

# GOVERNANCE WORLD WATCH

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**Division for Public Economics and Public Administration  
Department of Economic and Social Affairs**

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Compiled by Information and Networking Unit January 2001



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# Public Policies & Public Economics

## AFRICA

### GABON TO HOST SECURITY AND GOVERNANCE IN AFRICA SEMINAR

[Panafrican News Agency](#) Senior officials and military officers from 47 African countries as well as other delegates from Europe, the US and the UN are to participate in a 12-day seminar in furtherance of peaceful and effective governance to be held in Libreville, Gabon, from 29 January to 9 February. Organisers of the seminar, The Africa Centre for Strategic Studies of the US Department of Defence, announced that the Senior Leader Seminar will attract more than 125 delegates, among them representatives of regional institutions and non-governmental organisations. Among the dignitaries expected at the seminar are former President Amadou Toumani Toure of Mali; Special Adviser on Africa to the UN Secretary General, Ibrahim Gambari, as well as serving and retired senior military officers from the US and Europe who will serve as guest lecturers. Gambari, former Nigerian ambassador to the UN and a political scholar, is expected to deliver the inaugural lecture. The seminar will cover such topics as Civil-Military Relations in Democratic Transition; Democratisation, Security and Civil-Military Relations; Strategizing for Conflict Management in Africa; The Economy, Security and Development in Africa, and What is Security? The Africa Centre for Strategic Studies was sponsored by the US Defence Department to engage African leaders in programmes focusing on civil-military relations, national and regional security strategy and defence economics.

*From allAfrica.com-Central Africa, 24 January 2001*

### MOROCCO'S NEW KING SLOW TO IMPLEMENT REFORM

Released political prisoners and human-rights activists increasingly portray Morocco as a backward feudal kingdom governed by a corrupt elite. The wide-ranging reforms promised by young King Mohammed VI, on the throne for 18 months, remain empty promises, the regime's critics say, and the press is muzzled. The editor of one banned publication is on a hunger strike. The government, headed by socialist Prime Minister Abderrahmane Youssef, says there has not been enough time to "repair the wrongs of the past" and reform the ailing economy. So far the young king has avoided finger pointing while admitting that many injustices were committed during the reign of his father, the late King Hassan II, who reigned for more than 38 years and died in 1999. The discussion of Morocco's problems and disappointment with the monarch initially hailed as "the king of reforms" have gained intensity since the annual congress of the International Federation of Human Rights (FIDH, its initials in French) this month at Casablanca on Morocco's Atlantic coast. What was meant to be "a greeting and encouragement" of the long-awaited reforms turned into bitter criticism and embarrassment for the regime. Patrick Baudoin, departing president of the federation, which for the first time held its annual meeting in an Arab country, voiced "serious concern" about the kingdom's human-rights record and noted "signs of regression" instead of progress. The recent ban on three publications "tarnished Morocco's image," Mr. Baudoin said, and "cast doubt on the will of the authorities to carry out democratic change." Mr. Baudoin — who was succeeded at the close of the Casablanca congress by Sidiki Kaba of Senegal, elected FIDH president at the final session — was echoed in stronger terms by Abderrahmane Bennameur, president of the Moroccan Association for Human Rights. While praising the compensation granted some released prisoners and a "partial improvement in human rights," he said that "since independence, the Moroccan people have been deprived of the right to choose constitutional institutions and of free and honest elections." All elections since independence from France in 1956 "were characterized by fraud and falsehood," Mr. Bennameur added. Although he was invited to attend the Casablanca conference, King Mohammed declined and sent instead a brief message praising recent measures "to reconcile Moroccans with their history and remedy the violations which have stained the country." The message was read by Mr. Youssef, who subsequently left the conference, saying he had an appointment with the visiting prime minister of Ireland. Also absent from the debate was Abraham Serfaty, a leading member of Morocco's Jewish community who was banned from the country for years but allowed to return after King Hassan's death. Mr. Serfaty's wife was quoted in the French press as saying: "He did not want to meet Youssef." Mr. Serfaty has been vocal on major issues confronting the country and critical of the monarch, "who although promising to construct a modern and democratic Morocco, relies on a government whose leading members are socialists and former communists." He also stigmatized the growth and influence of the governing establishment, known as "makhzen," which he accused of corruption, warning that the situation has an increase in militant Islamic fundamentalism "profiting from poverty and misery." Such criticism coincides with the publication in France of several books depicting imprisonment and torture carried out during King Hassan's reign. Tahar Ben Jelloun, a Moroccan writer living in France, published a particularly chilling account of a prison where inmates — most of them soldiers who had participated in attempted coups against the king — had been kept in caves without light for 18 years. Morocco's king is considered to be "God's representative on earth" and a "descendant of the Prophet [Mohammed]." Moroccan monarchs traditionally rely on the "makhzen" and the "mehalla" (military establishment) to carry out the king's will. Although Morocco has low inflation and the budget deficit does not exceed 3 percent, its economic growth averages 2.1 percent — considered stagnant for a "developing" country. Half the population is illiterate (among women, 70 percent) and, according to human-rights organizations, 65 percent of the country's 30 million people live below the poverty level. Only 5 percent are in the middle class, compared with 35 percent in Tunisia. Two-thirds of the population lacks access to piped drinking water, while 87 percent have no electricity, according to 2000 figures published outside Morocco. By contrast, the number of cellular-

phone accounts in the country is 350,000, and 200,000 middle-class Moroccans have personal computers. The enormous — and apparently growing — income gap has prompted Cheikh Yassine — perhaps the most prominent Islamic opponent of the regime — to warn about the possible consequences. In an 18-page "open letter" written in French, he suggested that the royal fortune — estimated at \$40 billion — should be used to pay off Morocco's foreign debt of \$17 billion. There has been no reaction from the palace. Some diplomats are alarmed by the steady drift of the rural population to the cities, swelling already overcrowded shantytowns. Unofficial estimates put the growth of the impoverished urban population at 450,000 per year. Further weighing on the Youssoufi government is the festering problem of the Western Sahara, seized by Morocco after the departure of the Spanish colonial army. Morocco has been keeping the bulk of its army — some 200,000 men — in the contested region, delaying U.N. suggestions of a referendum among the desert population, many of whom have sought shelter in neighboring Algeria. Morocco's de facto annexation of the Western Sahara is popular domestically but has poisoned relations with Algeria, which supports the territory's independence. Algeria also contests parts of the border with Morocco. The claims and counterclaims have paralyzed expansion of five North African countries known as the Arab Maghreb Union, which groups the former French protectorates of Tunisia, Morocco and Algeria, plus Libya and Mauritania. "If Morocco lost such a referendum [in Western Sahara], it would be a national catastrophe," one diplomat said. "If it won, it would worsen its relations with Algeria, possibly leading to war."

*From Washington (DC) Times-International, by Andrew Borowiec, 24 January 2001*

## **MPs TAKE GOVERNMENT TO TASK OVER ECONOMIC CRISIS**

There is no longer any doubt that the stand-off between the Government and some international donors is likely to cause an economic crisis if quick steps are not taken to prevent it. But what is not in doubt is that the looming financial crisis, is self-inflicted, on the part of the Government. Its lack of commitment on programmes agreed on last year with the International Monetary Fund and the World Bank cannot be excused. If the current differences between the government and the donors lead to cancellation of aid, this will cause a huge gap in the country's budget, because the funds have already been budgeted for by the Treasury. At a recent meeting with the Parliamentary Finance Committee, a visiting team of the IMF and World Bank were firm that the country risked losing the budget support because of its failure to fulfil the agreed economic reforms. While recognising that some of the demands by the international donors may be an invasion to a sovereign State, it must also be noted that it is the government that made the pledges willingly and as such, it has no choice but to swallow the pill, however bitter. However, as the dust from the emotional outbursts that greeted the donors' recent decision to withhold the aid, the reality is that this looming financial crisis must be countered before Kenyans find themselves in a situation similar to that in 1993, where inflation was at its highest. The reality is that no amount of buck-passing and excuses from the Government, its leadership and the Attorney-General Amos Wako will stop the reality that these "difficult" economic reforms will have to be carried out because it is apparent we need the loans. The World Bank, through its country Director Harold Wackman, has denied pushing the Government to implement "impossible policies." Last week, President Moi made the first move towards this by instructing Attorney-General to start re-drafting the two contentious Bills at the heart of the controversy over the government's economic reform programme. The contentious Bills to be re-drafted to make them consistent with the Constitution and the country's laws are the Anti-Corruption and Economic Crimes Bill and the Public Service (Code of Ethics) Bill. The President also ordered provisional addition of legal experts and resources to the Legislative Drafting Department in the AG's chambers to ensure a faster and effectiveness in drafting of Bills. In the face of this looming economic crisis, the Finance committee has been consistent in demanding that Parliament be recalled from recess, to address the thorny issues. The Committee says Parliament should reconvene to debate and pass the Economic Crimes Bill, which was published but has not been brought on the floor of the House. However, MPs, particularly the Opposition, argue that the House should not accept the Bill as it is, accusing the government of having watered it down from the original version drafted by the Parliamentary Select Committee on Anti-Corruption, chaired by Webuye MP Musikari Kombo. The Code of Ethics Bill was rejected and shelved for six months by the House last November, for being unconstitutional and the earliest it can resurface in the House is June. The other burning issue the MPs feel they need to address is the outlawing of the Kenya Anti-Corruption Authority, which was declared illegal by a constitutional court. However, assuming that Parliament is to be reconvened, debate on the Kaca issue is no longer certain considering that the matter has already been taken to court by Ford-Kenya party, appealing against the three-bench ruling on the Authority. Kimilili MP Mukhisa Kituyi says taking the matter to court effectively blocks Parliament from rectifying the hurdles in the Kaca law, to ensure it is put back to its feet. Dr Kituyi, also of Ford-Kenya, accuses the secretary-general Gitobu Imanyara of allegedly being used by Kanu to block Parliament from reviving the anti-corruption body, because of the sub-judice rule. However, Mr. Imanyara the Imenti Central MP has dismissed the remarks as those of "a desperate person." "This is a trick similar to that of the Goldenberg scandal aimed at stopping Parliament from moving ahead," Dr Kituyi said. The Leader of the official Opposition, Mr. Mwai Kibaki, is among the MPs who have called for Parliament to be reconvened to discuss a number of issues they consider as national crisis. "The most critical of all is the action by the donors to withhold aid and loans. If this is effected, we shall go back to where we were at the beginning of last year when the Government borrowed heavily and impoverished its people," the Democratic Party leader said. Mr. Kibaki's observation was that Parliament would suggest ways of reviving the economy. The Othaya MP said of the need to reconvene Parliament to look into ways of restoring the incapacitated Kaca. "We cannot afford to slacken. This is a matter that parliament can rectify," Mr. Kibaki observed. Kangema MP John Michuki says the matter must be treated with the urgency it deserves, given that the money expected from all the donors, an estimated \$700 million has already been taken into account in the budget. Says Mr. Michuki: "Taking into account those factors, the continued withholding of the funds will cause a very serious deficit because this amounts represent around 25 per cent of the total annual budget. A deficit of that magnitude would completely disorganise the budget for this year. Mr. Michuki, a former Treasury Permanent Secretary, says if the money is not forthcoming, within this financial year, "it will be almost impossible" for the finance minister to prepare his Budget

for the next Financial year "unless he is prepared to write off the donors, which would be disastrous." Mr. Michuki explains that his committee is concerned by the fact that only Sh335 billion is currently in circulation. Of this amount, he explains, the Government has already borrowed Sh173 billion in short term loans and mostly in Treasury Bills, while Sh116 billion represents bad debts. "How can one borrow from that kind of situation? Even if the minister has any intention to borrow locally, to replace what will not be forthcoming from IMF/WB, there is no money left to be borrowed," he poses. It is against this background that Mr. Michuki and his committee propose that Parliament be recalled. However, the MP says this will largely depend on how fast the AG will be in redrafting the two contentious Bills, at the heart of the controversy over the Government's economic reform programmes. But Runyenjes MP Njeru Kathangu says while there is need to urgently recall parliament to discuss the crises facing the nation, the move must not be tied to the demands by international donors. "While there is a necessity that it be made a custom for Parliament to be on call all the time, we cannot ask the House to reconvene just because of the existence and beckoning of the IMF and World Bank," the Ford Asili MP observes. Mosop MP John Sambu says that following the AG's admission that he was pushed by donors into hurriedly drafting the Corruption Bill, Parliament must be recalled to address the issues and other crucial reforms demanded by the international Financial Institutions. Says Mr. Sambu: "It is now obvious that this money will not be released soon, throwing the country into a possible crisis sooner than later, with the Government attempting to borrow internally to finance its operations. The sad thing is that it is the tax-payer to bear the brunt." The Kanu MP says the House should be reconvened as a matter of urgency, saying nothing should come in between Parliament and its wish to debate matters of national importance as a priority "because it is Supreme." According to the Constitution, the powers to summon Parliament is vested in the President. However, when Parliament is in recess, it can only be called back by the House Speaker at the request of the Government.

*From allAfrica.com-East Africa, by Njeri Rugene, 29 January 2001*

## ASIA/PACIFIC

### CHINA PASSES INTERNET SECURITY LAW

The 19th Session of the Standing Committee of the Ninth National People's Congress (NPC) passed a resolution on maintaining the security of computer networks on Dec. 28. The resolution makes it a criminal offense to commit any of following actions, according to the Dec. 28 *Zhongguo Xinwen She* ([China News Service](#)): Entering computer information networks involved with national affairs, national defense or advanced technology; Spreading slander and rumors or publicizing harmful information on the Internet; Stealing or disclosing state, intelligence or military secrets through the Internet; Inciting ethnic hatred and discrimination or sabotaging national unity through the Internet; Organizing a cult and keeping in touch with cult members, or undermining the enforcement of state laws and regulations through the Internet; Selling fake or substandard products, or advertising goods and services in a deceitful way through the Internet; Damaging the reputation of a business or a commodity through the Internet; Infringing upon the intellectual property of others through the Internet; Fabricating false information affecting securities and futures trading or otherwise disturbing the financial order through the Internet; Setting up pornographic Web sites or Web pages, providing access to pornographic Web sites, or spreading pornographic books, movies, video products and photos on the Internet; Insulting or defaming other people on the Internet; Illegally intercepting, altering or deleting others' e-mail or data, infringing upon citizens' freedom and confidentiality of communication, and Committing theft, fraud and atrocities through the Internet.

*From China Online, 29 December 2000*

### REFORM TO REMAIN AS KEY WORD OF ECONOMIC POLICY NEXT YEAR

The ruling Millennium Democratic Party (MDP) and the government's key economic ministers reconfirmed yesterday that they would place top priority for next year's economic policy to completing the restructuring of corporate and financial sectors. At a joint policy meeting, the participants stressed that they have no other alternative but to continue economic reforms to reverse the economic downturn. Once the ongoing efforts to streamline and strengthen the financial sector are successfully completed, stability would be restored to the stock market, they said. Rep. Chung Sye-kyun, the MDP's chief economic policymaker, pointed out that public confidence in government policies had dipped to all-time lows, which fueled economic uncertainties. Other lawmakers said the government should implement programs that would ensure greater competitiveness for small-and medium sized companies, emphasizing the need for continued assistance to venture businesses. MDP lawmakers said that though labor unrest like that involving unionists belonging to Kookmin bank and the Housing and Commercial Banks (H&CB) could flare up in the future, the government should remain steadfast to its principles of making changes. The ruling party, however, added that every effort should be made to ensure layoffs are kept to a minimum and the government should conduct retraining programs for those who leave their jobs to help them find new work. Minister Jin and other top officials admitted that due to the uncertainties surrounding next year's economy, the country could experience reduced consumer spending and sharp cuts in investment by businesses to build up their manufacturing capacity. (LJS)

*From Korea Herald, 29 December 2000*

### COPYRIGHT LAW TO BE UPGRADED FOR INTERNET ERA

The Standing Committee of the National People's Congress is drafting new provisions for the existing copyright law that includes protections for authors who publish on the Internet. There will be six major parts to the revision, according to Wang Huapeng,

director of the copyright department under the State Copyright Administration. Wang announced at the 2001 [Beijing](#) Copyright Trade Fair that the revisions would be made to better protect the interests of Chinese and international authors, according to a Jan. 11 *Zhongguo Qingnian Bao* ([China Youth Daily](#)) report. In the revised law, Internet rights will be listed separately. The new provisions make it illegal for anyone to remove or alter information installed by copyright holders for the management of original works, or to decipher encryption programs specially made for their products without their permission. In addition to civil liability, administrative sanctions may be put on those who infringe upon the copyrights of authors who publish on the Internet. Revisions will also be made to the provision that media organizations may broadcast audio products free of charge. Radio and TV stations will be allowed to broadcast audio products that have been published without asking their authors, performers and producers for permission, but they will be required to pay for using these products. "The reinforcement of punitive measures against serious copyright infringement so as to make them more manageable constitutes a major part of the current copyright law revision," Wang stated. He added, "The revisions would increase the amount for copyright infringement compensation and increase the burden of proof on the part of infringers. Also added is a provision that copyright holders can apply to the people's court for a cease of copyright infringement before they bring a lawsuit against the infringers. The existing "Copyright Law of the People's Republic of China" was promulgated on Sept. 7, 1990, and went into effect on June 1, 1991. By the end of 1999, Chinese courts at various levels had heard and settled a total of 30,091 cases involving intellectual property. Among them, 3,411 were copyright cases. Regional anti-pirating alliances have been set up in 10 provinces, including [Jiangsu](#) and [Sichuan](#).

*From China Online, 12 January 2001*

## **SINGAPORE RATED TOPS IN GLOBALIZATION, U.S. AS 12<sup>th</sup>**

Singapore comes in first and the United States 12th in a new survey that attempts to measure a country's exposure to the forces of globalization. The index, released yesterday by the journal *Foreign Policy* and the business consulting firm A.T. Kearney, is an effort to quantify a phenomenon that has prompted both hope and fear around the world as technology and economic change reshape international relations. "There are many definitions of globalization out there," said Moises Naim, editor of *Foreign Policy*. "What you don't get are the real scope and reach of what people are talking about. We decided to put some numbers to it," he said. Researchers looked at 50 countries accounting for 95 percent of the world's economic output in 1998. Among the nine factors examined for each country: trade as a percentage of gross domestic economy, percentage of the population using the Internet, foreign direct investment, and the number of minutes of international phone calls per capita. While the United States scored highest among the top 20 countries on the availability of globalizing technologies like the Internet, other countries ranked far higher in their interactions with the global economy and the exposure of their citizens to those outside the country. After Singapore, a commercial and financial center for much of Southeast Asia, the next eight places in the index were held by Western European countries, led by the Netherlands, Sweden and Switzerland. "Size matters," said Mr. Naim. "There is this notion that globalization works best for the big countries, but we found that the smaller you are, the easier it is to be globalized." The average Swiss citizen logs four times the number of international telephone minutes as the average American. Foreign direct investment in the Netherlands is five times as high as the United States as a percentage of gross domestic product. The United States is so big that personal and commercial interactions with foreigners are much less frequent, according to the survey. Globalization and its byproducts have sparked sometimes violent debate around the world, highlighted by pitched battles in the streets of Seattle, Prague, and Washington over the work of such institutions as the World Trade Organization and the International Monetary Fund. Paul A. Laudicina, managing director of A.T. Kearney's Global Business Policy Council, said yesterday the new data show that different facets of globalization are moving at different speeds. The Internet and technological innovation are erasing international barriers at an ever-increasing rate, he noted. But economic aspects of globalization — including trade, investment and stock-market investments — have slowed in the wake of the Asian and Russian economic crises of 1997 and 1998. The *Foreign Policy* index did not measure the cultural aspects of globalization, including rising fears abroad of the dominance of American movies, music and marketing ideas. But Mr. Laudicina said the survey challenges one of the main criticisms of globalization. Combining the index rankings with other surveys that compare levels of corruption and democracy, the index found that the countries most open to globalizing forces are also likely to enjoy more political freedom, greater income equality, and lower levels of official corruption.

*From Washington (DC) Times-International, by David R. Sands, 9 January 2001*

## **'NORTH KOREA SENDING MESSAGES OF OPENING, REFORM TO U.S.'**

North Korea's latest diplomatic offensive is part of its circumventing strategy designed to weaken the new U.S. administration's hard-line stance toward Pyongyang, analysts said here yesterday. They said the North seems to be in a hurry to establish diplomatic ties with more Western nations at an early date because of uncertainty over its future relations with Washington. "The North is sending a message to the United States that it would push for openness and reform by showing its eagerness to improve relations with foreign nations," said Lee Hun-kyong, a research fellow at the semi-official Korea Institute of National Unification in Seoul. North Korean leader Kim Jong-il indicated that his country may seek a Chinese-style economic reform by touring Shanghai, the symbol of China's economic success, during his second secret visit to the North's longtime ally just ahead of the inauguration of the Bush administration. On Sunday, North Korea's Foreign Ministry vowed to actively promote the improvement of foreign relations, hailing Kim's visit to China as an "epoch-making" event in relations between Pyongyang and Beijing. "The Pyongyang regime may judge that its move to pursue reform and openness, be it genuine or not, will help prevent the Bush administration from driving the North into a corner," Lee said. About a month after it opened ties with Britain, a major European Union (EU) member state, the Communist North forged diplomatic links with the Netherlands last week. North Korea and Belgium are reportedly set to announce

an agreement on establishing diplomatic relations soon. The North is also in talks with Germany, Spain, Turkey, Canada, New Zealand and Brazil. Of noteworthy in the North's diplomatic moves is that the Pyongyang regime has begun to accept sticky proposals by Western nations like the twin assignment of one ambassador to the two Koreas, which would have been unthinkable in the past. North Korea and the Netherlands have agreed that the Dutch ambassador to South Korea will act as the envoy to North Korea. Belgium said it would follow suit. "This demonstrates the North's haste to put its relations with EU member countries on a normal track before the Bush administration completes the review of Clinton's North Korea policy," another expert said. The North has seemingly quickened its efforts to improve relations with Western nations since former U.S. President Clinton decided not to visit the North at the end of last year. Clinton's visit to the North, if realized, would have represented a major breakthrough in relations between the two Cold War foes, which have been enemies for half a century. Most EU member states in the past were reluctant to have diplomatic links with the North because of the isolationist country's human rights problems, nuclear and missile threats and refusal to hold inter-Korean dialogue. But they apparently eased their stance on these issues as tension on the Korean Peninsula lessened following the inter-Korean summit last June, which provided the best chance yet for reconciliation in the region. North Korea's positive attitude toward improving relations with Western nations helped the EU member countries open ties with Pyongyang. North Korean Foreign Minister Paek Nam-sun sent letters hoping for rapprochement to EU member states without diplomatic ties with the North last September. Despite the North's establishment of ties with European nations, it remains to be seen whether bilateral relations will be able to develop substantially. This is because the North must address the international concern of its missile program and improve human rights conditions to expand exchanges and cooperation with the EU member states, the analysts said. Breaking out of its diplomatic isolationism, the North began to promote improving relations with Western nations after it opened dialogue with the United States on its missile program in fall 1999. The North's shattered economy caused by years of bad weather and a weak economic structure has led the Stalinist country to seek foreign economic assistance through the normalization of relations.

