

THE ASHES

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THE



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CHINA RIOTS 'Release our husbands, free our sons'



PICTURE: REUTERS

CHINA'S far-western Xinjiang province was again at flashpoint last night after a large crowd of distraught Uighur women carrying their babies spontaneously confronted riot police in the heart of the provincial capital, Urumqi.

In echoes of the female-led resistance in Iran only a few weeks ago, about 100 women in colourful traditional Uighur dress and headscarves openly defied armed Chinese police to punch their fists in the air and



JOHN GARNAUT
URUMQI

demand the release of their sons and husbands, who they say have been beaten by police and taken to unknown destinations. "Release our husbands, free our sons," the women chanted.

The extraordinary protest was fuelled by unconfirmed rumours that police had opened fire in a nearby area on Sunday night, killing many, and that mass arrests were continuing late yesterday.

The majority of protesters appeared beyond caring about their own physical safety. The Chinese Government said 156 people were killed mainly in Urumqi on Sunday night, by far the biggest officially acknowledged death toll

from any civil unrest in China since the massacre around Tiananmen Square 20 years ago. Authorities said they had arrested 1434 suspects, accusing them of murder, assault, looting and burning during attacks by Muslim Uighurs against the Han, China's dominant ethnic group, who are seen in Xinjiang as oppressors. Chinese official television and amateur videos show bloodied Christians of Han Chinese appearance.

Police yesterday fired tear gas to disperse mobs of Han Chinese who marched through Urumqi, many wielding bricks, chains and poles, and bent on reprisals against Uighurs. One Uighur witness told *The Age* he saw police shooting protesters on Sunday night. He said hundreds had been killed, but *The Age* has been unable to verify the claim. Yesterday, further mass bloodshed was narrowly averted when a small

group of Uighur men held back a crowd that was advancing on riot police, who were brandishing batons and walking to confront them. The line of riot police was engaged in a violent skirmish before being ordered to retreat. Later, senior police shouted amid the mayhem to restrain their officers. ▶ Continued PAGE 7

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▶ Woman of steel fights night of China ▶ Beijing spins riot reports PAGE 7

Curb the banks, Rudd told

Leading economists call for probe into financial system

EXCLUSIVE
By PETER MARIN
ECONOMICS CORRESPONDENT
CAMBERA

THE growing power of Australia's big four banks has been targeted by six influential economists who have petitioned the Prime Minister and the Treasurer to set up an inquiry into Australia's financial system — the first in more than a decade.

In an open letter, the economists express alarm at the erosion of competition in banking since the global

financial crisis, with smaller independent lenders disappearing and banks hoarding their share of the home mortgage market from 80 per cent to 92 per cent.

They suggest the Government consider setting up a state-owned "basic bank" that would offer deposit accounts and other financial services to the public, possibly using Australia Post outlets.

The bank could be managed by the Future Fund and would be similar to New Zealand's Kiwibank, which was set up to break the dominance of the Australian-owned majors.

The economists also raise the issue of how fees on loans are restricting choice for consumers. "Can real competition emerge while consumers face significant costs in switching between financial institutions," they say.

And their letter questions whether Australia's comparatively strong performance amid the global crisis has been due to luck, rather than good regulation.

It is possible, the economists say, that a good roll of the dice has helped Australia avoid major failures such as those seen in Britain. "In future crises, we may not be so lucky. As a nation with a large foreign debt that has continually increased its liabilities via enormous current account deficits, Australia's vulnerability to foreign shocks is in many respects greater than most of our

peers," the economists say. "It is therefore critical that policy makers take this opportunity to thoroughly review the existing system and evaluate whether changes need to be made to it."

The letter is signed by economists who have advised both sides of politics including Christopher Joye, who

chaired former prime minister John Howard's 2003 home ownership task force, and Nicholas Gruen, who is chairing Finance Minister Lindsay Tanner's Government 20 taskforce.

The last two major inquiries into the financial system were aimed at opening it up. The Campbell inquiry of 1981 recommended floating the

dollar, letting in foreign banks and abolishing exchange controls, while the 1996 Wallis inquiry urged "light touch" regulation allowing banks to expand into superannuation and insurance.

But the letter says much of what it brought in was inappropriate or is now out of date. It cites as an example the Wallis inquiry decision to reject the use of deposit guarantees for banks — a tool that turned out to be "critical" during the current crisis.

Delivered to Treasurer Wayne Swan's office yesterday, the letter won support across the political spectrum, including from Coalition treasury spokesman Joe Hockey and ACTU president Sharan Burrow. But a spokesman for Mr Swan appeared to reject it, saying Australians "had a system that supported their families."

WEATHER

MELBOURNE Areas of frost and patchy fog this morning then high cloud developing. North to north-easterly winds averaging up to 30 km/h.

Min 4 Max 14

TOMORROW Partly cloudy
FRIDAY A little rain later
SATURDAY A little rain, windy
SUNDAY Cloudy

Min 6 Max 16
Min 7 Max 15
Min 11 Max 14
Min 9 Max 16

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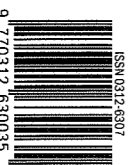
WATER

MELBOURNE'S 26.5°C
THIS TIME LAST YEAR: 26.5°C

ODD SPOT
You could say English mother-of-four Nicky Cusack's annual horribles is over. The 43-year-old breast cancer victim, who was savaged by six dogs in January, was told this week the cancer was in remission — and days later she scooped \$465.1 million on the British lottery.

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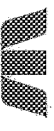
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