivalent of 30 years of garbage behind in south Florida, an environmental nightmare that has experts wondering how well the area’s fragile ecosystem can heal itself.

EUROPE’S MONETARY CHAOS

REUTERS: Text of Monetary Committee statement on ERM

BRUSSELS - “Following is the text of the statement issued by the European Community monetary committee after its meeting on Thursday: The ministers and central bank governors of the Member States of the EC, after consultation with the Monetary Committee of the European Community, have taken note of: - the decision of the United Kingdom authorities to suspend in present circumstances the participation of their currency in the exchange rate mechanism; - the subsequent decision of the Italian authorities to abstain temporarily from intervention in the foreign exchange markets. They all stress their unanimous commitment to the European Monetary System as a key factor of economic stability and prosperity in Europe.”

FINANCIAL TIMES: Miyazawa attacks Bundesbank cuts

TOKYO - “This week’s cut in German interest rates was insufficient, Japanese prime minister Kiichi Miyazawa said yesterday in a rare outspoken criticism of another country’s economic policy. Mr Miyazawa, speaking before the sharp rise in British rates, said the half-point cut in the German discount rate to 8.25% would not be large enough to provide currency markets with long-term stability given the strength of the D-Mark. He made his comments amid a welter of grim reports on the gathering downturn in the Japanese economy. Mr Miyazawa said Japan was unlikely to face pressure at this weekend’s meeting of the G7 finance ministers to follow the German cut.”

AFP: Miyazawa: la crise monétaire européenne épargne le Japon

TOKYO - “Le premier ministre japonais Miyazawa a estimé jeudi que les troubles monétaires européens n’étaient pas susceptibles d’influer la politique monétaire japonaise... Koichi Kato, le secrétaire général du gouvernement, a toutefois observé ‘que le Japon devait suivre de près la suite des événements monétaires en Europe et ‘y donner la réponse appropriée’. Pour M. Miyazawa, les ministres des Finances et gouverneurs des banques centrales du groupe des Sept, qui se retrouveront ce week end à Washington, vont pouvoir mieux coordonner leurs politiques monétaires à la lumière des derniers événements.”

FINANCIAL TIMES: Italy suffers further run on the lira
ROME - "The limited breathing space afforded the Italian government by Monday's 7% devaluation was wiped out yesterday by a sustained wave of speculation against the lira, forcing the currency below its D-Mark floor. The plight of the lira in another chaotic day on the European currency markets - combined with a 5% slide on the Milan bourse and a jump in overnight money rates to 50% - led to rumours the Italian currency would be allowed to float. Ahead of the meeting of the European Monetary Committee, the Bank of Italy denied the rumours. The cabinet for its part will meet this morning and is due to announce some emergency measures tackling spending along with an advance of the 1993 budget."

FINANCIAL TIMES: Peseta slides despite intervention

MADRID - "Spain was braced for an interest rate rise yesterday as intervention by the central bank failed to prevent the peseta depreciating by more than 4%, to join sterling and the lira as a perilously weak currency within the Exchange Rate Mechanism (ERM). Dealers in Madrid said it was now clear that the markets were moving on the peseta in the same way as they had acted against the lira and sterling. The peseta, which has been at the ceiling of the ERM since it joined in 1989 at a 6% band with a parity of Pta65 to the DM, is now close to the floor. By last night, the peseta had slipped to Pta68 against the DM and to within a point of its depreciation limit."

THE TIMES: Beaten Lamont devalues pound

"John Major and Norman Lamont abandoned their defence of the pound last night and announced that Britain was suspending its membership of the ERM and allowing sterling to float. The decision, which amounts to an effective devaluation, was announced on the steps of the Treasury by Mr Lamont after a tumultuous day in which interest rates were raised in 2 stages by 5% as the government embarked on a desperate last effort to save the pound's parity with the mark. The Chancellor of the Exchequer's future was placed under immediate doubt because of the collapse of his policy. Downing Street's first reaction was that he would stay in his job."

IMF: WORLD ECONOMIC OUTLOOK

FINANCIAL TIMES: Fund reduces forecast of global growth

WASHINGTON - "The IMF has found little to cheer about in the 5 months since it last produced a forecast on the world economy. The IMF’s latest World Economic Outlook says global economic activity showed signs of revival in the first half of this year and it projects continued recovery ‘at a moderate pace’ over the next 12 months. However, the fund has trimmed its expectations of world output growth this year by 0.3 percentage points since May, to 1.1%, and cut its growth projection for 1993 by 0.4 points to 3.1%. It warns: ‘The expansion continues to be slow and uneven, and the balance of risks remains on the downside’... The IMF’s interest rate advice reflects a very jaundiced view of the way in which monetary aggregates are working in the 3 leading economies - those of the US, Japan and Germany... About the only industrialised country to emerge with much credit from the IMF’s report is Japan."

OCDE - PAYS D’EUROPE CENTRALE ET ORIENTALE

AFP: Mise en place d’un groupe consultatif sur l’investissement

PARIS - "L’OCDE a annoncé mercredi la création d’un Groupe consultatif sur l’investissement (GCI) dans les pays d’Europe centrale et orientale (PECO) et dans les nouveaux Etats indépendants de l’ex-URSS. Cet organisme servira de centre à un réseau d’échange d’informations sur les tendances et politiques d’investissement, examinera les obstacles à l’investissement étranger direct, a précisé l’OCDE. Le groupe analysera les principaux problèmes liés à la promotion de l’investissement et les instruments utilisés. Il encouragera le dialogue entre les pouvoirs publics, les experts et le secteur privé, selon un communiqué de l’OCDE. Il a été créé à l’occasion d’une réunion mardi à Paris avec des représentants de la Hongrie, de la Pologne, de la Tchécoslovaquie, de la Russie et de l’Ukraine, a encore indiqué l’OCDE."

OECD ECONOMIES

Germany
FRANKFURT - "The Bundesbank warned that the western German economy is slowing down and said an upturn in the depressed east is still over the horizon. In its monthly report for September, the German central bank said the western economy has cooled off since the start of the year, though there is no evidence of a recessionary trend. 'The uncertainty about the further development of the economy has undoubtedly intensified', the Bundesbank said. And according to a forecast from the Kiel-based World Economic Institute, the western economy won't post an upturn until the second half of 1993. The Bundesbank report said that in the east, progress is still patchy and there is no evidence of a self-sustaining recovery in the wake of unification in 1990."

Japan

HERALD TRIBUNE: Bankruptcies up 33% in August

TOKYO - "Japanese bankruptcy figures released Wednesday paint a grim picture of an economy in which insolvencies have spread from real estate and financial companies to the core economy. They show manufacturers are falling victim in growing numbers to sluggish demand and high operating costs. Economists said they did not expect the trend to reverse itself for at least a year. Japanese companies that went bankrupt in August with liabilities exceeding 10 million yen ($80,000) rose 33.3% from a year earlier, to 1,194 cases, according to Tokyo Shoko Research, a private research agency. That marks the 23d consecutive month of year-to-year increases in the number of bankruptcies."

Sweden

HERALD TRIBUNE: 500% gamble

"Five hundred percent interest rates in Sweden! Where do I sign up? You can't. In a move to defend the Swedish krona at all cost against speculators betting on a devaluation of the currency, the Swedish central bank raised its marginal lending rate on Wednesday to a shocking 500%. But the rate is imposed only on banks that insist on borrowing extra funds over the next 3 days. Almost none did. 'It is more or less a fictional rate', said Arthur Sarman, an economist at Nordbanken in Stockholm. 'The market at that rate is so thin that it barely exists'."