*From Korea Herald, by Shin Yong-bae Staff reporter, 24 January 2001*

## **PANEL TO PUSH FOR E-GOVERNMENT**

President Kim Dae-jung will appoint a new committee to promote "e-government," officials said yesterday. The panel, which will consist of 15 government officials and civilian experts, will spearhead the efforts to attain the goal of achieving an e-government by next year. Chong Wa Dae spokesman Park Joon-young said the "E-Government Special Committee" is being formed in line with President Kim's call. Kim, a strong advocate of information technology, has said he would put policy priority on the promotion of e-government and e-commerce. "The Korean economy should be upheld by the development of information technology and biotechnology in tandem with traditional manufacturing industries," Kim said. "The promotion of e-business will also help increase transparency in both the government and the private sector," Kim said. Park said President Kim believes that the promotion of e-business in the government sector would contribute to his efforts to battle corruption and achieve an "electronic democracy." The spokesman said the envisaged panel would encourage the central and local governments to implement an electronic management of public records and data to enable "paperless" handling of businesses. It would also call for government agencies to expand e-commerce in purchases - the so-called "B2G (business to government)" commerce. Park said the first meeting of the e-government panel will be held Jan. 30. The panel members would include vice ministers of related agencies - ministries of government administration and home affairs, information and communication, finance and economy, education, planning and budget and the Office for Government Policy Coordination.

*From Korea Herald, by Chon Shi-yong Staff reporter, 26 January 2001*

## **EUROPE**

### **GOVERNMENT COMMITTED TO DETERMINING 'REAL' COST OF REGULATION ON BUSINESS**

Cabinet Office Minister Graham Stringer emphasized the UK government's commitment to business competitiveness this week during a debate on regulation at the Social Market Foundation. Stringer stressed the importance of determining the real cost of regulation for business, saying, "It is important to distinguish between the policy costs of delivering a fair wage, a decent holiday entitlement and a safe workplace and the administrative costs of form filling and paperwork." He said the government is working hard to keep these costs to a minimum, adding, "Any new regulation has to strike the right balance for business, employees and consumers. All too often people simply dismiss the costs of improved working conditions as red tape and bureaucracy." Government and business want the same thing, said Stringer: "simple regulations, sensibly enforced." He said the government is working closely with business to ensure "that we are only regulating where necessary, and where there is regulation, we are keeping the burden to a minimum." Stringer went on to explain how the new Regulatory Reform Bill will help deliver an improved deal for business. "It is important that members of the business community are aware of this bill. It plays a key part in the government's drive to reduce the burden of existing regulation. The bill will provide the power to reduce regulatory burdens by removing or simplifying over-complicated, overlapping or inappropriate regulation." The Regulatory Reform Bill could be used to: Simplify what Stringer called "unnecessarily complicated" fires safety rules. Replace the complex rules surrounding weights and measures. Abolish the rules that limit professionals and others from forming partnerships of more than 20 people. Stringer said the government wants to hear from business about other possible uses for the bill. Comments or suggestions about the bill can be sent to



<http://www.cabinet-office.gov.uk/regulation/feedback.htm>. For more information about the government's approach to regulation, see <http://www.cabinet-office.gov.uk/regulation>.

*From Safety Online, 12 January 2001*

## THE AMERICAS

### U.S. RANKS 12th ON GLOBALIZATION INDEX OUT TODAY, SMALLER COUNTRIES TOP THE LIST OF 50 NATIONS

The USA is the world's 12th most "globalized" nation, a study to be released today finds. Ranking No. 1: Singapore. The A.T. Kearney/*Foreign Policy* Magazine Globalization Index measures 50 nations on such factors as foreign trade, Internet use, international telephone traffic and number of international visitors. It does not account for a nation's cultural impact on the rest of the world, a factor that would have moved the USA up on the list. "There's no doubt Hollywood, our fast-food culture and our media are powerful globalizers" and spread U.S. culture around the world, says Moises Naim, editor and publisher of *Foreign Policy*. "Of course the U.S. isn't the only nation spreading its culture. If you'd said 10 years ago that raw fish wrapped in seaweed would one day be a competitor in the fast-food business, you'd have been thrown out of the room. But sushi, from Japan, has become a global food. "However, we decided to stick with the data that are available rather than try to make cultural judgments," Naim says. The authors say they believe that this is the first broad-based attempt to measure "globalization" on a country-by-country basis. They plan to update it annually. Among their findings: \* Not surprisingly, the nations most plugged into the rest of the world tend to be smaller countries that need goods, services and investment from outside their borders. The numbers back up that premise: Singapore hosts eight times more international visitors, on a per capita basis, than does the USA; the average Swiss citizen spends four times as many minutes annually on international telephone calls than does a U.S. resident; relative to the size of their economies, Sweden's international trade is three times that of the USA's. The USA's relatively low scores on such measures were major reasons why it didn't rank higher. \* The more globalized nations tend to have less income inequality within their borders than less globalized nations. Critics of the effects of globalization have said its benefits tend to go to the rich at the expense of poor workers who lose their jobs as work is shifted around the world to where labor is cheapest. But, Naim says, income gaps within the more globalized nations tend not to be as wide as in less globalized countries. \* There is a widening "globalization gap" between developed and developing nations because of what the authors see as a "digital abyss." \* Even though many small and developing nations weren't studied, that doesn't mean they aren't being affected by the many forces associated with an increasingly globalized world. "Even the least integrated countries are being drawn together by new forces beyond their control," Naim says, "whether it is global warming, the spread of infectious diseases, or the rise of transnational crime." *Foreign Policy* magazine is published by the Carnegie Endowment for International Peace. A.T. Kearney is a consulting group and subsidiary of EDS. A report on the index will appear in the January/February issue of *Foreign Policy*. Its Web site: [www.foreignpolicy.com](http://www.foreignpolicy.com). The index will be officially released this morning in Washington, D.C.

*From USA Today-Print, by Mark Memmott, 8 January 2001*

**IMPROVING THE VOTE – LEGISLATORS, SCIENTISTS LOOK TO REFORM VOTING SYSTEMS**In Palm Beach County, Fla., a candidate sued to contest the election results. He got a hand recount, but still lost the race. The case pointed out the need for voting reform. That was 1984. The 2000 election fiasco in Florida has given new life to a movement to change the way the nation votes and counts its ballots — a once-quiet movement around for decades. The 1984 case, over an election for property appraiser in the county, was included in a 1988 study commissioned by the federal government on the accuracy of computerized vote tallying. It called for voting reforms, including new vote-counting technology, but got little national attention. "This has fallen into a black hole from the get-go — until now," said Roy Saltman, a computer scientist who authored the report for the National Institute of Standards and Technology. But the voting debacle in Florida this year — much of it also centered on voting machines in Palm Beach — shed new light nationally, and brought new passions, to election problems throughout America. "We have had a five-week-long video of what is wrong with the process," said Robert Ritchie, executive director of the Center for Voting and Democracy in Takoma Park, Md. "This whole experience has freed people up to think of all kinds of reforms." From Florida, where Gov. Jeb Bush has called for a bipartisan commission to look at voting problems, to Orange County, Calif., where officials are discussing investing as much as \$50 million in a new electronic, paper-free voting system, election reforms have moved to the top of legislative agendas. In Washington, Sens. Dianne Feinstein, D-Calif., Robert Torricelli, D-N.J., and Mitch McConnell, R-Ky., plan to introduce legislation next year that would establish a permanent, federal commission to study how elections are administered, makes recommendations to improve them and provides federal funds to local municipalities to implement the reforms. "The situation in Florida with different counties using different equipment, different standards and different methodologies in the conduct of the election is a clear indication that reform is needed," Feinstein said in a statement. Much of the focus on reform, experts say, will be on antiquated and varying vote-counting machines in municipalities across the nation. In 1990, the federal government did create standards for voting equipment, but they are not mandatory. Many states have written some standards into their election laws. But older voting equipment is usually exempt. Voting systems vary radically from state to state. Punch card machines that produce chad — pieces of perforated paper that are supposed to fall out when a ballot is punched — are used by as many as 31 percent of all registered voters, according to Kim Brace, president of Election Data Services, a Washington consulting firm that specializes in election administration and redistricting. Those machines caused havoc in Florida when the chad stayed partially attached, producing ballots with the so-called pregnant or dimpled chad. Chad became a household word during the

Florida election dispute. Saltman, now a retired computer scientist who has consulted on election equipment in Brazil, Venezuela and Ecuador, said he was using the word nearly three decades ago when he drafted an earlier report on reforming voting equipment. In his 1988 report, he called for eliminating the punch-card systems. Saltman, who is passionate about the subject, laments that the idea of reform did not catch on years ago. "It has been extremely sad, frustrating and disappointing to me," he said. "It's like many problems, people don't have much interest in them," says Edwin Meese, an attorney general under President Reagan and now a fellow at the Heritage Foundation, a conservative Washington think tank. "Once the election is over, people forget about it." Until this unprecedented presidential election, the nation for the most part has not experienced close national races. And when local races are close, like the Palm Beach County property appraiser's race in 1984, they don't always make it to the front pages. "The race for dogcatcher is not too exciting so it ends up on page 14," Brace said. "Then we had this race for this small office called the president of the United States, and suddenly, it made it to page one." As the issue heats up in Congress and in legislative bodies across the nation, officials are likely to look at national voting standards and all kinds of technology to change the system. "We could have uniform standards in each state, the [U.S.] Supreme Court made it clear that this is an equal protection problem," said Pam Karlan, a professor of public interest law at Stanford University and a former voting rights attorney for the NAACP. "It is now a federal issue. Congress has special powers and responsibilities to make sure everybody's votes count. I would look at the technologies including, for example, the touch-screen touching system that was used successfully in Riverside, Calif." "People got to the ATM and make fewer mistakes there than when they vote," Karlan says.

*From ABCNEWS, by Julia Campbell, 21 December 2000*

## **CAMPAIGN FINANCE REFORM PROPOSED IN HOUSE**

While Senators John McCain (R-AZ) and Russ Feingold (D-WI) are once again pushing campaign finance reform in the Senate, two House members who introduced campaign finance reform legislation in the last session of Congress now say they'll do it again later this month. Representatives Christopher Shays (R-CT) and Martin Meehan (D-MA) will introduce what they call "bipartisan campaign finance reform legislation" prohibiting the use of "soft money," the unlimited, unregulated donations that political parties receive from wealthy individuals, corporations and unions. On Thursday, Representative Steve Horn (R-CA) urged Congress to make campaign finance reform a top priority by passing a ban on the use of "soft money." He also wants campaign advertisements funded with soft money to clearly identify which candidate is responsible for them. Horn called the Shays-Meehan bill "genuine, meaningful reform" that will "prohibit the use of so-called 'soft' money that pollutes our campaign system with unregulated, unlimited and unconscionable sums of money from special interests. It's time to just say 'no' to soft money," Horn said. The Shays-Meehan bill passed the House in September 1999, but it later failed in the Senate. Many conservatives say banning soft money contributions restricts free speech. Horn also said he is co-sponsoring a bill with Representative David Price (D-NC) that would require advertisements put out by political campaigns to carry a clear and prominent statement identifying which candidate is responsible for the ad. "This simple step toward accountability could do wonders for improving the tone of our political campaigns," Horn said. Also Thursday, Senators McCain and Feingold announced they were going to make campaign finance reform legislation a top priority when the Senate returns to work later this month. They have picked up the support of Senator Thad Cochran (R-MS) in their effort. Cochran voted against McCain-Feingold in 1999. Cochran's support for campaign finance reform drew praise from Common Cause, a political watchdog group. Its president, Scott Harshbarger, believes McCain and other proponents will gain the 60 Senate votes necessary in order to pass such reform. "As we get closer and closer to gaining the 60 votes necessary to defeat a filibuster of campaign finance reform, reform opponents in the Senate will look to other tactics to try and derail the bill. Unfortunately for them, the public is paying more attention to this issue than ever before, and will see through any attempts to kill the bill by watering it down with amendments designed to weaken the soft money ban," Harshbarger said.

*From CNS, by Jim Burns CNS Senior Staff Writer, 5 January 2001*

## **NEW CONGRESS FACES INTERNET ISSUES: PRIVACY, TAXATION, COPYRIGHT REFORM EXPECTED TO BE HOT TOPICS**

The new economy kept Congress busy this year. It held more than two dozen Web-related hearings and passed bills increasing the number of foreign high-tech workers allowed to immigrate to the United States and giving electronic contracts the same legal footing as those written in pen and ink. But when the new Congress begins work as early as next month, lobbyists will be stalking the halls on a variety of Internet-related matters, including three key issues: online privacy, Internet taxation and copyright reform.

*From MSNBC, By Christopher Stern, 29 December 2000*

## **U.S. TO ISSUE RULES GIVING THE DISABLED ACCESS TO MOST GOVERNMENT WEB SITES**

Many sites aren't adapted to suit some handicaps - Most government Web sites must be accessible to the disabled under new federal rules expected to be issued Thursday, forcing many agencies to launch redesigns of their Web pages.

*From MSNBC, 21 December 2000*

## THREATS OF TERRORISM AGAINST U.S. WILL CONTINUE WITH GLOBALIZATION: REPORT

The risk of attacks against the United States by missiles carrying chemical, biological or nuclear weapons will grow over the next 15 years as globalization increases, according to a report issued Monday by the National Intelligence Council (NIC), quoted by AFP. The report, entitled "Global Trends 2015: A Dialogue About the Future With Nongovernmental Experts," is the result of discussions between the intelligence community, academics and the private sector. The NIC, which handles strategic analysis for director of Central Intelligence George Tenet and the U.S. Intelligence Community, indicated in its report that "more sophisticated weaponry," including weapons of mass destruction, "will get into the hands of state and nongovernmental belligerents, some hostile to the United States." "The likelihood will increase ... that (weapons of mass destruction) will be used either against the United States or its forces, facilities and interests overseas," the report said. It indicated that demographics, technology and resources will drive global change over the next 15 years. "Disaffected states, terrorists, proliferators, narco-traffickers and organized criminals will take advantage of the new high-speed information environment ... to integrate their illegal activities and compound their threat to stability and security around the world," it said. The report said the United States will face threats from small states and non-government adversaries that could attack U.S. interests without engaging U.S. forces, weapons of mass destruction and "regional military threats." The group said rivalries in Asia and the Middle East, such as between India and Pakistan, have the potential to grow more lethal, "driven by the availability of (weapons of mass destruction), longer-range missile delivery systems and other technologies." The report predicts a world population of 7.2 billion in 2015, up from 6.1 billion in 2000, with a longer life expectancy in most countries, leading to strain on pension systems in countries with low birth rates and increasing the size of the work force in developing nations. Food production will be adequate for the population boom, according to the report, although famine remains a threat in countries with repressive governments. Energy resources are also expected to be adequate, with an estimated 80 percent of the world's available oil and 95 percent of its gas remaining untapped. Continued globalization of the economy will contribute to political stability in 2015, the group concluded, increasing "the transparency of government decision-making" and "complicating the ability of authoritarian regimes to maintain control." But the benefits of such globalization will not be felt everywhere. "Regions, countries and groups feeling left behind will face deepening economic stagnation, political instability and cultural alienation. They will foster political, ethnic, ideological and religious extremism, along with the violence that often accompanies it," the report said.

*From Iran-Tehran Times, 20 December 2000*

## GLOBAL

### GLOBALIZATION OF ECONOMY CAUSES FINANCIAL CRISIS AMONG LOW-INCOME CLASS

A participant at the gathering on the National Economy, Social Justice and the Changed World, Dr. Yadollah Dadgar, said "Globalization helps the higher strata of society but deepens financial crisis at the lower levels of society." He said the developed world stands in need of high skill while jobless immigrants and a wide spectrum of unskilled workers in poor countries will suffer from unemployment. Dadgar said the current trend of globalization is in conflict with democracy. He stressed that globalization would not be useful for the economies of developing countries because the capital would be spent on brokerage, not on productive activities. Dadgar said countries should draw up plans to confront the hardships arising from globalization, adding that Iran could provide a model of behavior in the face of the wave of globalization due to its rich value-system, economic resources, human resources and the application of science and rationality.

*From Tehran Times Political Desk, 4 January 2001*

### TENDING GLOBAL FINANCES IS A MISSION FOR EXPERTS

**PARIS** President George W. Bush appears set to make a potentially costly mistake by politicizing his administration's approach to global financial crises. He announced plans last week to create a White House team to handle such economic problems, but it is one that could spend as much time in interagency bickering as in crisis management. This is one area where Mr. Bush would have been wise to learn from the Clinton administration, which developed real expertise in handling international financial crises, from the 1995 Mexican bailout to the '97 Asian crisis to the '98 Russian default. A president who loved to put his arms around other policy problems learned to back off and leave these delicate matters to experts at the Treasury Department and the Federal Reserve. They were able to handle crises quietly and calmly, outside the political spotlight. The Bush administration's decision to dump this successful Clinton approach is perplexing and potentially dangerous. Instead of leaving it to the pros, Mr. Bush has chosen to politicize global finance by vesting power in the White House and its policy-making National Security Council. Mr. Bush told The New York Times last week that he would shift control of global economics to his national security adviser, Condoleezza Rice, and his chief economic adviser, Lawrence Lindsey. They would "share a desk," Mr. Bush said, an amicable formula that in real world Washington often presages a power struggle. The desk sharers will have to coordinate with each other, as well as with Treasury, State, Commerce, the special trade representative and the CIA, not to mention the television networks. "Globalization has altered the dynamics in the White House, as well as between the White House and the Treasury," Mr. Bush explained. He said he wanted to "make sure the economic people don't run off with foreign policy and vice versa." But why reinvent this particular wheel? Partly the answer is bureaucratic politics. Global economics is a hot issue, so Ms. Rice and Mr. Lindsey understandably want to control it. Putting a White House stamp on the issue is a way of marking it "important." The problems will come when a financial crisis strikes. That is when the White House, operating under the klieg lights, may be the wrong address for crisis management. The real tasks

will involve negotiating with banks, imposing harsh conditions on foreign countries and avoiding public statements that could send financial markets into a death spiral. White House operatives don't fit this job description. During the Clinton years, treasury secretaries Robert Rubin and Lawrence Summers and the Fed chairman, Alan Greenspan, were able to move quickly and quietly when disaster loomed. A Time magazine cover dubbed these three "The Committee to Save the World," because of their success in averting financial disasters. The danger in Mexico, Asia and Russia was spreading financial panic, a rush for the exits as investors tried to unload bad debts. The secret of success was to negotiate "workout" plans that kept these economies functioning and stemmed the panic. The model was Wall Street rather than Pennsylvania Avenue. Let's imagine that a major international bank or foreign debtor should default in the next several months, threatening a cascade of similar failures by other financial institutions. Sadly, this is not an entirely far fetched scenario. How would the Bush administration react? First, it apparently hopes to have earlier warning of such crises, thanks to more aggressive economic reporting by U.S. intelligence agencies. That is the initial fallacy. If the global bankers and financiers who have money at risk don't see the crises coming, how will a junior analyst at the CIA? The next thing Mr. Bush's crisis managers will do is hold meetings. They will have to coordinate all the cabinet agencies that have their fingers in the pie. With so many parties involved, there is the added danger of leaks to the media, so maybe they will have to hold some press conferences, too. Finally, the president himself may jump in. Mr. Bush signaled his eagerness to be cheerleader in chief in early January when he said, "I am pleased that the Fed has cut the interest rates." Bill Clinton made a rule of not commenting on Fed policy, and Mr. Bush later signaled that his comment had been a mistake. Beyond the bureaucratic difficulties with the Bush approach is a personnel problem. So far the new administration doesn't seem to have anyone with the expertise that Mr. Rubin brought from his days as a trader at Goldman Sachs, or Mr. Summers brought from his years as chief economist at the World Bank. Ms. Rice's expertise is in foreign policy, not economics. And while Mr. Lindsey is a former member of the Fed board, critics say he has little feel for the nuances of international finance. The Bush Treasury is also weak on global finance. Secretary-designate Paul O'Neill may have been a fine CEO at Alcoa but he lacks Mr. Rubin's knowledge of financial markets. That gap led many to expect that Mr. O'Neill would recruit a Wall Street financier as his deputy. But the leading candidate for the deputy's job is said to be Kenneth Dam, a law professor whose most important government service was at the Reagan State Department. Mr. Bush is right to highlight the global economy as a crucial area for his administration, but so far his efforts to deal with it take him in the wrong direction.

*The Washington Post, by [David Ignatius](#), 22 January 2001*

## **POVERTY AND INEQUALITY FUEL GLOBALIZATION BACKLASH**

The globalization backlash could swell and trigger violent confrontations unless its economic benefits are distributed more fairly and solutions are found to stem growing poverty and inequality, civil society and political leaders warned Sunday. "The ultimate test is whether globalization increases freedom, promotes democracy, and helps to lift the poor from poverty; whether it is empowering the many and, not just the few whether its blessings are widely shared; whether it works for working people," John Sweeney, president of the AFL-CIO told political and business leaders at a session of the World Economic Forum (WEF). The global market, said Sweeney, that has been forged in the last decades, "fails that test," and went on to caution that if we do not do better and the system continues to generate growing inequality, environmental destruction and a race to the bottom: "Then it will trigger an increasingly volatile reaction from workers, farmers, human rights activists and environmentalists." The AFL-CIO chief said: "we can no longer allow multi-national corporations to scavenge the world for cheaper and cheaper sources of labor, pitting workers against workers in a cruel, contest to increase profits." South African President Thabo Mbeki said there is a "structural fault of poverty with on the one side the powerful and the wealthy and on the other the powerless and the poor," and said this needs to be corrected. The President of the World Bank James Wolfensohn, noted that 80 percent of the world's population, or 4.8 billion people, enjoy only 20 percent of the world's income, and the remaining 20 percent enjoy 80 percent of the income. Looking ahead, Wolfensohn pointed out that in 25 years time the world's population will reach 8 billion and all but 3 percent of this increase would go to developing countries, which will have a population of 6.8 billion. Poverty and inequality, he said, "are not just an issue for the poor" but for the entire world and is an issue of peace. "Many have benefited from globalization but there is a need to address poverty, and there was a need to improve equity and justice, but he also said it would not be realistic to stop flows of investment, technology, communications and trade," Wolfensohn said. The forces of globalization, he said, are there and it's a question of how we deal with them through democracy, rights, and equity and suggested ways to deal with some of the problems would be country by country, through proper laws, human rights, and dealing with the issues of corruption and devise policies for education, health, and rural and urban policies. Vandana Shiva, director of the Research Foundation for Science, Technology and Ecology, lambasted rich countries spending \$343 billion a year in farm subsidies and then dumping their agricultural products on poor countries in Africa, Latin America, and Asia, destroying millions of poor farmers, while at the same time limiting access to their markets. A decrease in farm subsidies by rich countries and lowering barriers to agricultural counties from poor nations could add about \$55 billion for developing countries. Charles Holloway, chairman and chief executive officer of Dupont said globalization is the free flow of goods, technology, and ideas, which like a river brings positive benefits but also has hazards which must be minimized. Holloway said that over 150 corporations are trying to enhance their corporate responsibility and are interacting with civil society leaders to try and approach problems from different perspective.

*From UPI-US, by John Zarocostas, 28 January 2001*

# Governance Systems and Institutions

## AFRICA

### [Kenya: Anti-Corruption Authority Shutdown By Court Leaves Some Wondering If Fight Possible](#)

The High Court ruling on December 22 that "the Kenya Anti-Corruption Authority (Kaca) is unconstitutional," came as a shock to many Kenyans. Observers had long argued that corruption is the fuel that sustains Kenya's entire political system and, therefore, the battle against it via specific institutions created as a result of donor conditionalities - in this case those of the International Monetary Fund in the late 1990s - was futile. Still, that the only organisation that was specifically mandated to tackle the most serious national problem in Kenya, namely corruption, had effectively been shut down, was a major development and one that perhaps, unknown to our good judges, reverberated across the continent. According to its recently released annual report, in the year 1999/2000 Kaca received grants from the government and donors amounting to over \$4 million, of which it had spent over \$2.2 million. The immediate effect of the judgment by a three-man constitutional court (comprising High Court Judges A. Msagha-Mbogholi, J.K. Mitey and Kasanga Mulwa) was to strip Kaca of its powers to prosecute crimes and force the Attorney-General to take over 14 corruption cases pending in court. These cases include those of a cabinet minister, Mr. Kipng'eno arap Ng'eny, who is reportedly a close confidant of the Kenyan Head of State, former Permanent Secretary Mr. Wilfred Kimalat and former Nairobi Town Clerk Mrs Zipporah Wandera. The prosecution of these three individuals in particular was considered by many Kenyans, and donors who had earmarked significant funds for Kaca, as the surest sign that the organisation Justice Aaron Ring'era headed had finally been institutionalised to the point where it could be effective. The Constitutional Court's ruling was in response to an application by two government computer services staff who had been charged with abuse of office, Mr. Stephen Mwai Gachiengo and Mr. Albert Muthee Kahuria. The facts of the case are in themselves fairly straightforward. Mr. Gachiengo and Mr. Kahuria applied to the High Court, sitting as a Constitutional Court, to interpret four issues concerning the Prevention of Corruption Act (Cap.65) of the Laws of Kenya under which they were charged. The four issues were: "Whether it is unconstitutional and contrary to the principle of separation of powers for Kaca to be headed by a High Court judge." Justice Aaron Ringera remains a member of the Judiciary but his position as head of Kaca makes him part of the Executive. "Whether such leadership compromises the accused's right to fair trial before an impartial court under section 77(1) of the constitution." Here, the accused were arguing that a case brought by a sitting member of the bench (Justice Ringera) before another member of the bench, like the magistrate's court before which they found themselves in May, compromised their right to a fair trial because, for example, a magistrate would be less than inclined to oppose positions brought before him by a High Court judge. "Whether the Attorney General's consent to this prosecution is valid under the Constitution." "Whether the provisions establishing Kaca are in conflict with the constitution and especially section 26 thereof." The Constitutional Court ruled that: "It was a breach of the doctrine of separation of powers for Kaca to be headed by a serving judge. "That the accused persons' right to a fair trial had not been prejudiced by a serving High Court judge going before a magistrate's court. "That the Attorney-General's consent to prosecutions mounted by Kaca was invalid. "That the provisions in the Prevention of Corruption Act establishing Kaca were unconstitutional as they purported to rival the Attorney-General's power to prosecute. One paragraph in the judgment, in particular, seemed to sound the death knell for Kaca: "The existence of Kaca undermines the powers and authority of the Attorney-General and the Commissioner of Police as conferred on them by the Constitution. Consequently, we find and hold that the provisions establishing Kaca are in conflict and inconsistent with the constitution. Since the judgment, it has been argued that Kaca would merely stop investigating and prosecuting cases and concentrate on prevention of corruption and public education activities. In actual fact, the immediate effect of the ruling was to erase Kaca from existence. Indeed, it would not be legal for Kaca to continue spending public funds. This might even raise questions as to how the Authority's staff will be paid their salaries. With regard to the fact that it was a breach of the doctrine of separation of powers for Kaca to be headed by a serving judge, the question arises whether Justice Ringera should resign as a Judge if he is to continue heading Kaca if its legal status is resolved. Indeed, on April 12, the Law Society of Kenya declared his appointment unconstitutional and illegal, arguing that separation of powers demanded that the Judiciary and the Executive act independently of each other both in law and perception. It is interesting that Justice Ringera's South African equivalent, Judge Willem Heath, who headed that country's institution specifically mandated to fight corruption, found himself facing a similar problem with South Africa's Constitutional Court late last year. However, the ruling also raised other potentially significant questions, some of them legal and others related to policy. First, the court's ruling that one's right to a fair trial is not prejudiced merely because the prosecutor is a High Court judge can be questioned. Who will believe that a magistrate will not be influenced by the consideration that a judge is in the prosecutor's box? Fairness is not only supposed to be done but is also supposed to be seen to be done. Secondly, the High Court in effect ensured that Kaca could not appeal to the Court of Appeal. Mr. Gachiengo and Mr. Kahuria appealed to the High Court for a constitutional ruling under two provisions of the Constitution, Section 67 and Section 84. Under Section 67, the High Court entertains applications on the constitutional validity of some laws, while under section 84 the High Court enforces the Kenyan Bill of Rights. Over the years, as a result of a myriad constitutional amendments, we have arrived at a situation where a right of appeal exists on rulings made under Section 84 while none exists under rulings made under Section 67. Since the issue of whether a judge heading Kaca compromised the accused's right to a fair trial fell under Section 84, if the Constitutional Court had ruled that the accused's rights had indeed been violated, then Kaca could have gone to the Court of Appeal. In the circumstances, however,

because the court made the unusual ruling that the accused's rights had not been violated, this door was firmly shut. Thirdly, the High Court's ruling that Kaca's powers of prosecution rivalled those of the Attorney-General and Kaca was therefore an unconstitutional body also seems erroneous. The law does not grant a monopoly of prosecution to the AG. It merely gives him power to take over and terminate any prosecutions. Indeed, numerous laws such as those dealing with safety in factories, labour, child welfare, social security and product standards also give prosecution powers to persons and authorities other than the AG. It is also a fact that every citizen has the power to initiate private prosecutions. Kenyans will recall that private prosecutions have been brought in the Goldenberg case, for example, and more recently, against a cabinet minister charged with defiling a minor. A member of the Parliamentary Anti-Corruption Select Committee, Mr. Kiraitu Murungi, told the writers last week: "The judgment is itself unconstitutional. It seems the judges abdicated their basic responsibility to safeguard the public interest." The question now being asked is: Why and how did Kaca fail? Blame has been heaped on the AG for constitutional contradictions arising out of the section he drafted (Section 11b) of the Prevention of Corruption Act (Cap 65) that created Kaca. However, it can be argued that the Authority was created as a result of donor pressure and therefore it had not systematically created a home-grown powerful constituency of support. This was only beginning to change when the Parliamentary Select Committee on Anti-Corruption, headed by the Webuye MP, Musikari Kombo, came up with the Anti-Corruption and Economic Crimes Bill, 2000 that is before parliament. Unfortunately, the donors who pushed for the creation of Kaca could not aggressively defend it lest they be accused of meddling in the internal affairs of a sovereign state. On the other hand, it must be accepted that the government did little to mobilise public support for the creation and strengthening of Kaca. Ironically, Justice Ringera and his team had just started this process of fashioning a more inclusive and Kenyan-owned situation by creating a Steering Committee drafting a national anti-corruption plan. It can be argued that the issue of Kaca has now been thrown back to parliament and its Anti-Corruption and Economic Crimes Bill, 2000. At the end of the day, the fight against corruption needs to start with the recognition that corruption, or what is described as corruption in the West, comprises the very foundations of the patronage-driven political system upon which the Kenyan state is built. Corruption, going back to the Kenyatta era, has created the bulk of Kenya's African political and economic elite. If every case of abuse of office, land-grabbing, looting and corruption in Kenya going back to the day Mzee Jomo Kenyatta was appointed Prime Minister were to be dealt with by our courts, what would happen? For a start, our judicial system does not have the capacity to deal with even all the corruption that has taken place in Kenya over the past one month. So what do we do? Part of the reason vital institutions like parliament, the judiciary, Kaca, etc, find themselves hitting such hard brick walls in the fight against corruption is because we have an entrenched elite in power that is built and sustained by corruption, and then a wider national elite that is not necessarily in power but which has benefited in one way or the other from graft-related activities. Dealing with these issues needs mechanisms for dealing with the past, principles of transitional justice that should infect our legislation and institutions. Some have advocated the formation of a Truth and Reconciliation Commission. Unless Kenyans start dealing with these fundamental issues, Kaca, the Anti-Corruption and Economic Crimes Bill and other tools to fight corruption will be surrounded by a collective enemy so powerful that they will never succeed.

*From allAfrica.com-East Africa, by John Githongo and Erastus Wamugo 11 January 2001*

## **COOPERATION NEEDED FOR STABLE GOVERNANCE**

Pretoria - In order for the government to achieve stable governance, traditional leaders and councillors must work together, Local Government Minister Sydney Mufamadi said on Tuesday. Mufamadi, who was speaking at the launch of an induction training programme for municipal councillors in Pretoria, said he was heartened that many traditional leaders in the Free State, Mpumalanga, Northern Province and North West had indicated their willingness to serve their people. "These traditional leaders understand that there are people living in poverty because they as traditional leaders had no room within the apartheid dispensation to truly serve the people," Mufamadi said. "They understand as well as we do that the new dispensation gives them an opportunity to do things differently." The aim of the training programme is to orientate councillors about the new system and structure of municipalities. It also aims to equip them with the technical skills to develop budgets and to manage other financial matters. The course will give them the opportunity to merge policy matters in government to assist with the transition period. Mufamadi said all traditional leaders were welcome to participate and to benefit from this leadership training programme. "We want them to join hands with popular elected leaders. What we want is to see elected leaders and traditional leaders harnessing their co-operation to the vision of economic growth, poverty eradication and the mounting of an assort of service delivery backlog." – Sapa

*From S. Africa-News24, 9 January 2001*

## **ASIA/PACIFIC**

### **JAPAN HIT BY NEW CORRUPTION SCANDAL**

Japan's foreign ministry admitted yesterday that one of its officials had embezzled at least £320,000, engulfing the country in a new corruption scandal. Katsutoshi Matsuo allegedly used the money to buy racehorses, a luxury apartment and membership of exclusive golf clubs. A further £1.8 million, which he transferred into his personal bank account, remains unaccounted for and police have been called in to investigate. Matsuo, 55, was in charge of a secret expenses account for the prime minister and other VIPs on trips abroad between 1993 and 1999. A foreign ministry internal inquiry reported yesterday that he siphoned off public money from the account and used it to support his extravagant lifestyle. He is said to have admitted that he used public money to buy a dozen racehorses, some of which he named after his girlfriend. The Yomiuri newspaper reported that he also gave money totalling

hundreds of thousands of pounds to his ex-wife and two mistresses, with one of whom he shared a luxury apartment in Tokyo. Yohei Kono, the foreign minister, took responsibility for the scandal, received an official reprimand and volunteered to return six months pay. Fifteen other current and former diplomats have been given reprimands or temporary pay cuts for failing to exercise proper care. However, Japanese media criticised the foreign ministry report arguing that it is an attempt to minimise the damage to the government by representing the crime as the work of one man, rather than a fault in Japan's political and bureaucratic culture. Japan is still reeling from the [resignation of Fukushiro Nukaga](#), the economics minister, earlier this week amid allegations that he took £90,000 from an insurer at the heart of an influence-buying scandal. He was the third minister to resign in less than a year.

*From UK-Electronic Telegraph-World, by Colin Joyce in Tokyo, 26 January 2001*

## **CORRUPTION CAUSED YEARS OF DELAY, HEARING TOLD**

Corrupt officials' attempts to cheat villagers out of compensation are the main reason building of the Pong Khun Phet dam has been delayed for 10 years, a public hearing was told. Residents of five villages to be submerged by the dam's reservoir echoed the same suspicions. "If local officials had been transparent and fair, the project would not have been rejected and delayed for years," said Sathien Yorlor, 62, from tambon Thep Sathit. Anant Leepakupatathavorn, a provincial councillor from amphur Thep Sathit who supports the dam, shared the same view. Villagers who will be affected by the project said they had been told by local and Irrigation Department officials to move off their land to allow construction without waiting for any compensation. The officials argued the villagers had encroached on a national reserve and would not be compensated. Believing they would not get the money, villagers decided to sell their land cheap to speculators, only to learn later that the buyers made a big profit by claiming compensation from the government. The villagers said they sold out for 700 baht to 1,000 baht a rai, but the buyers received 8,000-20,000 baht a rai compensation from the government. Sakorn Sauries, member of Assembly of the Poor and a villager of Ban Huai Hin Fon, tambon Khok Sa-ard, said compensation had also been paid to people who used false names. Department documents showed up to 150 villagers were compensated, but only 32 of them were people actually affected by the project. The rest who were given the money were strangers. Groups representing three of the five villages whose land will be submerged demanded fair compensation and expressed support for the project. Some other villagers said they opposed the dam because they did not believe it would be of much benefit to the people. They were also dissatisfied the contract was awarded to a person who ran a dental clinic and had no experience in construction. The Pong Khun Phet dam is planned for the Lam Cawing Tha river, a tributary of the Chi river. It was approved in 1989 to overcome dry season water shortages in six districts downstream. The 300-million-baht dam would store 82 million cubic metres of water to supply the Chi river during the dry season. The Irrigation Department hired a local contractor to build the dam in 1990 but work never started because of a campaign by local opponents who claim the benefits were overstated to make it look good. They also said the department had downscaled the project to evade the legal requirement for an environmental impact assessment and hurry it through, even though the dam would submerge about 14,000 rai of forest land. Bitter conflict erupts among villagers living along the Chi river every dry season when the level runs low and weirs are built upstream to hold back water, to the detriment of those living downstream. Supporters of the Pong Khun Phet dam appealed to a sub-committee set up by cabinet in 1990 to study the project to rule in their favour. "I admit the dam will not be a cure-all solution to the problem. "It will hold only 10% of the total of more than 800 million cubic metres of water that flows down the Chi river each year, but that will be better than living without it," said Chalerm Chansaeng, community leader from tambon Khon Sawan, Khon Sawan district. "At least 10% of the water will be controlled." Nothing had been done over the past 10 years to establish a fair distribution of water among river users. The supporters were adamant that the Pong Khun Phet dam, once built, would lead to better management of the water resource, although it might not completely solve the severe water shortage problem during the dry season.

*From Thailand-Bangkok Post, by Anchalee Kongrut Chaiyaphum, 29 January 2001*

## **EUROPE**

### **WHO IS STRUGGLING AGAINST CORRUPTION?**

When news came out that several top-ranking officials including a former minister had been taken into custody for alleged irregularities and corruption at the Energy Ministry observers felt the general anti-corruption drive which concentrated on the banking sector was now moving to other areas with a potential of targeting bureaucrats and probably politicians... For several weeks we had been complaining that while several businessmen had been arrested for allegedly plundering funds of private commercial banks, the bureaucrats and politicians who had aided them or at least had turned a blind eye to all this were still at large. With the latest anti-corruption operation we started to think now the tide was turning and that the authorities would now concentrate on bureaucrats as well as businessmen. We also felt that the probe against the officials would lead to the politicians and a general spring cleaning in Turkey would be possible. Then came the news on Monday in mass circulation daily Hurriyet that the anti-corruption operation had been launched under the orders of the military and that even the energy minister was told about it at the last moment. Of course this had many different implications which immediately plunged Turkey into a new controversy. Political leaders condemned the story and said the civilian rulers of Turkey were as sensitive to the fight against corruption as anyone else. The military leadership also denied it had ordered such a drive and that it had pushed aside the civilian government. For those of us who are aware of how things work in Turkey the possibility of such military interference was hardly unknown and so we were not at all surprised. Despite this it is still satisfactory to hear that the military leaders did not order such an operation and that they are at least sensitive to hints that the military is running the show in Turkey... Despite all this we still want to remind everyone concerned that while the drive

against corruption is proceeding with success against fraudulent businessmen, the same effort should be repeated against corrupt bureaucrats and politicians. What has started at the Energy Ministry should be expanded throughout all the other ministries where tenders are dished out. The probes should cover politicians and their families. We have been hearing for years how corrupt politicians manage to have their friends, relatives and other people who "pay for their services" land fat contracts. The authorities have to get to the bottom of all these claims and to show us openly whether those who have been accused over the years are really clean or as dirty as the rumors suggest. It is no use for politicians to scream out with indignity that they are clean. The nation has been treated to too many rumors of corruption, fraud and irregularities in all sectors including defense which have to be clarified. According to the famous Turkish saying, "You don't get smoke when there is no fire..." You only have to talk to foreign businessmen dealing with Turkey to understand the depth of corruption and Turkey's very bad image in this area... We badly need a spring cleaning.

*From Turkish Daily News, Editorial by Ilnur Cevik, 9 January 2001*

## THE AMERICAS

### PERU'S RIVETING CANDID CAMERA OF CORRUPTION

The hottest videos in Peru aren't the one-day rentals at the neighborhood Blockbuster. The footage everyone wants to see is a stash of grainy films shot by, directed by, and starring the nation's most wanted crook: Vladimiro Montesinos. The former intelligence chief - still on the lam - covertly taped hundreds of meetings held during his 10 years as ex-President Alberto Fujimori's closest adviser. The so-called "Vladvideos," thought to feature a veritable who's who of the country's political, military, and business elite, could alter the face of April's presidential and parliamentary elections. The public is clamoring to know whether the candidates that are running were also on the take. "Before we vote, we have to know the truth," says housewife Olivia Soto. But the videos fill 64 suitcases and 50 boxes, and there may not be enough time to view them before April 8 balloting. Only three of the videos have been made public, but the images they contain have left the nation reeling. "Everyone is focused on what's happening with the corruption investigations," says University of Lima political scientist Juan Abugattas. One video released Tuesday shows Congressman Ernesto Gamarra receiving money from the brother of an alleged Montesinos frontman, apparently in exchange for deflecting press inquiries into arms deals linked to Montesinos. Until the video's release, Mr. Gamarra was vice president of the congressional Waisman Commission, set up to investigate Montesinos, and a member of the Independent Moralizing Front, the political party that brought the first Montesinos video to light. Gamarra is now under investigation by congress, which could decide to lift his parliamentary immunity from arrest. Another tape released last week features former Supreme Court Chief Justice Alipio Montes accepting Montesinos's offer to run the national elections board. On the video, Montesinos informs Mr. Montes that in addition to his salary as the country's highest elections official, he will receive an extra \$10,000 per month, adding, "There won't be a receipt.... You just have to help me." Montes is currently under investigation by the attorney general. Other videos, not seen by the public, implicate the head of a Lima newspaper, a top banker, a former government minister, and the mayor of an upscale Lima district, prosecutors and judges have told the press. The last two were arrested Friday. In September, the release of the first video marked the beginning of the end of Fujimori's regime. That tape showed Montesinos apparently bribing an opposition congressman to switch sides. In the ensuing outcry, Fujimori called new elections and later resigned as president from Tokyo, where he remains. The fugitive Montesinos is wanted on a number of charges involving corruption and human rights violations. As authorities sift through more than 700 videos taken from Montesinos's home, speculation on who was caught doing what on tape has thrown Peru's entire political class under suspicion. An arrest sweep a week ago landed four retired generals and four of Montesinos' relatives in jail on corruption charges. The picture emerging confirms what many here long suspected: that Montesinos effectively ran the country, doling out judgeships and other government posts and controlling the courts, the military, and much of the media. Montesinos and his cronies still wield significant influence in the country's political institutions, commentators warn. A surprise motion introduced in Congress Thursday removed the remaining members of the Waisman Commission - an action many interpret as an effort by politicians linked to Montesinos to thwart the release of more videos. "We are asking that the list of names that appear on the videos be made public, and that the elections don't take place before the public has a chance to see the videos and know exactly who they're voting for," said Jorge Salazar of the Civil Society Collective. Interim President Valentin Paniagua, however, has declined to postpone the elections. Presidential candidate and former human rights ombudsman Jorge Santistevan is reportedly one of scores of politicians whose names appear on the cassettes. Santistevan has called for his video to be made public, saying his meeting with Montesinos involved no wrongdoing. The videos have cast shadows on the campaigns of other presidential candidates, including Independent Moralizing Front leader Fernando Olivera, one of whose close advisers was Congressman Gamarra. Mr. Olivera's campaign suffered a second blow when FIM Congressman Guido Pennano acknowledged he had thrice met with Montesinos, who offered him \$350,000 and the economic minister's job in exchange for joining Fujimori's party. So far, no video has tainted candidate Alejandro Toledo, who leads in the polls by some 20 points. Even so, "the corruption revelations really don't benefit any candidate. They are creating such a climate of suspicion and mistrust" that all politicians will suffer, says Giovana Peñaflo, director of the Lima polling firm Imasen. Amid the Montesinos corruption furor, another candidate announced his run for the presidency. Ex-president Alan Garcia returned to Peru Saturday after nearly nine years in exile. Mr. Garcia, Fujimori's predecessor, left office in 1990 amid hyperinflation, corruption accusations, and advancing guerrilla violence. Speaking before a roaring crowd in Lima's Plaza San Martin, Garcia portrayed the decade-old accusations against him as part of a plot by the Fujimori government, stressing that many of his accusers are now on the run themselves. "They don't have any videos on me!" Garcia told supporters. "I was a victim of the dictatorship."

*From Christian Science Monitor, by Rachel Hays, 29 January 2001*



# Civil Services & Ethics in Public Sector

## AFRICA

### CIVIL SERVANTS STALL ANTI-GRAFT WAR, SAYS OBASANJO RESHUFFLES 44 PERM. SECS

Yesterday was yet another day for President Olusegun Obasanjo to take stock of his 18-month-old administration, especially in its avowed war against corruption. His verdict was very frank and damning: The bureaucracy he had hoped would be the oil that would keep the engine running has, on the contrary, been a cog. According to him, despite his spirited battle and the no-business-as-usual posture of his administration, some public servants have remained as lethargic as ever. "I regret to note that the civil service has conspicuously lagged behind. It has clearly not moved sufficiently to reflect our determination to change for the better. Civil servants are reported to have developed infinite number of ways of outsmarting the system to avoid detection of their dishonest acts," he lamented. Obasanjo made the remarks shortly after conducting an oath-taking and swearing in exercise of 20 newly-appointed federal permanent secretaries which preceded the day's Federal Executive Council (FEC) meeting at the State House, Abuja. He said despite the frustrating situation, government would not be deterred as "adequate divine weapons would be deployed to fight corruption to a standstill." Underscoring the importance of the civil service in government's delivery of its programmes and policies, the President said that they (public servants) constituted a unique factor in measuring the performance of a government. He said: "When we talk of inefficiency in the system, we usually mean the civil service who are ultimately responsible for moving the files, for the implementation of government policies. Let me say that an aspect of democracy dividend expected by the people of this country is the improvement of the bureaucracy in terms of dedication, efficiency, transparency and accountability and selfless service." The President told the new permanent secretaries that they would be held responsible for the failure of his administration, warning that he would not hesitate to show the bad eggs out of the system. He noted: "It is the civil servant who are in a position to frustrate the public and then capitalise on the frustration by asking to be settled before action is taken on their matter." He added: "When people talk of corruption in government, politicians and policy makers may be the first line of attack but politicians come and go. So the civil servants who tend to be there for all seasons get their share of the blame." Obasanjo specifically told the new appointees that they would be held personally responsible for the failure of his administration's policies in their respective ministries. The ceremony was attended by colleagues, and relations of the new appointees. Also in attendance were Vice-President Atiku Abubakar, Secretary to the Government of the Federation, Chief Ufot Ekaette, Head of Service of the Federation, Alhaji Mahmoud Yayale Ahmed, Chief of Staff to the President, Maj.-Gen. Abdullahi Mohammed, the National Security Adviser, Lt.-Gen. Aliyu Mohammed Gusau and ministers. At an exercise held two days ago, where he took over from his predecessor, Alhaji Ahmed indicated his resolve to provide exemplary and qualitative leadership to the service, adding that he was prepared to offer his best to lifting the service to higher heights. "We will *Insha Allah* do our best. We are no politicians. We are public servants. We shall not lose our focus as policy facilitators. We shall work for the good of the government and the public," he said. Also yesterday, some of the new permanent secretaries told reporters shortly after the oath-taking ceremony that they considered their appointments as an opportunity to serve the people. Alhaji Guda Abdullahi said: "With a focused President Obasanjo and a dynamic and active Head of Service whose selection has been roundly hailed, I can assure you that we are more than prepared to join hands and give the service a new image capable of eliciting the loudest ovation; by the grace of God." According to Mr. P.U. Okunromade: "There can be no other time and opportunity like this to contribute one's best to the progress and growth of one's nation and people. I thank God for our great President and the able Head of Service whose combined efforts at moving the service forward would soon be appreciated." Alhaji Umar Musa Abubakar, who also spoke with *The Guardian*, said: "No public servant now has a cause to be found inefficient with the kind of leadership God has given the country in general and the service in particular. We cannot be luckier. For me, it is a great challenge." Meanwhile, the president has approved posting of the permanent secretaries and directors-general in 44 ministries and parastatals. In a release yesterday signed by the head of service, Alhaji Mahmud Yayale Ahmed, some of the old permanent secretaries were moved around. For instance, Mr. G.B. Preware has been moved from Foreign Affairs Ministry to Labour and Productivity; Dr. Aboki Zhawa from Petroleum Resources to Establishment and Pensions in the Head of Service's office. Mr. David O. Oyegun, formerly of Defence has been moved to National Planning Commission and Ms. Ama Pepple reassigned from Information Ministry to Petroleum Resources. Meanwhile, following the retirement of Mr. Fortunatus Williams, Dr. Babanjish M. Aliyu has been appointed the new permanent secretary in the Federal Capital Territory (FCT) ministry. Prof. B. Barkindo retains his portfolio in Communication just as Moke O. Onoja, Alhaji Hussein Akwanga retain Economic Affairs and Internal Affairs respectively. Dr. Abdullahi Aliyu, former Family Economic Advancement Programme (FEAP) Director-General is now the DG of the newlook Poverty Alleviation Programme. The new team has five women as permanent secretaries. They include Mrs. A. Mojisola Rufai, a former director of salaries and wages commission, now permanent secretary of Salaries and Wages Commission and Mrs. Ammuna L.I. Ali of Commerce Ministry. According to the Head of Service, the president has directed that taking/handing over formalities be completed by January 15, 2001. However, the permanent secretaries of the FCT, Finance, Agriculture and Water Resources who have retired from service are to complete handing/taking over by January 31. *The Guardian* learnt the exemptions arise because the concerned officers are helping the new head of service on some screening. The postings are as follows: Mr. Ibrahim Talba, Office of the Vice President; Mr. M.O. Oyelakin, General Services (OSGF); Mr. M.O. Onoja, Economic Affairs (OSGF); Mr. O.O.

Ogunkua, Council Secretariat (OSGF); Mr. B.U. Maitambari, Special Services (OSGF); Dr. K. Nkumah, Ecological Funds (OSGF); Dr. Hakeem Baba Ahmed, Political Affairs; Dr. Aboki Zhawa, Establishments and Pensions (OHCSF); Mr. Garba Buwai, Manpower Development (OHCSF); Mr. T.D. Oyelade, Management Services (OHCSF); Dr. B.A. Akinola, Service Welfare (OHCSF); Mr. N.B. Danbatta, Public Service Office (OHCSF); Mr. Guda A. Abdullahi, Agriculture; Mr. R.U. Audu, Aviation; Mrs. Amuna L.I. Alli, Commerce; Prof. B. Barkindo, Communications; Mr. G.O. Enuokora, Education; Engr. D.B. Usman, Environment; Dr. B.K. Kaigama, Defence; Ambassador T.D. Hart, Foreign Affairs; Mr. R.O. Mowoe, Finance; Mr. S. A. Suleiman, Health; Dr. Safiya I. Mohammed, Information; Dr. Babangida M. Aliyu, Federal Capital Territory; Dr. R.O. Adeoye, Federal Civil Service Commission; Mr. A.E. Ogbuehi, Industry; Ms. T.O. Akerele, Justice; Mr. H.Z. Akwanga, Internal Affairs; Mr. E.A. Ekerendu, Power and Steel; Ms. A. Pepple, Petroleum Resources; Mr. D.O. Oyegun, National Planning Commission; Dr. C.J.G. Orjioko, Science and Technology; Mr. O.M. Ojo, Solid Minerals Development; Mrs. Grace Archibong, Police Affairs; Mr. A.O. Okafor, Water Resources; Mr. P.O. Okunromade, Women Affairs; Mr. J.P. Hirse, Transport; Mr. Umaru Aji, Sports and Social Development; Mr. Tukur Mani, Works and Housing; Mr. G.B. Preware, Labour & Productivity; Mr. Umaru M. Abubakar, Culture & Tourism; Mrs. A.M. Rufai, Salaries & Wages Commission; Mrs. L. N. Asugha, Office of the Head of Service; Dr. Abdullahi Aliyu, Poverty Alleviation Programme.

*From Nigeria-Guardian, by Martins Oloja and Emeka Nwankpa, Abuja, 4 January 2001*

## **DON'T POLITICISE CIVIL SERVICE, AHMED WARNS**

Ahmed, speaking during a handing over ceremony attended by the out-gone Head of Service, Mr. Abu Obe and permanent secretaries, said: "Don't praise me, don't condemn my predecessor. An appeal to our friends in the press. We are not politicians. Don't politicise the civil service. We will do the right thing in accordance with rules and regulations. "We count on your co-operation. We welcome your criticisms. We will not give any rejoinder ... If you (new perm secs) do the wrong thing I will expose you without fear or favour". Apparently dismissing fears that all permanent secretaries who are older than him will be retired, the 48-year-old head of service revealed that even some of the 18 new permanent secretaries were also older but that they had nothing to fear. Earlier, Obe revealed that as a coincidence of history, when President Obasanjo appointed him unexpectedly 18 months ago, he was so overwhelmed and speechless that it was Ahmed, then permanent secretary, who spoke on his behalf. He added: "On the first day I was appointed, I couldn't talk. When I got home I drove to his house for advice ... I was always going to him ..." Obe said he was excited because the memories were still so fresh and that it would be apt to call the current service regime, Abu Obe-Yayale regime. He again thanked God and President Olusegun Obasanjo for an opportunity to serve the country. He told the audience of out-going and in-coming permanent secretaries to be sworn in today at the Aso Rock Villa that it was gratifying that for the two years he served as head of service, he never quarrelled with "my permanent secretary". In response to insinuations about incompetence, Obe who said "Ahmed is capable", revealed that after a year in office, the Presidency wrote a letter of commendation to him. At the brief handing over ceremony at 1.17 p.m. at the Olusegun Obasanjo Conference Hall of the Bullet House Complex, Obe took a quick last look at the hall where he cracked lots of jokes and held sway and reflected: "Today marks the end of my service ... I have reached the apex of my service ... I thank God and President Obasanjo ... that I am handing over to a brother, a trusted friend, a sound technocrat Alhaji Yayale Ahmed". In a revelation that surprised all, the new head of service said Obe used to tickle him with the reference "heir apparent". Ahmed, a former Permanent Secretary, Internal Affairs Ministry and Ministry of Education told the permanent secretaries: "I will share my responsibility with you. We will not fail." He recalled that Obe "assumed the daunting challenge of leading the Nigerian civil service at a most critical period of its history. The civil service at that period was characterised by loss of sense of direction, lack of respect for rules and regulation, low productivity, pervasive corruption and general indiscipline." Obe in a symbolic gesture handed over his red pen to Ahmed who in return handed a blue one to him.

*From Nigeria-Guardian, by Martins Oloja, Abuja Bureau Chief, 3 January 2001*

## **ANGOLA: IRIN FOCUS ON CORRUPTION ALLEGATIONS**

[UN Integrated Regional Information Network](#) Angolan riot police last week broke up an opposition party demonstration protesting the silence of President Jose Eduardo dos Santos in the face of allegations linking his government to illegal arms sales and alleged corruption. The police moved in on Thursday to end a hunger strike by 25 supporters of the small Luanda-based Party for Democratic Assistance and Progress of Angola (PADPA) which began on Wednesday in a park outside the presidential palace. They reportedly arrested eight of the organisers of the event, ruled illegal by the office of the Attorney General as it had taken place within 100 metres of a key government building. The PADPA protest followed a letter sent to dos Santos on 16 January demanding an official statement over a corruption trail in France that has linked French and Angolan officials to a complicated scandal involving oil royalties, international banks, and arms deals. According to the British-based environmental and human rights NGO Global Witness, what has emerged in the legal proceedings in France is a "gruesome tale of money laundering and state robbery at the expense of the long-suffering Angolan people". Simon Taylor, one of the founders of Global Witness, told IRIN that he recognised the bravery of PADPA demonstrators in a country not noted for its tolerance of political dissent. But, "at the end of the day, behind all of this mess is a European country up to its eyeballs in corruption", and key Western powers that have turned a blind eye so as not to jeopardise access to the lucrative Angolan oil market. "In addition, we have to rope in the oil companies. Because they have not been transparent over what they pay to the Angolan government [in royalties], they are absolutely complicit in this mess," he added. The arrest on 2 December in France of Pierre Falcone, who has been described as the government's weapons "facilitator", exposed a process that Global Witness alleged is "ultimately about how the Angolan war has been privatised to the benefits of the elite" and where the "current scale of state robbery appears to be easily a competition for Abacha's Nigeria and Mobutu's Zaire". At the heart of the scandal is the lack of accountability over how state finances were raised against future oil production, which were

then used to purchase weapons at allegedly inflated prices supplied by Falcone. "Throughout the procurement process there were kickbacks," Taylor said. "The scale of looting is absolutely massive, from the early 1990s to the present day." He added that the 26-year conflict against UNITA rebels has been "de facto privatised, with key officials who can determine the peace having a financial vested interest in the war continuing." Taylor charged that "once again the international community has failed Angola". In the West, oil companies routinely open their books for inspection. But in developing countries such as Angola, where oil generates 90 percent of state income, he said the transparency ends. "How can [civil society] hold the government to account when the oil companies don't publish the data? If it is not sensitive for the North Sea, why is it a problem anywhere else?" In April last year, in response to concerns over the lack of transparency in the use of oil revenues, an agreement was finalised between the IMF, the World Bank and the Angolan government to monitor oil funds as part of a broader Staff Monitored programme (SMP). In November, the international consultancy firm KPMG was contracted to implement a "diagnostic" of the oil industry, an exercise that is less rigorous than a full audit. "This is the crux of the matter," said Alex Vines, a senior researcher at Human Rights Watch in London. "An oil diagnostic is much weaker, particularly because it will not be back-dated. This is a crucial transparency issue." According to Taylor, "frankly the IMF programme as it stands is going to miss the boat". He alleged that "they are looking at the revenues from the oil companies that are paid into the government's accounts but they are not looking at where the money is going."

*From allAfrica.com-Central Africa, 29 January 2001*

## ASIA/PACIFIC

### MORI GAIN STATES COMMITMENT TO ADMINISTRATIVE REFORM

Prime Minister Yoshiro Mori pledged Thursday to put forward a plan to streamline entities attached to government ministries and agencies. Administrative reforms are "one of the most important issues for my Cabinet," Mori said at a news conference here. The Prime Minister traditionally makes an annual New Year visit to Ise Shrine. "We must speed up the process of reviewing (the reform of special public corporations) and map out a direction for their reforms at an early date," he said. Mori was referring to a plan to streamline the entities by the end of April 2002, a schedule he said he wants to see followed. Special public corporations are established by the government as instruments for state activities. They consist mainly of funds, foundations, corporations and banks, such as the Japan Foundation, the Export-Import Bank of Japan and the National Space Development Agency of Japan. Mori also pledged to draw up a reform plan for public servants by June and to implement the legal revisions necessary to carry out the scheme. Mori's comments came ahead of a sweeping reorganization of government ministries and agencies that takes effect on Saturday. The reforms will reduce the number of government entities from 23 to 13. Mori also indicated that his government will not make hasty decisions in its negotiations on diplomatic ties with North Korea. "The negotiations are at a point where the two sides are searching for common ground," Mori said. "The next round of negotiations will be held after the two sides feel they are prepared, after studying talks in the last round." Japan and North Korea resumed talks on normalizing diplomatic ties last year for the first time since 1992. But they have been unable to resolve their differences over Japan's allegations that North Korean agents kidnapped Japanese nationals in the 1970s and 1980s and North Korea's demand for an apology and compensation for Japan's colonial rule of the Korean Peninsula. "We will continue to deal with the issues in a steadfast manner," Mori said. Mori traveled to Ise Shrine with seven ministers, including Chikage Ogi, construction minister and leader of the New Conservative Party; Takeo Hiranuma, international trade and industry minister; and Education Minister Nobutaka Machimura.

*From The Japan Times, 5 January 2001*

### WHERE CORRUPTION TRADITIONALLY THRIVES

The impeachment trial of President Joseph "Erap" Estrada resumes (resumed) in the Philippines Senate on Jan. 2, with further "explosive" revelations promised by the prosecution and "even more explosive" evidence promised by the defense. Mr. Estrada is accused of bribery, betrayal of public trust, violation of the constitution, and graft and corruption — and even among his supporters hardly anyone truly believes that he is not guilty. On Jan. 6, Thai voters are set to give the Thai Rak Thai party of telecom tycoon Thaksin Shinawatra up to 200 of the 500 seats in parliament. But it's unlikely that Mr. Thaksin will ever become prime minister, as he has been indicted by the National Counter-Corruption Commission for concealing his assets. The Thai approach certainly saves time: You indict the man before electing him to run the country, not afterward. But the corruption problem is no joke in either country, and could sabotage their whole strategy for escaping from poverty. Some even fear democracy has made the situation worse. "Erap" Estrada is certainly a democratic phenomenon. He is a former movie star with hardly any education, and a chaotic lifestyle that involved drinking half the night with cronies, sleeping until nearly noon, and lavishing funds on (at last count) five mistresses and a dozen children. His film career consisted of roles in which he played brave underdogs from the streets, sentimental tough guys who did Robin Hood-style good deeds. Poor Filipinos, mistaking Mr. Estrada the populist politician for the screen character they adored, swept him into office two years ago over a divided opposition. Whereupon Mr. Estrada set out to make money out of the presidency. It might have gone on that way for years, while the dream of a modern Philippines decayed. But then Mr. Estrada tried to cut Ilocos Suro governor Luis "Chavit" Singson out of managing a new commercial lottery game that was to replace the illegal "jueteng" numbers game that Singson had been running for years. When Mr. Singson heard that the local franchise for Bingo 2 Balls game was being given to one of his political rivals in the province, he went ballistic and blew the whistle on the president. "I normally collected 32 million to 35 million a month," said Mr. Singson in a sworn statement in October. "Out of this amount I personally handed over to President Estrada in his office or his other houses the amount of 10 million pesos a month."

In total, Mr. Singson said, he had channeled more than 400 million pesos (\$8 million) in payoffs from jueteng to Mr. Estrada, plus another 130 million pesos (\$2.6 million) that he skimmed off tobacco taxes. There is no reason to suppose the president wasn't doing the same thing in every province, and running other scams as well. But Mr. Singson's whistle-blowing was enough to galvanize the opposition and break up Mr. Estrada's coalition in the House of Representatives, which then delivered him to the Senate for trial in early December. By comparison, Thaksin Sinawatra's crimes in Thailand seem minor. He is accused of concealing assets worth 647.5 million baht (\$15 million) when he was briefly deputy prime minister in 1997. His claimed family wealth even then was 22 billion baht (\$1.2 billion), so this could be excused as a mere oversight — but the National Counter-Corruption Commission discovered he had not mentioned the assets because he was busy transferring them to his maid, his driver and even his nanny in order to avoid tax payments due on them. So Mr. Thaksin's party is leading in the polls, thanks largely to the fact it is vastly outspending all the other parties — but Mr. Thaksin, if found guilty, is looking at a five-year ban on holding public office. Even this hardly compares with the prison sentence awaiting Mr. Estrada if the Senate finds him guilty. So does this prove that the Philippines and Thailand are hopelessly corrupt countries unsuited to democracy? Of course not. Germany and France, with about the same population as Thailand and the Philippines, are currently dealing with scandals involving illegal campaign financing and influence-peddling allegations against former German Chancellor Helmut Kohl and current French President Jacques Chirac. It doesn't mean their systems have failed. It means they actually work. The same is true for the Estrada and Thaksin scandals. The point is that the Southeast Asian countries have now also put systems in place for dealing with them.

*From Washington (DC) Times, by Gwynne Dyer, 4 January 2001*

## **KIM ORDERS SPECIAL ANTI-CORRUPTION STEPS**

President Kim Dae-jung yesterday ordered the Cabinet to prepare a package of "special" measures to promptly fight deep-rooted corruption. In a Cabinet meeting at Chong Wa Dae, President Kim said, "It is deplorable that corruption remains uncontained despite efforts to do so on a sustainable basis." The President cited a recent survey of foreigners by the Korea Trade- Investment Promotion Agency (KOTRA) that shows that nearly 60 percent of respondents think corruption is prevalent in both the private sector and the government, which deters their investment in Korea. "I feel shocked," Kim said. "Ordinary citizens would feel even more skeptical." He stated that corruption is a matter of societal discipline, the lack of which disappoints the people and lowers our credibility in the international community. "Fighting corruption on a sustained basis is the only answer," he said. "For that, a systematic approach is more important than surveillance and punishment." He offered "e-government" as one solution in which matters will be processed through the Internet, minimizing the chance of contact between ordinary people and public servants. Meanwhile, the President asked his ministers to take steps to lessen inconveniences for the public as a result of the heavy snowfall, while keeping an eye on consumer prices, back pay and traffic ahead of the upcoming Lunar New Year.

*From Korea Times, by Oh Young-jin Staff Reporter, 9 January 2001*

## **CLOSING ONE EYE, THE CIVIL SERVICE WAY**

Call it red tape, excessive bureaucracy, or overlapping rules - it exists in both governments and corporations alike. YAP CHUIN WEI gets an insight into how two top men in the public and private sectors manage the red tape that exists in their organizations - The Singapore Civil Service and the term 'close one eye' do not make the most comfortable of bedfellows. If anything, the more common gripe is that bureaucrats here are too unbending in their straitlaced administration of public service. But if Mr. Khaw Boon Wan can help it, they may have to learn to relax - in the right places. The Permanent Secretary of the Ministry of Trade and Industry (MTI) believes that there is something to be learnt from a careful application of flexible regulations. In his spartan ninth-floor office atop The Treasury, the trade and industry supremo explains his approach to managing red tape, lucid and unhurried, without making any apologies for Singapore's strict adherence to rules. 'Uncertainty is a risk, and therefore a cost. 'Our certainty has been a strength, but potentially, if it leads to a stifling of new business activities, it's a different story,' he said. It was a recent trip to technology nodes on the US west coast that piqued his awareness that uncertainty could be a powerful weapon in the new economy. 'I don't think that US government rules are more progressive than ours. Yet, they have been able to experiment with very flexible land use.' An interesting anecdote emerges: 'In San Francisco, the port business has been winding down, so there are a lot of dilapidated godowns in the wharf area. 'In the past few years, the land use regulators set up rules to allow artists to operate from these godowns. But the start-ups moved in because there were not so many artists to begin with. 'Young start-ups have no money, so they go for the cheapest accommodation. The rules were absolutely against that, but the regulators closed one eye. 'Had the regulators been stringent, the start-ups would have gone somewhere else. 'In our case, there may be scope to set up experimental zones. Within these zones, we can do as the American regulators did, which is close one eye.' The experimental zone he has in mind is the upcoming Buona Vista science hub, already touted as a policy experiment in the flexible urban integration of residential, educational and industrial zones. But Mr. Khaw wants to strike a balance, signalling that an open mind to cutting red tape is not the same as opening the floodgates for anarchy. 'We certainly don't want to go overboard. I come from Penang, where such things happened a lot. 'My mother-in-law's house was in a good residential area, until suddenly the neighbour turned his house into a godown... 'We still need clear rules. But to the extent that the activities are non-nuisance-causing, we must facilitate that.' It was a typical nuts-and-bolts practicality that drove the Civil Service in September last year to set up the Pro-Enterprise Panel, of which Mr. Khaw is a member. 'Precisely because the new economy places a premium on new activities, our rules could not have anticipated them, and may be stifling,' said Mr. Khaw. To push a concerted policy response to cut red tape for businesses, he rallied support from the firmament of top mandarins in the country. He said: 'You need support from all the permanent secretaries - and there was strong support from them - because new economy activities cut across the whole spectrum of ministries.' Today, an online

suggestion box sits on the Pro-Enterprise Movement website as part of MTI's Net pages, a testament to the Civil Service's ongoing experiment. Mr. Khaw firmly believes that how the Civil Service responds to the suggestions will make or break the experiment in soliciting public participation in administrative affairs. 'No amount of persuasion is as effective as how you respond to such suggestions. If the response is prompt and serious, that in itself will invite more suggestions.' He sums it up simply: 'It's a credibility issue.'

*From Singapore Straits Times, 12 January 2001*

## **HONG KONG'S HEAD OF CIVIL SERVICE QUILTS**

Hong Kong's top civil servant has left her post less than 18 months before her contract expires, a move signaling the greatest government reshuffle since the former British colony was handed back to Beijing in 1997. The South China Morning Post online version confirmed on Friday that the chief secretary for administration Anson Chan had resigned and that finance secretary Donald Tsang Yam-kuen is tipped to take her place. Last year Beijing rebuked Chan, indicating she had failed to support Hong Kong's chief executive Tung Chee-hwa to its liking. Tung was chosen by China to rule Hong Kong after the handover and has seen his popularity plummet in the last year over criticisms of mismanagement and a failure to address the concerns of all Hong Kong residents. In contrast Chan has mustered a lot of support in Hong Kong. She was vocal about introducing full democracy to the former colony, but Tung's government was not prepared to budge from the current system of the public electing a few lawmakers. Bodies of special interest groups hold most of the power here and observers say they fall more in line with Beijing's wishes than an independent Hong Kong's. Within just 30 minutes of meeting vice premier Qian Qichen in Beijing last September, China's official news agency Xinhua reported that Chan and the civil service were instructed to give Tung "better support." The agency quoted Qian as saying that he hoped Chan, "together with the whole civil service, can better support the work of the chief executive, to continue to contribute to the prosperity and stability under the leadership of Tung Chee-hwa." Chan brushed off the remarks saying that Beijing always asked for continued support for Tung, but Hong Kong media always watching for interference from Beijing, interpreted the Xinhua statement as a clear directive. Former British governor Chris Patten appointed Chan and her resignation, after nearly 40 years as a civil servant, cuts a major link in Hong Kong between the former British rulers and the Chinese government. A government statement said that Chan and Tung would meet the media Friday afternoon but no further details were given. Reports said Chan plans to remain in her post for several months while a replacement is named and to ensure a smooth transition. Local media reported Chan said recently that it was time for her to do other things and visit with her grandchildren.

*From UPI-World, by Katherine Arms, 12 January 2001*

## **CIVIL SERVANTS UPBEAT ON REORGANIZED BUREAUCRACY**

Bureaucrats in their 20s and 30s were apprehensive but upbeat Tuesday when work started in earnest following the biggest administrative shakeup since the end of World War II. The governmental realignment reduced the number of ministries and agencies from 23 to 13, with Tuesday constituting the first working day for government officials under the new system following Monday's national holiday. Masataka Kiyotake, 30, an official at the Environment Ministry, which was upgraded from its former status as an agency, said he is glad the government has clarified the position of environmental policymakers. "Public expectations of environmental issues is growing. We'd like to make our presence felt by riding this wave," he said. Takashi Yanagi, 35, who has been involved with the country's nuclear policies since joining the Science and Technology Agency in 1987, expressed regret that most of the agency's nuclear sections have been transferred out of the new entity -- the Ministry of Education, Culture, Sports, Science and Technology. Kanako Asato, 24, who worked at the Health and Welfare Ministry's Children and Family Bureau to promote legal measures to combat child abuse, meanwhile voiced concern regarding possible friction between the merged ministries, but remained optimistic. The Health and Labor ministries were merged to form the Ministry of Health, Labor and Welfare. "Some say that the Health Ministry has absorbed the Labor Ministry and that it will be difficult to adjust to the Labor Ministry's pace. I guess this friction will last for the time being, although it will resolve itself sooner or later," she said. A 25-year-old male official at the new Ministry of Land, Infrastructure and Transport, which is housed in a new building, said, "At first it (the functioning of the merged bodies) may be jerky, but I'll just work hard to make the new system work smoothly." Machi Doi, 31, a member of a nongovernmental organization who was hired to the Cabinet Office as a specialist on violence against women, said she is "honored" to work as part of the newly created body. "I am honored because my grassroots activities were acknowledged despite a trend in which most people chosen from the private sector are male university professors. I'd like to take advantage of my experience and personal links," she said. Similar optimism was voiced by 31-year-old Tomoko Terashima of the Health, Labor and Welfare Ministry, who said she believes the new body can work efficiently to create an environment where people can work and raise children without anxiety. Yukimi Kadowaki, 29, of the Education, Culture, Sports, Science and Technology Ministry, said the administrative reform is a good opportunity for bureaucrats to launch more ambitious projects.

*From The Japan Times, 10 January 2001*

## ENHANCE TEAMWORK FOR WORK EXCELLENCE, CIVIL SERVANTS TOLD

Deputy Prime Minister Datuk Seri Abdullah Ahmad Badawi Monday urged civil servants to enhance teamwork and cooperation among them to attain high work excellence in the civil service. Without good teamwork and close cooperation, the desired work excellence might not be achieved, he said. "Hence, it is important to ensure a high level of teamwork and cooperation at all times," he said addressing staff of the Prime Minister's Department at a Hari Raya reception here. Abdullah also said employees of an organisation must be well-versed with their roles and responsibilities to achieve good work performance. "If everyone perform their work well and understand their responsibilities, the desired success can be achieved," he said. Abdullah also said social functions such as this could help enhance friendly ties among staff and officers at various levels of the civil service. Also present were Abdullah's wife Datin Seri Endon Mahmood, Minister in the Prime Minister's Department Datuk Dr Rais Yatim, his deputy Tengku Azlan Sultan Abu Bakar and Chief Secretary to the Government Tan Sri Abdul Halim Ali.

*From Malaysian National News Agency, 22 January 2007*



Deputy Prime Minister Datuk Abdullah Ahmad Badawi and his wife Datin Seri Endon Mahmood (second from right) cut the cake at the Prime Minister's Department's Hari Raya gathering in Putrajaya, near Kuala Lumpur, Monday. Also present are Chief Secretary to the Government Tan Sri Abdul Halim Ali (left), Minister in the Prime Minister's Department Datuk Dr Rais Yatim and his wife Datin Masnah (right).

## TOP CIVIL SERVANTS GET JOB SWAP OPPORTUNITY

A select number of senior civil servants will join an exchange programme on which they will spend time working in companies in order to gain a better perspective of the private sector, said Secretary for Civil Service Joseph Wong Wing-ping. Their private-sector counterparts, with similar experience, will be given the chance to work in government departments. No more than 10 senior administrative officers - the most senior being the Chief Secretary for Administration - will be selected to work in private companies for between six and 12 months. There may not be a straight job swap, however, as the exchange periods may not overlap. The scheme is expected to start this year and the programme will be reviewed after 18 months. The participating companies are well-established and large and the scheme will help staff update their management skills. They will learn how private companies operate, Mr. Wong said. He denied that implementing the scheme meant civil servants were a step removed from their private-sector counterparts. "However, it would be good for them to gain some first-hand personal experience especially in some areas, including the financial sector and the information technology industry, which are changing rapidly," he said. "The officers chosen are competent, high-fliers with potential," Mr. Wong said. He said that when they returned to their civil service posts the officers would not be asked to deal with matters relating to the company where they had worked. This was to avoid a conflict of interests, he said. In turn, staff from the private companies would be prohibited from disclosing confidential information that they might have gained during their training period. There would also be an understanding that staff from both sides would not be recruited by either side after the training period had expired. The civil service chief also said he believes there will be no problem in filling vacancies left by retiring policy secretaries. The forthcoming resignation of Chief Secretary for Administration Anson Chan Fang On-sang and the departure of policy secretaries who are near retirement have sparked fears that there may be succession difficulties. Those due to leave include Secretary for Housing Dominic Wong Shing-wah, 58, Secretary for Planning and Lands Gordon Siu Kwing-chue, 55, and Secretary for Transport Nicholas Ng Wing-fui, 54. The Secretary for Civil Service said there were enough competent and talented staff members within the civil service to replace the outgoing secretaries. He said that there could also be a recruitment drive for applicants from the private sector to fill senior posts and added that the departure of Mrs. Chan in April would not adversely affect civil service reform.

*From China-South China Morning Post, by May Sin-Mi Hon, 29 January 2007*



[Click to zoom](#)

Joseph Wong: updating skills

## XINJIANG BOOSTS ANTI-CORRUPTION DRIVE

A total of 2,480 Party and government officials in northwest China's Xinjiang Uygur Autonomous Region were given party disciplinary or administrative punishments last year. Those punished included 13 officials at city level and 107 leaders at county level, said Hu Jiayan, secretary of the regional disciplinary inspection committee in Xinjiang. Until the end of last November, the procurators in charge of anti-corruption and supervision in Xinjiang had received 22,000 reports from local residents. The procurators placed 2,620 cases on file and wound up 2,283 cases, retrieving 57.8 million yuan (US\$6.96 million) from the economic

cases, Hu said. All of the punished officials had either bought computers and private cars with public funds or provided jobs and promoted their family members or relatives by illegal means.

*From China Daily, 28 January 2001*

## EUROPE

### CORRUPTION PROBE NETS 7 SENIOR POLICE OFFICERS

Seven senior police officers were charged yesterday with a number of offenses following the completion of a two-year investigation into allegations of corruption in the drug squad. The probe, which was completed on Wednesday, found that the seven were involved in the release of narcotics offenders or the covering up of offenses in 1997 and 1998. The officers are Brigadier Giorgos Angelakos, chief of security for Attica and the former head of the drug squad, as well as senior drug squad officers Ioannis Rahovitsas and Christos Tsovolas, Sotiris Sotiropoulos, Constantine Skoularikis, Giorgos Kastanis and Irini Nikolopoulou. The latter two are charged with using illegal means to extort a false deposition in May 1997 from an inmate of Halkida prison, Eleftherios Paphitis, who later withdrew his testimony and accused the two officers of blackmail. Rahovitsas allegedly took 74,000 Belgian francs from a suspect being held on drug charges.

*From Greece-Kathimerini, 5 January 2001*

### FALL IN PENSIONED-OFF CIVIL SERVANTS

Lower interest rate is said to be the cause for civil servants opting to stay on rather than retire - Emekli Sandigi (Pension Chest) General Director Naci Yatbaz has told Anatolia news agency reporters there has been a significant drop in the number of civil servants opting to retire as the prospect of retirement is no longer as financially attractive as it used to be. According to Yatbaz, some 4,815 civil servants moved into retirement in June 1999 but this figure had fallen to just 3,297 in June 2000. The number of civil servants retiring in September 1999 was 13,813, whereas last September the figure had fallen to 10,321. The total number of retiring civil servants in 1999 was 67,537 and just 61,157 in 2000. In the past, civil servants were tempted into retirement by high interest rates that allowed them to invest their lump sum payment with the guarantee of a modest income from the interest. Now that interest rates have fallen, retirement no longer holds such an attraction. Furthermore, while at the bottom end of the pay scale there is very little difference between the working salary and the monthly pension, as one gets higher up the promotional ladder, the difference becomes more and more noticeable, which convinces many civil servants to stay on rather than retire.

*From Turkish Daily News, 9 January 2001*

### ETHICS COMMISSION TO RULE ON TWO LITHUANIAN MINISTERS

Prime Minister Rolandas Paksas on 22 January submitted to President Valdas Adamkus the resignation of Transport and Communications Minister Gediminas Striaukas, BNS reported. The Special Investigation Service had raised questions whether Striaukas had breached service ethics in his previous post as head of the Lithuanian Road Directorate because a company in which his wife owned stock had won many of the contests for contracts which the Directorate held. Adamkus will wait for the judgment of the Chief Public Service Ethics Commission before deciding whether to accept Striaukas's resignation. The Ethics Commission is also deciding whether Economy Minister Eugenijus Maldeikis acted improperly during his recent visit to Moscow where he conducted talks with Gazprom. SG

*From Radio Free Europe, 24 January 2001*

### GREEKS BELIEVE WORST OF THEIR CIVIL SERVICE

Most Greeks are certain that the public sector, and hospitals in particular, is rife with corruption, and back the government's decision to make civil servants table annual declarations of assets, a newspaper poll indicated yesterday. According to the nationwide survey conducted last week by Kapa Research on behalf of the Sunday Ethnos, 79.4 percent of the people questioned said they believed corruption is prevalent in the public sector. Two percent rejected the notion. Civil servants have shown great discomfort at their new obligation - which comes into effect this year - claiming it will infringe on their privacy. Interior Minister Vasso Papandreou's only concession so far has been to extend the deadline for submitting the forms until February 15. Those who fail to comply could be dismissed. Just over 38 percent of respondents in yesterday's poll said the measure will be "very useful" in curbing corruption, while 34.9 percent agreed that it would be "fairly" useful. Asked in which state departments the measure ought to be implemented, 71.4 percent said it was "absolutely necessary" in hospitals. The town planning authority came second at 71.4 percent, followed by tax offices, ministries and local authorities.

*From Greece-Kathimerini, 29 January 2001*

## THE AMERICAS

### SICK OF CORRUPTION, MAYOR PRINTS HIS OWN MONEY

Mayor Roman Cruz Mejia likes new President Vicente Fox's promises to reduce corruption and improve services. But he knows that Fox doesn't have the money to turn all his promises into deeds. So here in this pretty valley city south of the capital, famous for its winter poinsettias, Cruz has taken matters into his own hands: He is printing his own money. His currency is not pesos, but blue and green notes called grillos, named for the hardworking crickets that are so plentiful here. Cruz hands them out to citizens who sweep streets, pick up trash, paint curbs and traffic signs and otherwise improve the city. This year, a "grillomobile" loaded with food will roam neighborhoods weekly, allowing people to redeem their grillos for fruit or rice. Like Tom Sawyer getting his fence whitewashed, Cruz has found a way to get residents excited about performing valuable public services at little cost to the city. With big needs and little cash, it's the kind of innovative local leadership that the nation needs to wipe away decades of lazy government. Fox, who took office Dec. 1, has inherited a budget that cannot fully fund his ambitious plans to diminish poverty, improve schools and give more cash to municipalities such as this one in the hot Cuernavaca Valley. So, much of the responsibility for creating a more efficient nation is falling to local leaders in the country's 2,400 cities and towns, which are undergoing an unprecedented turnover in political party leadership. For most of the 20th century, cities and towns were run almost exclusively by officials from the Institutional Revolutionary Party (PRI) which controlled the presidency from 1929 until Dec. 1. Historian Lorenzo Meyer said that from the 1920s until 1983, only five municipalities ever had a mayor who was not a member of the PRI. But as other parties, particularly Fox's National Action Party (PAN), have grown in strength, the PRI's grip on municipalities has slipped from 1994, when the party controlled about 90 percent to today's 57 percent. The turnover is sparking fresh energy and innovation, and spreading some much-needed sunshine on government finances. New mayors are getting their first detailed looks at local financial records that show the cronyism and corruption of seven decades of one-party rule. And they are exposing it. Here in Jiutepec, Cruz, a member of the PAN, inherited what he describes as a government so corrupt that its civil servants stole or mismanaged as much as half of the city's revenues and built themselves grand homes. The PRI controlled the city for decades until 1997, when a mayor from the Party of the Democratic Revolution (PRD) took over. After Cruz took office last month and pored over the city's accounting books, he fired 50 civil servants and said more may lose their jobs, because "the only way to get rid of the rabies is to kill the dog." Cruz said his city's annual income is 15 million dollars, half of what it should be. Jiutepec relies on business licensing fees for a significant part of its revenue, but Cruz discovered that city coffers contained fees from only one in five local businesses. The fees from about 8,000 businesses had apparently been stolen or forgiven by city employees. Cruz now has a team of "corruption hunters" looking for theft of city money, videotaping police to document how they are treating citizens and inspecting construction sites, where safety codes are sometimes ignored for payoffs. All the corruption has left behind a pittance for city services. For example, Cruz said that even if he bought trash cans for city sidewalks, he has only two garbage trucks to serve 200,000 people. So with no pesos and dirty streets, the new mayor turned to grillos. His idea worked; grillos are suddenly as popular as lottery tickets, and local citizens are jumping at the opportunity to trade a little work for some food. The cleaning brigades go into high gear at 8 a.m. Saturdays, when swarms of neighbors start trimming trees, painting curbs and sweeping the trash. On one recent morning, Jesus Nazario Becerra, 54, an unemployed laborer, stood over milk cartons and other trash he had swept into a big pile near a downtown park. Nazario said the cleanup program appealed to him because he didn't have any other work, and because "we all have interest in this; we benefit from a clean city." Nazario said his six hours of sweeping would earn him 10 grillos, the equivalent of about 1 dollar. He said he was looking forward to cashing them in for a sack of rice or some fruit. His only regret, he joked, was that "you can't use them for tequila."

*From Mexico-Novedades, 3 January 2001*

### ETHICS UPDATE DRAWS 400 PUBLIC OFFICIALS

White had sent out 670 invitations for the presentation on ethics issues by David Freel, executive director of the Ohio Ethics Commission. Freel's presentation in LCCC's Stocker Center followed an introduction by White. White recounted several recent ethics violations in the county. "It's tougher when you know the people involved," said White. "When law enforcement touches you personally, it's especially tough." Freel is a lawyer and 17-year veteran of the Ohio Ethics Commission. Prior to the meeting, Lorain Mayor Craig Foltin expressed the need for such a meeting to address ethics. "In light of some of the scandals in the county, and the (Vince) Urbin issue in Avon Lake, I think it's an excellent idea," he said. "It might help eliminate any ambiguities about what's proper and what's improper." Gregory J. Zilka, Avon Lake council-at-large, talked about the meeting's importance. "I think it's very important to have something like this," he said. "It's important to know the law, so we know what's appropriate and what's not." Asked if some of the county's recent woes were linked to ignorance of the ethics laws, Zilka said, "Sometimes you get so close to an issue, or so wrapped up in it that you lose sight of the ramifications -- that's why I think this meeting is a good idea." Amherst Council President John S. Dietrich said being a political figure is full of unpredictabilities. "Being a public figure has its ups and downs," he said. "You have to know what position you're in. It's a fine line you have to walk -- a very fine line." Officials from all levels attended. "Lorain County is a county in transition," White said. "There is conflict between rural and urban lifestyles. Housing starts have doubled in the last 10 years. As public officials, we feel caught up in that squeeze. "But our goal should be to do the best job with the least risk. If I never get another call from a public official or a newspaper reporter about an ethics issue, I will be very happy -- that's what this meeting is all about." Before the meeting, White said his goal was to "provide insight into what the (ethics) law is, without becoming entangled in controversy." White told the crowd that he had not invited media, and that he hoped



the media presence would not hamper their willingness to ask questions. Freel praised the crowd for coming, saying it "reflected well upon the county." A similar meeting held in Mahoning county netted only 50 public officials and employees, he said. Because many public positions pay little, Freel said he realizes that some public officials require another income. He invited officials to contact the Ethics Commission before going ahead with something they were not sure of. "If an official gets instruction from the Ethics Commission and acts accordingly, they are offered immunity," he said. Freel made it clear that "ethics are a matter of law, not some rules down in Columbus." A large Ethics for Public Officials handbook was given to everyone attending.

*From The Morning Journal, Jim Harper, 24 January 2001*

# Management Innovation & Trends

## ASIA/PACIFIC

### STENCH OF CORRUPTION (AND ROTTING EGGS) HANGS OVER THAI ELECTIONS

From every lamppost and telegraph pole in Bangkok, election candidates jostle for poster space with clenched-teeth smiles and a host of heady promises. Would-be MPs strap slogans to belching *tuk-tuks*, the city's infamous motorised rickshaws, while others commandeer boats along the canals that cross this "Venice of the East". Faced with an often-bewildering choice for tomorrow's general election, most Thais are turning to the reassuring face of Thaksin Shinawatra, the clear favourite to be Prime Minister in every opinion poll. Farmers like his pledge to donate 1m baht to each village; urbanites see the telecoms tycoon as future chief executive of Thailand plc, restoring the boom times the nation enjoyed before the financial crisis of 1997. Yet Mr. Thaksin faces a financial crisis of his own that could rob him of power and plunge Thai politics into US-style confusion. The country's anti-corruption commission indicted him last week for deliberately concealing his wealth through share transfers to his maids, chauffeur, bodyguard and other servants. As head of the populist Thais Love Thais party, Mr. Thaksin has long been renowned for his largesse. Two of his maids are regulars in listings of the kingdom's richest people. His son, Panthongtae, 23, topped last year's list after Mr. Thaksin gave him the family shares before contesting the election. While that transfer was public, the commission is investigating covert deals in the mid-1990s, when Mr. Thaksin was in the Thai cabinet. Pasuk Phongpaichit, a professor of economics at Chulalongkorn University in Bangkok, said: "It is a big victory for efforts to clean up politics. But the indictment is only the first step, and many loopholes remain." Mr. Thaksin does not plan to withdraw gracefully. He will contest the indictment, until a final decision by the Constitutional Court, likely to come after the election. Some observers mutter darkly about the threat of a military coup if political instability continues. But reformers believe Mr. Thaksin's demise is necessary to halt the culture of corruption that plagues Thailand's democracy. "People know it pays to invest in vote-buying as they can recoup the money in office," said Dr Pasuk. Her university estimates that at least 20 per cent of Thailand's annual budget, or about £2.6bn, is lost to corruption. When elections near, many poor Thais pledge their votes for far smaller handouts than Mr. Thaksin's son enjoyed. The Bangkok headquarters of the Election Commission is cluttered with cooking pots, clocks, water containers, spectacles and sundry other alleged evidence of vote-buying. The stench of money politics has become all too literal for the election workers, who received permission last month to destroy piles of rotting eggs and fish sauce. Vijit Yusuparp, the commission's secretary general, said: "We have more than 2,000 candidates who are well-educated and highly qualified, but most of them seem to be doing everything they can to cheat." To tackle the problem, the government has introduced yellow and red cards for foul play – red spells a five-year ban from politics. Still, this is the most corrupt election yet, said Dr Pasuk, the co-author of *Democracy and Corruption*. "The stakes are high, and there is the entry of a new party with a very large war chest and a lot of monopolistic enterprises." The drive against graft has hurt some voters. Kaew Jongsukklang, a community leader in Bangkok, said: "Our former MP used to distribute sarongs to elderly women every New Year. This year the grandmas complain they have no new sarongs. The men say they don't have enough money to pay for local whisky, and many people cry out there are no candidates paying them for even a bowl of noodles."

*From UK-Independent-Asia-China, by Calum MacLeod in Bangkok, 5 January 2001*

### PM: HACKERS CUTTING OFF NEWS ON THE INTERNET



ALL TOGETHER NOW ... Dr Mahathir, Datin Seri Dr Siti Hasmah Mohd Ali and PPP president Datuk M. Kayveas (second from right) cutting a cake to usher in 2001 at the PPP open house Monday.

Datuk Seri Dr Mahathir Mohamad has described government website hackers as "clever individuals who control the press." "The clever-minded individuals accused the Government of controlling the press." In actual fact, they are the ones who have the controlling power as they do not allow other news to get through the Internet. "We gave them an opportunity to learn. Now they use their knowledge to fight against the Government and the very principles they are supposed to be fighting for," he said yesterday at the People's Progressive Party's open-house. He was asked to comment on reports that the official Parliament website was hacked and all its information wiped out on Saturday. Dr. Mahathir said people were capable of breaking through whatever security system the websites had.

*From Malaysia-the Star, 2 January 2001*

## PROBE LAUNCHED INTO INTERNET SITE FOR CHILD PORNOGRAPHY

Police launched an investigation yesterday upon uncovering an obscene website named Lolita, which features sex scenes between male adults and female children. The site was also found to have operated a door-to-door service for the delivery of CDs and videotapes containing the scenes. Those kinds of sites have emerged as social problems both in Korea and overseas, but the recently-opened site is sending shockwaves through the nation because its services have been provided in Korean. An official from the cyber crime investigation bureau of the Seoul Metropolitan Police Agency said yesterday, "There is a high possibility that the site's operator is Korean, since it used local bank accounts and a well-known domestic delivery company for its business." Although the site made its debut recently, it has already recorded 320,000 hits, as news of the site spreads rapidly among netizens.

*From Korea Times, 5 January 2001*

## JAPANESE PM TO TEACH WEB-BASED IT CLASS

[TOKYO, Japan](#) (AP) -- Japan will launch a Web-based class on information technology taught by Prime Minister Yoshiro Mori -- a man whose first Internet experience came less than a year ago. Mori, a self-professed computer novice, will appear in animated form to instruct the public on the social benefits of the Internet and relevant Japanese laws, a statement from his office said. The tutorial will start December 31 as part of a government Web site that showcases different uses for information technology in an effort to boost interest and use of the Internet, the statement said. Regarding Mori's oft-cited lack of Internet experience, spokesman Kazuhiko Koshikawa said Thursday that the prime minister's participation in the course is meant to dispel the notion that the Internet is difficult. "It's a course for beginners. Even elementary school students can understand it," Koshikawa said. Mori -- who learned how to send e-mail just a few months after taking office in April -- has been pushing Internet expansion as a way of turning around the nation's lagging economy. Last month, Parliament passed a bill to boost Internet use by easing regulations for the Net, setting up rules to expand electronic commerce and making Net access more affordable. The prime minister also set up a panel headed by Sony Corp. President Nobuyuki Idei to devise ways to increase the nation's Internet use. But the prime minister's Cabinet has been widely criticized as low-tech, with fewer than half of his ministers using e-mail, according to newspaper reports.

*From Associate Press, 28 December 2000*

## INTERNET TOOL FOR VOTES

Inside a small, crowded cafe in downtown Joondalup yesterday morning, Opposition Leader Geoff Gallop flicked the switch on one of the Labor Party's key election campaign tools -- its revamped website. The internet is being embraced across the political spectrum as an invaluable weapon in the battle for votes. The Liberal Party is promising to launch its overhauled site soon, the National Party will unleash its new website in a high-tech extravaganza on Friday and the Greens and Democrats acknowledge the impact of the medium and will update their sites daily during the campaign. One Nation, lagging behind, is still constructing its website but promises to have it online shortly. Dr Gallop said the website, at <http://www.votelabor.org>, was "an important initiative" and an effective way to spread the Labor Party gospel to the masses, particularly youth. Liberal Party state secretary Peter Wells said the party's website, to be launched soon, would not be a key facet of its campaign, but simply another form of communicating to the voting public. One Nation state treasurer Gerry Kenworthy said the internet would play an essential role in the party's campaign strategy and would provide an alternative to mainstream media coverage. The site would feature leader Pauline Hanson's maiden speech, party policies and profiles of the endorsed candidates. The Democrats' website will be updated regularly during the campaign and allows people to make donations over the net. State president Mark Reynolds said the net was "definitely" an important campaign tool. National Party state director Jamie Kronborg was particularly enthusiastic about the role of the internet, especially in communicating with constituents living in rural areas. "(The internet) is a major priority, a key part of our campaign strategy, on equal billing with television," he said. Mr. Kronborg said the site, to be launched at the end of the week, would prove an effective and relatively cheap way to get the party's message across. Greens co-convenor Karl Haynes also acknowledged the internet as an important medium.

*From Australia-news.com.au, by AMANDA KEENAN, 9 January 2001*

## EUROPE

### MANY EMPLOYERS MONITORING E-MAIL AND INTERNET USE IN THE WORKPLACE

Data Protection Ombudsman: employees do not realise how easy surveillance is - The e-mail traffic and Internet use of staff is regularly charted by their employers, according to a survey that was carried out on behalf of the Ministry of Transport and Communications. Such monitoring can also be extended to individual persons rather than as a general sweep of all terminals. Surveillance is relatively loose and is usually initiated not by management but by the company's data management units, who may be concerned about breaches of security, the risk of viruses getting into the company's network, excessive costs, or overloading of the system. E-mail messages are not read as such, but nearly all of those organisations - mostly large corporations but also towns and cities and some small firms - who replied to the ministry questionnaire said that staff e-mail traffic was monitored from logs. The log files indicate to whom messages have been sent, and from whom they have been received. In addition, they leave a trail of footprints of all the sites visited on the Net (basically through the WWW but presumably also including chatrooms and other areas),

showing precisely where the staff-member has been and for how long, and what items may have been downloaded to the user's machine. The log information remains even after either mail messages or downloaded data have been deleted. The data that is gathered in this way is used to keep employees on the straight and narrow, and for disciplinary purposes in the case of excessive or totally irrelevant Internet use. Two-thirds of those responding said they collected such information regularly, and a further fifth ran occasional sweeps. One in three companies or organisations monitored individual employees. The Ministry of Transport study indicated that many companies are eager to get hard and fast rules on what an employer can and cannot do in this sphere. According to the Data Protection Ombudsman Reijo Aarnio, such information is needed by both sides in the equation, including the employees themselves. He commented that employees often do not realise how simple it is for their e-mail traffic and surfing to be spied on, or that they would be leaving an indelible mark of where they had been on the Net and what they had been doing there. The Personal Data Act, which came into effect from 1999, states that an employer is obliged to notify the staff of any surveillance and of how the information obtained is to be used. It would appear from the results of this particular survey that in by no means all cases is anything at all done with the information collected. One organisation did, however, report having dismissed an employee on these grounds. One aspect of the surveillance that troubles the Data Protection Ombudsman's Office is that log records are gathered of people outside the immediate organisation when e-mail is received from them. Organisations themselves tend to take the view that they have a right to their own data systems and thereby a right to keep an eye on how their personnel are using them. Few companies seem to have draconian sets of rules on Internet use in the workplace, and in many cases staff are allowed to pay their personal bills online, and their e-mail use is not restricted. Only in cases of real excess do sanctions come into play.

*From Finland-Helsingin Sanomat, 15 January 2001*

## **EU PLEDGES MILLIONS TOWARD NEXT GENERATION INTERNET**

The European Union will donate 9.8 million euros (\$9.3 million) over three years toward the development by the European Laboratory for Particle Physics, CERN, of a successor to the World Wide Web, the Geneva-based body said Friday. The DataGrid project will aim to produce a system able to handle vast amounts of data and will build on emerging technologies to create a new worldwide network on a scale not attempted previously, CERN said in a statement. "As the World Wide Web is exploited by more and more people, its limitations in dealing with the huge amounts of data involved become more apparent," CERN, which developed the World Wide Web, said. The funding formally was signed last December, it added. "The DataGrid project will provide scientists around the world with flexible access to unprecedented levels of computing resources and will initiate a new era of e-science," it said. The DataGrid will link supercomputers, processor farms, disks, major databases, information systems, collaborative tools and people in a high speed network. The project, being developed in collaboration with five other European partners, will help to coordinate national grid projects, many of which are already under way, CERN said.

*From Nando Times-Global, 12 January 2001*

## **BULGARIAN PRESIDENT OFFERS JOB TO WEBSITE HACKER**

[\(Reuters\)](#) Bulgarian president Petar Stoyanov said on Monday he would offer a job to the hacker who broke into his official website to protest against unemployment and poor prospects for Bulgarian youth. "The boy is right in many things he is saying. If he calls, I'll take him to work for me without doubt," Stoyanov said in an interview with the popular 24 Chasa daily. "He hacked (the website) skilfully, without damaging the rest of the information," Stoyanov said. "Why did I do it?" said last Tuesday's message from the hacker, who called himself Kubaka. "Very simple - when my parents live in misery and I can't find a job without proper connections and most of my friends seek their fortunes abroad, what else is left?" A survey carried out by local Fact agency in big cities showed nearly 70 percent of people approved of Kubaka's behavior.

*From Bulgaria Today, 22 January 2001*

## **MOST RUSSIANS OFF THE INTERNET MAP, SURVEY SHOWS**

Three Russians out of four have never used a computer and among those who have the number of regular Internet users is tiny, according to the ROMIR survey center quoted by ITAR-TASS Sunday. Just over 25 percent of those polled said they had used a computer, in most cases at work (34.5 percent of those with computer experience) or at an educational establishment (27.6 percent). Among computer-users, only 15.8 percent said they have computers at home. Out of an overall sample of 2,000 respondents, of the 510 who said they had used a computer, only 130 said they had used the Internet. Of these, just 10 said they logged on every day. For those who used Internet, in most cases (42.8 percent) they did so at work, while only 15.5 percent had Internet-access at home, the others gaining access at the homes of relatives or friends, or at public libraries or Internet-cafes.

*From Russia Today, 29 January 2001*

# **THE AMERICAS**

## **STATES LISTING EX-CONVICTS ON INTERNET**

A growing number of states are offering online databases of inmates and parolees, allowing citizens to check on convicted neighbors and employers to screen prospective hires. But civil liberties groups say the Internet sites make it harder for ex-convicts

to return to society. "There always has been a desire to get criminal information online, and a history here of trying to balance those concerns," said Ari Schwartz, policy analyst at the Center for Democracy and Technology in Washington. "It really brings up the issue of just because it's possible, is it desirable?" Eighteen states now operate full Web sites where citizens can find the names, pictures, criminal records and sentences for current inmates and those on parole. Some states include both federal and state records. Indiana plans to start one soon, and several other states offer limited databases for narrower prison populations such as sex offenders, death row inmates and fugitives. Florida was one of the earliest, operating its site since 1997. Kentucky's is the most recent, opening its site this month. The Kentucky Offender Online Lookup site will soon carry the records of 22,500 inmates and parolees going back to 1978. State officials say the information is public record and can contribute to public safety. And once a person finishes parole, his or her name is purged from the Web site. "It gives the public, the press, law enforcement agencies and inmate relatives as well as victims immediate access to inmate information," said C.J. Drake, spokesman for the Florida Department of Corrections. Statistics suggest the listings are popular. Florida's inmate and parolee sites recorded more than 2.2 million hits this month, Drake said. Proponents say the sites allow citizens to check whether any parolees live in their neighborhood or when a convicted neighbor is leaving prison. And employers can check if a prospective hire is on parole. Susan Howley, director of public policy at the National Center for the Victims of Crime said that her group typically tells crime victims and others about state inmate databases. "Whenever you're talking about managing offenders, you're having to balance public safety concerns with individual rights," Howley said. "But we think where there is a victim, a witness, or even a neighbor, that balance weighs in favor of public safety." But critics say that while the information is useful for some, it can detract from another worthy goal: putting inmates on the right track after prison. "You probably catch some" dangerous offenders "but you also do a lot of damage to people who are legitimately trying to make a new start and improve themselves," said Larry Spalding, legislative counsel for the American Civil Liberties Union office in Tallahassee, Fla. "When you've got the information on the Web, it's very difficult to get or keep a job," he added. Spalding said his office considered fighting Florida's Web site but decided against it because that state's open records law is so strong. William Stillwell of Oshkosh, Wis., a former federal inmate, said his prison record left him feeling "blackballed" in society, making it difficult to find work or housing. "I favor public information on those that present an abnormal risk to society," said Stillwell, a former business owner who served several months in 1996 and 1997 in a Kentucky federal prison for wire fraud. "However, a listing of everyone for everything for all times is an unreasonable extreme." Schwartz said courts have wrestled with privacy concerns in many situations, including sex offender registries. In each case, he said, there's a delicate balance between protecting privacy and protecting the flow of public information. Placing some public records online, like bankruptcy documents, could open up those people to identity theft or bank fraud, Schwartz said. Former felons, too, could become victims. "There's questions of why they would need some of this information, particularly the pictures," he said. "If they've been arrested for something, you could take advantage of their situation." Florida officials are unapologetic, saying that the extra scrutiny and loss of privacy is a price convicts must pay. "That's one of the consequences of committing crime," Drake said. "The public has a right to know where you are, whether you're in prison or whether you're on probation."

*From Dayton (OH) Daily News, 28 December 2000*

## **REUTERS LEADS FINANCING ROUND FOR WEB FINANCE STARTUP**

A \$36 million funding round led by news and information company Reuters Group Plc on Wednesday will provide online investment advisory firm mPower.com Inc. with financing to expand its Web-based services, the company said. "Right now we're offering retirement investment advice," said mPower.com spokeswoman Wendy Strickman. "The product we're going to roll out will enable us to broaden that." The San Francisco-based company aims to carve out a presence in the growing online financial services industry. According to US Bancorp Piper Jaffray Equity research cited by mPower.com, 35 million consumers will obtain financial advice online by 2005 compared to fewer than one million now. Privately-held mPower.com said Wednesday's funding round, the company's fourth, brought the total it has raised to about \$100 million since its 1995 launch. Wednesday's round marked the second time corporations took direct investments in mPower.com. Life insurer Northwestern Mutual joined Reuters as mPower.com's other corporate investor in the round. The company's other corporate investors include health insurer Aetna, Liberty Financial Companies and PaineWebber Inc., all of which in December 1999 joined mPower.com's third funding round totaling \$40 million. Previous mPower.com investors Capital Z Partners, Norwest Venture Partners, Allegis Capital and GE Capital also joined Wednesday's round, which is providing mPower.com funds to develop a more robust architecture for Web-based products expected to be launched in the second quarter of this year. Founded in 1995 as 401k Forum, mPower.com counts 159 corporate clients whose combined 650,000 employees have access to mPower.com's online retirement advice products, which include personal Web pages. The company also operates two educational Web sites, (<http://www.401kafe.com>) and (<http://www.irajunction.com>). Both cover financial issues related to retirement. Wednesday's financing deal gives Reuters a seat on mPower.com's board of directors, the company said.

*From MediaCentral-Newspapers, 24 January 2001*

# Public Finance

## ASIA/PACIFIC

### COMPUTERISED TAX SYSTEM TO GO NATIONWIDE BY JULY

China has backed its faith in a new computer system aimed at cracking down on tax cheats with plans to launch a national network. Dubbed the "Golden Tax" Project, the State Administration of Taxation would expand the system to monitor the collection of value-added tax (VAT) across the country, Xinhua said. The project has been successful in cities such as Beijing, Shanghai, Tianjin and Chongqing, and provinces such as Liaoning, Shandong, Jiangsu, Zhejiang and Guangdong. Xinhua said the network would be extended to the other provinces and main cities by July 1. The agency said one of the most important gains of computerisation would come from businesses printing tax invoices, replacing hand-written forms and reducing the scope for tax fraud. "According to the State Administration of Taxation, completion of the computerised system on schedule will help prevent and detect tax evasion, reduce losses of tax revenue, supervise the operation and tax payment of companies, and oversee and regulate the conduct of tax officials and tax offices," Xinhua said. While the Government was aiming to have the network in place in tax offices by the middle of this year, Xinhua said the full gains of the project would not be realised for years. The agency said it would take three years before all people described as "regular taxpayers" could connect their computers to the government network. According to Xinhua, all hand-written VAT invoices will be banned by April 2003. China defines "regular taxpayers" as manufacturers with annual sales of more than one million yuan (HK\$940,000) and trading companies with sales of more than 1.8 million yuan. The Government introduced VAT of 17 per cent in 1994. Exporters are allowed to claim rebates from the Government. However, concessions on export rebates have been widely abused. Fake tax invoices are readily available and used by exporters to claim bogus rebates. Some local governments have "sheltered" businesses that cheat on VAT taxes because they fear closure of the companies would hurt local economies. According to some tax experts, the policy was open to abuse because it was not supported by local officials who did not benefit from VAT. Experts said the hand-written VAT invoices were easy to forge. Hundreds of people have been arrested for forging tax forms, and several are executed each year. Tax income accounts for a relatively small portion of government revenue. Beijing wants to increase this share.

*From South China Morning Post, by Daniel Kwan, 3 January 2001*

### NATIONAL FINANCE COMMISSION SET TO EVOLVE NEW FORMULA: PROVINCES TO GET 50% RESOURCES

The federal government has received nominations from all the four provinces to constitute the new National Finance Commission (NFC) Award and convene its first meeting this month. Official sources said here on Monday that the government was now "scrutinizing" the names suggested by the provinces for the new NFC Award. Most of the names, they said, were acceptable to the Centre and the purpose of the exercise was to constitute the new NFC Award urgently with a view to mitigating the grievances of the provinces against the present resource distribution formula. "The new distribution formula will be worked out in such a manner that it satisfies everyone, specially the smaller provinces," said an official of the ministry of finance. He said that preparations for constituting and finalising the NFC Award had been started on the instructions of Chief Executive Gen Pervez Musharraf to mitigate the feelings of the provinces over the issue. The government is said to have been advised by some planners to allocate 50 per cent resources for Centre and 50 per cent for the provinces against the prevailing formula of 62.5 per cent for Centre and 37.5 for provinces under the 1996 NFC Award to remove inter-provincial disharmony. The sources said a number of officials of the finance ministry had apparently agreed with the military authorities that the divisible pool should offer additional funds to the provinces in the new NFC Award. However, they did not make any firm commitment about resource availability to address one of the concerns of the chief executive-the removal of inter-provincial disharmony. Some economists and experts in the Planning Commission and the finance ministry were of the opinion that the federation would be strengthened if the Centre and the provinces share the divisible pool on a fifty-fifty basis. Those who were resisting the 50:50 formula in the ministry of finance maintained that it was pretty difficult to spare additional funds due to huge amount of debt servicing, defense expenditures as well as the failure of the CBR to generate adequate revenues over the years. Like previous political governments, the present government, sources said, too looked helpless to work out an equitable distribution formula due to existing financial constraints. Chief Executive Gen Pervez Musharraf had reportedly asked the authorities concerned to make available some additional funds to remove the grievances of the provinces by evolving better resource distribution formula. However, he was told that under the present circumstances there was hardly any fiscal space available to oblige the provinces with more resources except that the government could perhaps ensure some justice by cutting Punjab's share due to reduction in its population and offer the same to Sindh whose population has increased over the years compared to other provinces. Sources said any better funding plan for the provinces under the new NFC Award would simply base on the government's efforts to have additional revenues and exports which at present did not look promising. The World Bank believed that Pakistan was facing serious balance of payment crisis and that the government should overcome its serious debt burden problem on priority.

The government has been advised by the World Bank to consider increasing revenues and exports to work out any equitable distribution formula under the new NFC Award.

*From Pakistan-Dawn, by Ihtashamul Haque, 1 January 2001*

## **INTERNET USERS IN HONG KONG FACE DAILY TAX**

Internet users in Hong Kong may be taxed to surf the Web at the rate of US\$1.30 a day in a move expected to stir fierce opposition from the territory's high-tech business community, it was reported on Thursday. Financial Secretary Donald Tsang is considering imposing a tax of one Hong Kong cent a minute for Internet use as part of a package of taxes next year to offset Hong Kong's huge budget deficit, the Chinese-language Hong Kong Globe newspaper said. The tax would be capped at a maximum of US\$1.30 a day for computer users who logged on around the clock, the Globe reported. Quoting government sources, it said the government might give exemptions to certain industries and people such as teachers and students. Government officials declined on Thursday to comment on the report. - Sapa-DP

*From S. Africa-Sunday Times, 28 December 2000*

## **LONG WAY AHEAD FOR ASIAN ECONOMIC INTEGRATION: CHINESE FINANCE MINISTER**

Although some Asian countries have already moved towards setting up an "Asian Economic Community," there is still a long way to go due to the diversified culture and historic backgrounds among Asian countries, Chinese Finance Minister Xiang Huaicheng told local government officials and entrepreneurs Wednesday. "China, like other countries in the region, is willing to see an integration among Asian economies, which, in our opinion, should not only include Southeast Asian countries plus China, Japan and South Korea, but the South Asian countries as well," he said during a speech delivered at the Bangkok Bank, Thailand's top bank. However, he said that to fulfill such an ideal will need a mammoth work of preparation, since Asian countries largely differentiate from each other on political, historic, religious, ethnic and economic backdrops. "In some cases, problems and conflicts between some Asian countries have been deeply rooted as a historic heritage, and it is not easy to solve," the minister said. As a first step to establish a community like the European Union, he urged Asian countries to reach a common view on how the future regional economic organization will be. "Secondly, we must make initial steps, which are impossible to be completed within a short period," he said. The European Union countries, which are easier to forge an economic alliance due to similar culture and history, have not yet made Euro their common currency to be circulated across their region, he noted. However, he said Asian countries have made potential progresses toward the ultimate goal. Hailing the Chiangmai Initiative as "epoch-making," Xiang said the signing of the document by 10 Southeast Asian countries plus China, Japan and South Korea, marked a major stride toward financial cooperation among Asian countries. The document, signed last May in Thai northern resort of Chiangmai, aims at expanding the existing monetary swap arrangements among members of Association of Southeast Asian Nations (ASEAN) and establishing currency swap and bond repurchase mechanism among ASEAN and China, Japan, South Korea on bilateral basis. "It has reflected the world-wide trend of economic regionalization, demonstrating the confidence and shared desire of Asian nations to strengthen cooperation for common prosperity," he said. Xiang arrived in Bangkok late Tuesday and will leave for a visit to Japan on Friday.

*From China Daily, 10 January 2001*

## **FINANCE MINISTERS UPBEAT AS ASEM SUMMIT ENDS**

European finance ministers plugged the virtues of the euro to their Asian counterparts on Sunday, forecasting the fast-recovering currency would achieve parity with the US dollar within weeks. They also encouraged Asian countries to pursue their own plans to promote regional economic co-operation, which could - over the course of decades - lead to a full Asian monetary union. But the 25 Asian and European finance ministers attending the Asem meeting in the Japanese port of Kobe warned that the downside risks in the world economy had increased in recent weeks because of continuing financial imbalances and the slowdown in US growth. Nonetheless, they noted that the recovery in the Asian economies had continued to gather momentum and forecast "robust" growth in Europe this year. In a strong pitch for the euro, Pedro Solbes, the European commissioner for economic and monetary affairs, said the introduction of the single currency had led to the creation of Europe-wide financial markets, stimulated further structural reforms, and increased Europe's resistance to external shocks. He forecast the European economy would grow by more than 3 per cent as domestic demand strengthened and the oil price weakened. Didier Reynders, the Belgian finance minister who chairs the Euro Group, said the undervalued euro was now strengthening as European growth prospects looked brighter than those in the US and international markets began to appreciate the currency's real worth. Predicting that the euro would increasingly be adopted as one of the world's reserve currencies, Mr Reynders said: "In the case of Asia we must promote the external use of the euro in central banks and pension funds. I am sure it will be more easy after the introduction of notes and coins and when we cease to have a virtual currency." Laurent Fabius, the French finance minister, forecast the euro would achieve parity with the US dollar within weeks. On Friday the euro closed at 95.16 cents. Asian officials said they would explore further ways of pursuing economic co-operation, following the adoption last year of currency swap arrangements between the region's central banks - a process known as the Chang Mai initiative. But Kiichi Miyazawa, the Japanese finance minister, said it would take many years for this process to develop into a monetary union. "I do not expect this issue to evolve abruptly or show a significant development over a short period of time," he said. The meeting also supported a Franco-Japanese discussion paper, which argued that many East Asian countries could benefit from introducing intermediate currency band arrangements, based on a basket of currencies, including the US dollar, euro, and yen. This suggestion appeared to fly in the face of the latest IMF orthodoxy, which advises countries to adopt either very

hard exchange rate regimes, such as currency boards, or free-floating regimes, as were adopted by many Asian countries following the financial crash of 1997. However, French officials said that Horst Köhler, the IMF's managing director who also attended the meeting, had supported the paper's conclusions - suggesting the fund may adopt a more flexible approach in the future. The former German finance official also caused some disquiet among the UK delegation by expressing his support for further political integration in Europe. "I am still a believer that monetary union in Europe has to be underpinned, in the long run, by some form of political union," he said. A UK official responded: "We believe that these were his personal views. We are currently developing relations and policies in Europe without the need for political union."

*From Financial Times, by John Thornhill in Kobe, 15 January 2001*

## **FINANCE, EDUCATION CHIEFS TO BE NAMED DPMS**

The cabinet yesterday put a final administrative stamp on an amendment bill on the Government Organization Act, opening the way for President Kim Dae-jung to upgrade the status of the finance-economy and education ministers to a deputy prime minister level and appoint a minister for women's affairs. The amendment bill, which passed the National Assembly early this month, will take effect Jan. 29 when it is listed on the official government gazette. Kim's aides said that the President is likely to make follow-up appointments on the legislation around the same date. Kim did not give any clues as to the upcoming appointments and the possibility of extending them into other major cabinet posts. But senior Chong Wa Dae aides hinted that President Kim will reappoint Finance and Economy Minister Jin Nyum and Education Minister Lee Don-hee to the upgraded posts. The Education Ministry is to be renamed Ministry of Human Resources Development. Likewise, the head of the Presidential Commission on Women's Affairs, Paik Kyung-nam, is expected to move to the Ministry of Women's Affairs being created under the legislation, the aides said. As to the timing of the expected replacement of other cabinet posts, several top presidential aides agreed that the President would wait until late next month or early March. "It would be unreasonable for the President to conduct a cabinet shakeup with his reform programs targeting the four major areas in their final stretch," a ranking Chong Wa Dae official said. He was referring to the basic reforms of the corporate, financial and public sectors and labor affairs, which Kim promised to complete by the end of next month. The official, speaking on customary condition of anonymity, noted that the late February deadline also applies to the round of New Year's policy briefings Kim has been receiving from cabinet ministers. The presidential briefing session, which began Jan. 15 with the Ministry of Finance and Economy, will run through Feb. 28. Another presidential aide said a cabinet reorganization in late February or early March would also coincide with the third anniversary of the President's inauguration, which falls on Feb. 25. "A cabinet reshuffle around the anniversary could help the administration make a fresh start for the two full years remaining in the President's term of office," the aide said.

*From Korea Herald, by Chon Shi-yong Staff reporter, 23 January 2001*

## **EUROPE**

### **NEW ROMANIAN FINANCE MINISTER OUTLINES PRIORITIES**

[\(BBC Monitoring\)](#) Bucharest, 4 January: In an interview with the Curierul national paper on Thursday, 4 January, Finance Minister Mihai Tanasescu presented the priorities of his ministry as follows: the drafting of the 2001 budget blueprint, the revision of the fiscal legislation system and the improvement of the business environment in Romania. As for the 2001 budget, minister Tanasescu said that "this will not only be worked out immediately but it will be very transparent". In connection with the changes due to be brought to the fiscal legislation system, the minister cited primarily the revision of the income taxes and the VAT. "A revision of this fiscal laws must be carried out so that they ultimately address two major problems: be easier to administrate in order to downsize fiscal evasion on this segment and be easier to collect," minister Tanasescu said. As for the improvement of the business environment, Tanasescu said that the Finance Ministry would, to a great extent, simplify the bureaucratic entanglement by creating a single office to issue certificates for foreign investors in a record 24 hours time. Finance Minister Tanasescu also referred in his interview to the present and future relations with the international lenders, insisting on the need for implementing Romanian programs. "The Romanian program means a program in which the International Monetary Fund is not rejected, but is considered as a partner, and which takes into consideration our reality as well and the way in which we understand to solve our economic situation, by also seeing that macroeconomic balances are preserved," Finance Minister Tanasescu said.

*From Romania Today, 4 January 2001*

### **GOVERNMENT REPLACES FOREIGN, DEFENSE, FINANCE MINISTERS IN CABINET SHUFFLE**

Denmark's prime minister named new finance, defense and foreign affairs ministers on Thursday as part of a major Cabinet shuffle. There are a total of five new ministers in the 21-member Cabinet, while four others changed positions and 12 retained their spots. The changes took effect immediately. A shake-up was expected: The ruling Social Democrat party has fared poorly in recent public opinion polls, and Prime Minister Poul Nyrup Rasmussen was looking for a political boost. Also, two prominent outgoing ministers already had announced their plans to resign. Outgoing Defense Minister Hans Haekkerup will take over as U.N. administrator in Kosovo starting next month. Outgoing Foreign Minister Niels Helveg Petersen quit Wednesday as an aftermath of Danes' rejection of the European Monetary Union by national referendum last September. Outgoing Finance Minister Mogens Lykketoft replaces Helveg Petersen as foreign minister. Jan Troelborg, the outgoing foreign aid minister, replaces Haekkerup as defense minister, and



outgoing Industry Minister Pia Gjellerup becomes the new finance minister. In line with tradition, Nyrup Rasmussen was to present his new team to Queen Margrethe, Denmark's figurehead monarch, later Thursday morning. Denmark's twin-party governing coalition — Social Democrats and the smaller centrist Radical Party — holds 90 of the 179 seats in parliament with the support of two far-left parties and two Social Democratic legislators from the Faeroe Islands and Greenland.

*From Fox News, by Jan M. Olsen, 21 December 2000*

## THE AMERICAS

### MORE AMERICANS WILL FILE TAX RETURNS ELECTRONICALLY THIS YEAR

More than 42 million taxpayers will file their federal income taxes electronically this year, and e-filers who request that refunds be deposited directly can expect to see the money credited to their bank account in 14 days on average. "The secret to getting the fastest refund is to file early, use e-file, and choose direct deposit," Internal Revenue Service Commissioner Charles Rossotti said Tuesday in launching the 2001 tax season. He added that 23 new forms ranging from unreimbursed employee business expenses to investment and welfare-to-work credits are available electronically, making it possible for virtually all 130 million individual tax returns to be filed electronically. Rossotti noted this will be the first year it is possible to file a totally paperless return: A new initiative lets you pick your own Personal Identification Number (PIN), that will serve as your electronic signature along with your adjusted gross income and tax amounts from last year. Until now, paper signature forms were required for taxpayers who were not in a pilot program. The expected number of electronic filers represents a 20 percent increase over the 35 million electronic tax forms sent in last year, but more than 67 percent of all individual tax returns still come in on paper. That total that will have to be cut quickly if the IRS is to meet Congress' mandate of having 80 percent of all returns filed electronically by 2007. To encourage e-filing, President Clinton proposed a \$10 credit for people who file electronically, but that proposal along with other tax cut plans died with the last Congress in December. For what comfort it's worth, that budget standoff between Clinton and Congress means your 2000 tax forms should look familiar and can easily be compared to your 1999 tax return, according to lawyer-accountant Mark Luscombe of tax publisher CCH Inc. Here are the major changes on the 2000 tax returns: - Higher standard deductions. For married couples filing jointly, the standard deduction is \$7,350 for your 2000 taxes, up from \$7,200 for 1999. For singles, the standard deduction went from \$4,300 for 1999 to \$4,400 for 2000. - Higher personal exemptions. For 2000, a deduction of \$2,800 is generally allowed for each personal and dependent exemption, up from \$2,750 on your 1999 tax return.

*From Capitol Hill Blue, by Mary Deibel Scripps Howard News Service, 3 January 2001*

### GATES TALKS UP PC MARKET



Microsoft's Bill Gates and Sony's Nobuyuki Idei debate

Microsoft founder Bill Gates has sounded a note of confidence in the traditional personal computer market at the World Economic Forum in Davos. With the US economy slowing down, many personal computer makers have issued profit warnings, their business also hurt by a sharp slowdown in PC sales. Mr. Gates said that sales growth "has been down somewhat". He added: "There is not a decline in PC sales, it is very unusual in a market of that size to still have pretty healthy sales. "The next big uptick in that relates to the next generation of applications," he added. **Broadband cost warning** - Mr. Gates was holding a joint press conference with Compaq to promote a handheld product called Ipaq which has been distributed to delegates at the forum. "The PC market is dramatically bigger than this wonderfully growing complementary market," Mr. Gates said. He had earlier warned that the main threat to the growth of the wireless internet was the cost of broadband connections. Mr. Gates was opening a debate on the future of the internet at the World Economic Forum in Davos, Switzerland. He said that the wireless internet and the mobile phone would soon merge to become the form of communication of choice. The strengths of the internet and the ability for it to create new products and build new communities of users was demonstrated by the success of the Napster music file sharing service, he added. **Cautionary words** - Microsoft, alongside many other telecoms, computer and media firms, is positioning itself to grab a slice of the action when mass market internet access via handheld devices arrives. "When I look at the next two or three years whether it's what that PDAs (personal digital assistants) will look like, it really will become a phone," said Mr. Gates. "The phone and the screen will come together. "If there's anything I am at all cautionary about this picture on, it is not the hardware advances or the software things... it's whether those broadband connections will become cheap enough and popular enough to enable this for a really broad set of people," he said. For media companies such as music giant Sony and German publishing company Bertelsmann, protecting

their copyright is the key issue for the future. **Napster copyright worries** - Bertelsmann's chief executive officer Thomas Middelhoff suggested that file swapping service Napster could charge a subscription fee, some of the proceeds of which could go to the media companies. "The willingness to pay is there," he said. Sony Corporation's chairman and chief executive Nobuyuki Idei agreed that the "fundamental" issue is copyright. "It (Napster) is the danger of today's music industry, but it could be an opportunity," he conceded. Later on Monday, Davos delegates will get the chance to discuss the issue of selling content on the web with Napster's boss Hank Barry in a forum called "The Internet as the World's Biggest Copying Machine". **Internet questions** - Other key questions that will be discussed on Monday include policing of the internet, who will tax e-commerce and how mobile phones will change digital communication.

Who should have responsibility for controlling web content is a key question on the agenda in Davos. The recent legal ruling in France ordering internet service provider Yahoo to prevent access to sites auctioning neo-Nazi memorabilia has sent shock waves through the industry. And as the internet becomes an increasingly important trading tool, industry leaders will be debating how, or whether, products sold on the net should be taxed and who should be entitled to levy the tax. But hanging over all these discussions will be the shadow of the so-called digital divide. Just one person in 10 living in the world has access to the internet. With the demonstrations against globalisation fresh in their minds, industry leaders know they have to do more to spread the benefits of the new technology. **Annan warning** - On Sunday, UN Secretary-General Kofi Annan called on business to work harder on environmental and social issues. He warned delegates in Davos that unless business did so, the backlash against globalisation could gain momentum. His call followed Saturday's anti-globalisation protests in Davos, which were quashed by riot police. In Zurich there were serious clashes between police and anti-globalisation protesters late on Sunday. More than 120 demonstrators were arrested. The protesters were angry at being turned back after trying to reach the World Economic Forum. Demonstrators hurled paving stones and bottles at police who replied with tear gas, water cannon and plastic bullets.



Gates has been debating the internet's future

*From UK-BBC-World, 29 January 2001*

# Private Sector Development

## AFRICA

### MP LEAKS 'SECRET' DOCUMENTS ON PRIVATIZATION

A leading KwaZulu-Natal politician and a long-standing member of Parliament's public enterprises committee has been giving apparently confidential government information on privatisation to a top Malaysian tycoon with whom he has business links. Mandla Msomi, an IFP MP in the National Assembly and director of the Durban-based Empowerment Trust, has a close business relationship with Dato AH Samsudin. Samsudin, who controls SMG Holdings and has various interests in South Africa, is a resident here and was behind the now defunct New Republic Bank (NRB). He owned more than 40% of NRB, has allegedly been paying Msomi hundreds of thousands of rands and settled some of Msomi's debt. Msomi gave Samsudin a restricted status report on the restructuring of state assets in 1998; advised him on which companies were ready for privatisation; and suggested that Samsudin's NRB insinuate an adviser on privatisation into the office of KwaZulu-Natal's premier. The status report, marked "strictly confidential", was restricted to the inter-ministerial Cabinet committee on restructuring of state assets and to "government officials directly involved in the restructuring". In an interview with the Mail & Guardian this week, Msomi confirmed that he had sent the confidential report to the government, prepared by HSBC investment banking and entitled Restructuring of State Enterprises: Status Report: Number 14 to Samsudin on April 9 1998. But, he claimed, the report was then in the public domain "even though it was dated March 16 1998. The status report Msomi gave Samsudin gives details of state privatisation plans at state-controlled companies, including Transnet, South African Airways, Alexkor and Airports Company. In a covering memo Msomi sent Samsudin with the confidential report, he wrote: "I have always been grateful for your support financially and in the form of advice and referrals to strategic persons ..." Later, in the same memo, Msomi says: "The privatisation process is developing to a very interesting stage now. This is the time to be in readiness for the bidding and to position the Empowerment Trust consortium in good time (see enclosed [status] report). "I am ready to talk about companies that are now ready for privatisation if you have time. I have no doubt the return on your investment into KwaZulu-Natal will be realised by the end of the year at the very latest," he stated, adding that their empowerment venture was set to win a string of government contracts. Msomi denied receiving payment for this information. The M&G has copies of two personal cheques from Samsudin's Nedbank account made out to Msomi. They are both worth more than R100000, and were issued in 1997. Another document from April 1998 shows payments of more than R70000 to Msomi. Msomi told the M&G that these cheques were for expenses incurred while working for the Empowerment Trust. Although members of Parliament are required to declare their interests including gifts, sponsorships, hospitality and benefits from private companies, Msomi had "nothing to disclose" in the register on members' interests between 1998 and 1999. In 1997 he disclosed a leather folder and sponsored trip to Malaysia from Denel, the arms manufacturer, and a clock from Transnet. But he did declare his remunerated employment with the Empowerment Trust and DSE Technologies, an information technology company owned jointly by the trust and SMG Holdings. Msomi said this week his "declaration of interest was up to date". Samsudin was abroad and unreachable, according to Derby Butler, his personal assistant. Msomi is alleged to have misappropriated R1,3-million from the Empowerment Trust, which has been placed under provisional liquidation by the Durban High Court. He was chair of the Parliament's public enterprises committee, which is responsible for overseeing the government's privatisation programme, from 1994 to 1999 and remains a member. He also served on the housing and public works committees. MPs said Msomi's advice to Samsudin about privatisation "especially while he was chair of the public enterprise committee" was a clear "conflict of interest as his information gave Samsudin an unfair business advantage". Msomi denied this to the M&G, maintaining that the information he gave Samsudin was not "privileged information". In 1998 he wrote to Samsudin: "I believe that NRB Merchant Bank Services can play a major role on advising the premier of [KwaZulu-Natal] on the privatisation process (possibly with a strategic adviser placed in the office of the premier for one calendar year)". He says now that this suggestion was intended merely to help the KwaZulu-Natal government get investment and that "there was a general understanding that a special advisor was needed in the premier's office". Msomi's legal representative, Pieter Burger, also told the M&G that the money Msomi received was not connected to information provided to Samsudin. "At the inception of the Trust, he [Msomi] incurred expenses. In the early days Mr Dato [Samsudin] agreed to assist in the setting up of the Trust. Dato needed to get SMG board approval to effect the payment. But he did not follow those formalities and the money became an SMG advance and Dato was reimbursed by SMG," Burger said. Msomi's relationship with Samsudin dates back to 1996 when they signed a memorandum of understanding to form the Empowerment Trust, which is managed by Newco. Newco, which Msomi claims never operated, is co-owned by Msomi and Samsudin. The two had initially agreed that Newco would receive 10% pre-tax profits from the Empowerment Trust. Newco, according to the memorandum of understanding, has a right to participate or acquire at its own discretion up to 20% of equity in companies established or acquired by the Empowerment Trust, which has placed its emphasis on information technology.

*From allAfrica.com-Southern Africa, 26 January 2001*

## ASIA/PACIFIC

### THREE-YEAR GOALS FOR SOE REFORM AND RELIEF MOSTLY REALIZED

A three-year plan to boost the profitability of large and medium-size state-owned enterprises (SOEs) has achieved success. By the end of the year, the profits of state-owned and state-controlled industrial enterprises are predicted to reach 230 billion renminbi (US\$27.8 billion), an 1.85-fold increase over 1997. All 31 provinces, autonomous regions and municipalities, as well as most of the industries will likely see either a continued growth in profits or an overall return on profits. The number of money-losing large and medium-size enterprises will probably drop by 65 percent from three years ago, according to a Dec. 28, 2000, *Renmin Ribao* (*People's Daily*) report. According to Sheng Huaren, a State Economic and Trade Commission (SETC) minister, the government has basically realized its targets for the reform of SOEs after three years of restructuring, transformation and management improvement. In 1997, the Chinese government announced its plan to deliver most SOEs out of their difficulties within three years. That year, state-owned and state-controlled industrial enterprises made a paltry Rmb 8.07 million (US\$974,640) in profits, and the number of money-losing large and medium-size enterprises stood at 6,599. In 1997, SOEs also saw overall losses in 12 provinces, autonomous regions and municipalities. In the first 10 months of 2000, state-owned and state-controlled industrial enterprises grossed Rmb 183.9 billion (US\$22.8 billion) in profits, a 1.6-fold increase over the same period last year. Of 31 provinces, autonomous regions and municipalities, 30 showed overall profits. Of 14 industries under intensive monitoring, 12 industries, namely light industry, textiles, metallurgy, petrochemicals, building materials, tobacco, nonferrous metals, electronics, gold, pharmaceuticals and power, have experienced profit growth. The other two industries, coal mining and the military industry, have seen remarkable declines in net losses, the article said. In addition, the number of money-losing large and medium-size SOEs, which stood at 6,599 in 1997, has been reduced by 4,098, many of which have returned to profits. Others have been closed, gone bankrupt, merged or been restructured. Sheng said that in the near future small SOEs, which did not benefit from the three-year reform plan, will benefit from reforms including restructuring, forming alliances, merging, leasing, contracting, introducing shares and selling off. Sheng said that by lifting controls on and reforming small SOEs, the state hopes to transform their operational mechanisms and improve their performances. The profits of small SOEs totaled Rmb 994 million (US\$120 million) in the first 10 months of 2000. Profits have continued to rise in the last two months, putting an end to six consecutive years of losses, the story added. Sheng stated that the realization of three-year difficulty-relief targets is merely an achievement of the current phase. He cautioned that the overall profit-making capability of SOEs is still not strong and the foundation of reform has yet to solidify, the article said.

*From China Online, 2 January 2001*

### INDIA'S ROUGH ROAD TO PRIVATIZATION

Latika Joshi is a computer operator at the unprofitable United Bank of India. Dressed in a colorful sari, she has been braving the searing Bombay sun at noon - along with hundreds of other bank employees - to listen avidly to 10 union leaders. Addressing them from a truck decorated with banners bearing symbols of all political parties, from the ruling Bharatiya Janta Party to the country's Marxist parties, these union leaders are protesting the India's privatization of the country's 26 government-owned banks. With vehemence Joshi says: "We are against privatization because the very purpose for which the banks were nationalized in 1969, namely for development and creation of jobs, is at stake." Joshi is one of the 1.3 million bank workers who went on strike on Dec. 21 to protest the Indian government's recent announcement that it would decrease its stake in the banks from 51% to 33%. India's bank employees aren't the only ones fighting the privatization of the country's state-owned companies. This has been a season of strikes in India. Workers of the state-owned power, telecom, ports, airports, and insurance sectors have regularly been on strike in 2000. The power unions have threatened blackouts across the nation. And on Jan. 10, the 4 million state-government employees who unenthusiastically operate India's 1,000 state-run companies -- and give shareholders returns as low as -9% -- plan to hold a massive countrywide strike. For the Indian government, things could hardly look worse. After nearly a decade of economic liberalization, it is finally getting serious -- despite several false starts -- about stanching the flow of red ink from the balance sheets of its bureaucrat-run industries, from coal mining to hoteling. But it's facing tremendous opposition from a powerful, unionized workforce and the political opposition, especially the Congress Party, which began the liberalization process in 1991. The need to privatize is dire: India is running a 10% budget deficit, and the companies are a drain on the country's coffers. "Almost \$53 billion has been invested in government enterprises in 50 years, but the rate of return is only 3.9%," says Arun Shourie, India's new privatization minister. "If you exclude the petroleum companies in which government has a monopoly, the rate of return is -3.9%." Privatizing India's 40 state-run companies is expected to bring in about \$10 billion over five years. And, say analysts, solid companies like equipment supplier BHEL, once it's freed from government restrictions, could compete effectively in Asia with rivals such as General Electric and Sweden's ABB. But meanwhile, the work stoppages are damaging the Indian economy, and ordinary Indians are taking the hit. In December, a two-week, countrywide strike of postal workers demanding increased wages cost the nation an estimated \$440 million and threw off Christmas mail and invitations for weddings. A telecom strike in the fall resulted in government and business losses of \$1.74 billion. The upper classes with access to e-mail didn't feel as stranded, but many Indians, like Elvira Thomas, a nurse in Bombay, lost precious job opportunities when letters offering interviews didn't reach them on time. "The hospital I applied to had posted me an interview letter two days before the postal strike, and as I did not turn up, they gave the job to someone else," she says. Unfortunately, the Indian government hasn't responded effectively to the strikes. In December, the ruling BJP has been preoccupied with political issues surrounding the razing of a mosque and rebuilding of a temple on a disputed

site in Ayodhya in central India. Consequently, no business was conducted in that month's parliament session -- and the strikes received little official attention. This has further angered the striking workers, who fear the imminent loss of their jobs in the privatization process. "We are more determined to fight privatization. We will not accept it as inevitable," says Suresh Dopeswarkar, the feisty secretary of the Bombay-based All India Bank Workers' Federation. So far only one company, breadmaker Modern Foods, has been sold -- for a paltry \$70 million to consumer-products giant Hindustan Lever. The government is now actively in search of a bidder for India's national airline, Air-India, and a sale adviser is about to be appointed. And, says privatization minister Shourie, the pace of decision-making is stepping up: "Six months ago, only two firms had been cleared for privatization. Now there are almost 40." More important, he adds, procedures are becoming more transparent, and the political opposition to privatization has "less and less conviction." Indians hope so -- they're looking forward to a robust return on their tax rupees. But employees of companies under the ax aren't convinced private ownership of government-run units would lead to efficiency and profits. They feel this way partly because their bosses haven't taken them into their confidence and partly because they've seen how the government has misused their companies. For example, electricity unions are furious because successive governments have been giving power free to farmers in exchange for votes -- resulting in bankruptcy for the power authority. Years of such freebies have nearly demolished the state power authorities, which have annual losses estimated at \$4.25 billion. Shourie acknowledges that the state workers' fears are legitimate. "It is shortsighted not to take workers into confidence. We must take everybody along in this privatization process," he says. He may want to, but clearly the bureaucrats who head most state-owned companies and who are loath to relinquish their powerful jobs don't. They run multibillion-dollar empires, without any compulsion to make a profit for their shareholders: Indian taxpayers. The only way the government can overcome their outside authority is to sell off the units lock, stock, and barrels or hand over management control to a joint-venture partner. Some union leaders feel that instead of selling off businesses to private investors, the companies should be given a fair chance to operate under professional -- not bureaucratic -- management. D. Thankappan, director of the Delhi-based Centre for Workers' Studies, says that with professional management, workers could increase productivity by 10% and raise revenue dramatically. The government hasn't responded to these suggestions, but clearly Shourie is trying hard to bring some consensus and understanding to the different constituencies affected by privatization. Tossing aside the government's usual habit of setting up ineffective committees and subcommittees to look into problems, Shourie is getting into the driver's seat himself. He has begun traveling across the country, talking to state workers. In November, he met with 125 labor leaders from 40 trade unions and is scheduled to have a larger meeting in Bombay with other unions in mid-January to acquaint them with the government's plans and policies. This strategy hasn't helped put off any strikes, but for the first time, someone in government is communicating directly with the workers. Shourie also has dismissed all deadlines for privatization - "no sale will be a distress sale" - but expects the process to move rapidly. "We are looking for arrangements by which the firms can be made healthy and competitive again," Shourie says. No Indian would argue with that goal.

*From MSNBC, 29 December 2000*

## INDIAN BANK EMPLOYEES TO PROTEST PRIVATIZATION

More than 1.2 million bank workers across India planned a daylong strike Thursday to protest plans for privatization. The Indian government last week introduced legislation in Parliament to dilute government stake in banks to 33 percent from 51 percent in 27 public-sector banks. Several lawmakers and unions protested against the proposal. They said it would lead to job losses. Finance Minister Yashwant Sinha told bank workers that the government would control the banks despite having a minority share holding. The sale of the government equity is expected to help the bank expansion.

*From UPI-World, 20 December 2000*

## GOVERNMENT INTERVENTION DETERRING GROWTH OF SMALL, MEDIUM-SIZE COMPANIES, REPORT CLAIMS

Although it has been commonly accepted that China's small to medium-size companies would play an increasingly active role in the economy, these companies are actually facing various obstacles that may be impeding their growth. According to a research report released by China's State Council Center for Development Research, these obstacles may in fact be a form of government intervention, reported the Jan. 19 *Zhongguo Xinxi Bao* ([China Information News](#)). The research report shows that the growth of China's small to medium-size companies lacks a good business environment because of the following factors: **It is difficult to open and run small to medium-size companies:** There is too much red tape and too many complicated procedures. One must go to many government agencies, requiring a great deal of time and effort, rendering the cost of opening a small or medium-size company too high; **There is a heavy social burden:** Although the official tax collected by the government is not high, various types of fees and apportionments far exceed the tax and place an unbearable burden on small to medium-size companies; **Many small to medium-size companies suffer from discrimination because they are not owned by the state:** The government has many times stressed that all companies should be treated the same and that all barriers and boundaries must be eliminated. However, many government agencies—such as industrial and commercial administration, taxation, public safety and even street-level administrative offices—still harbor a biased attitude toward non state-owned small to medium-size companies. In some areas, local government agencies like to "live on, take from, blockade and toy with" these companies, the report stated; **There is a serious lack of funding:** The main reason for this is the lack of a perfected and free capital market, the article said; and **Small and medium-size companies encounter problems hiring quality personnel:** This is because of limitations within the household registration system and the incompleteness of the social security system. **Problems all companies must face:** According to the report, these problems are not

exclusive to small and medium-size companies, the article said. All of China's companies, including large ones, must face these common problems, largely due to the following policy-related obstacles: China has yet to establish a fully liberated enterprise environment, thus laws protecting private property cannot be effectively enforced; Lacking a highly efficient capital market, the securities market has become the principal means to resolve the funding difficulties of state-owned enterprises; The labor flow is restricted by means such as the household registration system and the incompleteness of the social security system; and Nongovernmental capital cannot freely enter many areas. For example, China's postal system recently prohibited nongovernmental express delivery companies from conducting mail delivery businesses. Additionally, local protectionism is often rampant, the article said.

*From China Online, 26 January 2001*

## EUROPE

### BOSNIA ENERGOINVEST TO START PRIVATIZATION IN MARCH

[\(Reuters\)](#) Bosnian state-owned engineering conglomerate Energoinvest said on Friday that privatization of the company is scheduled to begin in March. A 67 percent stake would be offered for sale via tender and 27.7 percent provided to Bosnian citizens in exchange for privatization vouchers. Managing Director Nedžad Branković said at a news conference that Energoinvest's income in 2000 increased 10 percent from the year before in accordance with the company's forecast. The 1999 turnover was 251 million marka (\$122.4 million). Energoinvest is struggling to recover from the consequences of the 1992-1995 war in the Balkans. Before the war, it was one of the largest exporters in the former Yugoslavia, with turnover of about \$2.5 billion. In 2000, Branković said, revenue from foreign markets was up about 100 percent, while revenue from the local market fell 10 percent because of a lack of foreign investment in Bosnia. For 2001, he said, Bosnia's main producer of electrical- power equipment and technological-process equipment is targeting a 77 percent rise in revenue, with gains of 54 percent in the local market and 86 percent in foreign markets. He provided no information on how the company expects to increase local sales. He said that the company, which mainly exported last year to Libya, the United States, Mexico, Turkey, Malaysia, Algeria and Germany, would soon sign contracts with Libya and Iraq worth some \$52 million. Branković said that the company's capital amounted to 239 million Bosnian marka (\$116.6 million), of which 226 million was owned by the state and 12.5 million by small shareholders.

*From Bosnia Today, 6 January 2001*

### ROMANIAN AIR COMPANY UNION DROPS STRIKE PLAN, DISAGREES WITH PRIVATIZATION

[\(BBC Monitoring\)](#) Bucharest, 4 January: The unionists working with Tarom have decided on Wednesday [3 January], following the negotiations with the representatives of the Ministry of Labor Works, Transportation and Housing, to drop a labor dispute started on 4 January, an action directed against the way how the privatization process has been conducted and against the replacement of Tarom's management, a decision made by the previous management of the company. "The talks resulted in an understanding that ends the labor conflict, but we'll have to agree on Tarom's privatization, too, which should be taking place in due time, said Marian Pamfiloiu, the leader of the company's Technical union. The representatives of the national transportation operator accuse the former Transportation Minister Anca Boagiu, that her remarks about the unfavorable conclusions reached by Lufthansa Consulting and ABN AMRO Corporate Finance regarding the company's financial losses - brought important "moral and material" prejudices to Tarom. Unions expressed their disagreement with the intention of selling the company by blocks of shares and consider that the most efficient privatization way is the capital increase. They also maintain that Tarom's activity is undergoing an upward trend, especially in the last two years, an evolution encouraged by the growth in the quality of its services and the purchase of new airliners. The leader of the union believes that the evaluation made by Lufthansa Consulting is questionable as concerns its "neutrality" and expresses the feeling that the German firm "wants, in fact, to kick Tarom out of the market, in order to favor competing companies". The union leaders ask for the set up of a panel made of representatives of the government and of the Ministry of Transportation, in order to analyze the reports filed by ABN -AMRO Corporate Finance and Lufthansa Consulting.

*From Romania Today, 4 January 2001*

### HUNGARIAN PREMIER SAYS PRIVATIZATION COMPLETED

Prime Minister Viktor Orbán on 19 December said after a cabinet meeting that privatization in Hungary has been completed and private ownership is now at a level similar to that of West European countries and, in some cases, even ahead of that level. The privatization agency will be disbanded and replaced by an agency managing the remaining state assets, AP reported. Some 80 percent of formerly state-owned industries and businesses have been privatized during the last decade. Orbán also announced price hikes for 2001 for public transportation, electricity and natural gas. He said inflation in 2000 would be double that forecast by the cabinet, reaching some 10 percent, and blamed that rise on higher prices for crude oil on world markets. He said he is confident the rate will drop to 5-7 percent in 2001.

*From Hungary Today, 21 December 2000*

## BULGARIA REPLACES PRIVATIZATION AGENCY'S HEAD

Bulgaria's government on Tuesday replaced the head of the Privatization Agency following recent legislative amendments aimed at boosting the transparency and efficiency of the sell-off process. A government statement said that Deputy Economy Minister Levon Hampartsumyan was appointed as a new executive director of the agency which is the government body in charge of major sell-offs. Hampartsumyan, 46, will replace Zahari Zhelyazkov. Changing the governing structure of the agency is part of legislative amendments, which also aim to improve the government's image ahead of general election next year. Two months ago, Prime Minister Ivan Kostov put all major sell-offs on hold until amendments to the Privatization Law took effect. Bulgaria's privatization has often been accompanied by allegations of corruption, insufficient transparency and delays.

*From Bulgaria Today, 20 December 2000*

## LASCO PRIVATIZATION CALLED TOUCHSTONE FOR LATVIAN GOVERNMENT

President Vaira Vike-Freiberga said on 22 January that the privatization of the Latvian Shipping Co. (LASCO) will be a touchstone for the government of Premier Andris Berzins, BNS reported. The privatization process will indicate whether Latvia and its government have "indeed achieved a stage in development where a credibly transparent privatization process can take place," the president said. The failed privatization of LASCO could have negative consequences from an international perspective and contribute to the impression that corruption is flourishing in the country. The January 2001 issue of "Lloyd's List Economist" indicated that LASCO in 1999 ranked third in the world in terms of the volume of oil products transported. SG

*From Radio Free Europe, 24 January 2001*

## THE AMERICAS

### HELMS PROPOSES PRIVATIZING FOREIGN AID

Sen. Jesse Helms on Thursday proposed replacing the entire U.S. foreign-aid program with grants to religious and other humanitarian groups that do work abroad. Helms, the Republican chairman of the Senate Foreign Relations Committee, said the idea would be consistent with the philosophy of "compassionate conservatism" espoused by President-elect George W. Bush -- a vision that Helms said "must not stop at the water's edge." A long-time nemesis of foreign aid, Helms said he would even back an increase in such assistance if the money were effectively funneled through faith-based groups and other private relief agencies instead of a "cold, heartless" bureaucracy. He was referring to the U.S. Agency for International Development, which has a budget of \$7.6 billion this year and maintains field offices around the globe. Under Helms' proposal, the agency, which was created by President John F. Kennedy in 1961, would be dismantled and replaced by a new foundation housed in the State Department. It would end the agency's 40-year history as the United States' focal point for helping other countries recover from disasters, fight poverty and foster democratic reforms. Helms floated the proposal during a 50-minute speech at the American Enterprise Institute, a conservative think tank in Washington. The address drew more than 200 journalists, scholars and conservative luminaries, including former U.S. House Speaker Newt Gingrich and failed Supreme Court nominee Robert Bork. For Helms, it was an opportunity to lay out his foreign-policy agenda for this session of Congress -- the first time there will be a fellow Republican in the White House in his six-year tenure as Foreign Relations chairman. In his speech, Helms voiced his staunch opposition to the creation of an International Criminal Court, expressed support for admitting the Baltic States into NATO and said the United States must do more to protect Taiwan from mainland China's aggression. Helms also took aim at President Clinton, accusing him of impeding progress on a national missile defense system and not doing enough to topple Cuban leader Fidel Castro. Helms' unexpected proposal regarding foreign aid sparked the most chatter among those attending the speech. "I do think one has to take it seriously, because it's a very sound idea," said Elliott Abrams, a high-ranking State Department official during the Reagan administration. "There'll almost certainly be movement in this direction. How quickly is hard to say." There was no immediate reaction from U.S. Sen. Joseph Biden, the highest-ranking Democrat on Helms' panel, who was visiting Kosovo on Thursday. But analysts said Democrats might hesitate to embrace the proposal out of fear that faith-based groups receiving funds would have an evangelical mission in addition to their humanitarian aim. Bush has received similar complaints about efforts to use religious groups to help solve domestic problems. In a statement, J. Brady Anderson, administrator of the AID, noted his agency already uses faith-based groups to provide some humanitarian assistance abroad. "I think we have made progress during my tenure in expanding our partnership with these organizations," Anderson said. "I appreciate that Senator Helms has laid this out as one of his priorities, and I appreciate the contributions he continues to make to this debate." According to the agency, it has "working relationships" with more than 300 private U.S.-based volunteer organizations that help provide education, agricultural training and other types of humanitarian assistance to poor countries in Africa, Asia, Latin America and other parts of the globe. Helms aides said the senator was talking about a far more fundamental transformation of the agency that would involve dismantling its field offices abroad and channeling the savings to private groups to provide more help on the



Sen. Jesse Helms speaks at the American Enterprise Institute.  
*SHNS Photo By Evan Eile*

ground. In his speech, Helms cited Samaritan's Purse, a North Carolina group headed by the Rev. Franklin Graham, the son of evangelist Billy Graham, as an example of a faith-based organization that should receive government funding. The group, which Helms said receives no tax money, operates in 100 countries around the world. He also cited the work of a Jesuit priest who runs an orphanage for children suffering from HIV and AIDS in Kenya. Helms said the priest, the Rev. Angelo D'Agositino, had applied for a grant from AID to support his endeavors but was turned down. Helms said the orphanage did not meet the agency's requirement of "sustainable development" because most of the children he helps eventually die. "I've got news for the ... bureaucrats," Helms said. "What is not sustainable is their cold, heartless bureaucratic thinking." Helms spokesman Marc Thiessen said Helms intended to speak about his proposal with "broad brush strokes" Thursday and would introduce legislation after consulting more with the Bush administration and other members of his committee, including Democrats.

*From Raleigh (NC) News & Observer, by John Wagner, Washington Correspondent, 12 January 2001*

## **FOSTER CARE PRIVATIZATION PROGRESSING**

Gov. Jeb Bush told private foster care providers Thursday the state is making progress in its goal to move children from troubled homes into the hands of community groups. Bush called the Department of Children and Families overhaul "a quiet little revolution," that will become a model for the country. In 1998, Florida passed legislation permitting a major reorganization of the department, and the state is under a mandate to have all of its foster children in private care by 2003. State Rep. Sandra Murman, R-Tampa, who is one of the legislative architects of the privatization plan, said Bush has proposed record amounts of money to support state health and human services programs. In his 2001-02 budget plan, Bush is requesting \$14.5 billion, a \$500 million increase from the current budget. Bush also wants to increase money for child welfare programs from the current \$719 million to \$761 million in the 2001-02 budget, according to state offices. "We don't want to give you a manual," Bush told the private providers. "You tell us - we want to free you up to get kids into loving homes." The goals for moving children into privatized, community-based care are aggressive. About 30 percent of children in Florida's child welfare system are expected to be moved into private care within the next 10 months, said Christopher J. Card, president of the YMCA Children, Youth and Family Services Inc. Florida currently has 15,000 children in foster care. To date, only the YMCA in Sarasota County and Manatee County has been able to fully take over child welfare services in its community. In Sarasota, the YMCA has reduced the amount of time children stay in the system before they are reunited with family and the number of months in foster care before adoption, Card said. Children are being reunited with family in less than 10 months, down from 24 months under DCF, and being adopted in less than 30 months. Before privatization, children awaiting adoption in Sarasota County averaged 45 months in foster care, he said.

*From Associated Press, 24 January 2001*