

GOVERNANCE WORLD WATCH

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

Compiled by Information and Networking Unit December 2000



TABLE OF CONTENTS

Public Policies & Public Economics

Africa	
➤	Zambia Government Admits Neglecting Children's Welfare 3
Asia/Pacific	
➤	Choice of Reform or Continuity..... 3
➤	China Issues Regulations On Asset Management Co. 3
➤	Japanese Government Appeals Ruling On Pollution 5
➤	China's Telecom Urges Need To Better 'Manage' Internet.. 5
➤	Reform Farce Slows Japan Down 6
➤	Investment Policy Further Liberalized..... 6
➤	Delegates To Anti-Corruption Meeting Adopt Proposal..... 7
Europe	
➤	Putin Says Federation Reforms Were Constitutional 7
Middle East	
➤	Globalization Against National Sovereignty Of Developing Countries..... 7
The Americas	
➤	Election Officials Set Up Task Force On Reform 8
➤	Internet Voting 'Would Cut Out American Presidential Election Problems' 8
➤	Microsoft Presses U.S. Government Over AOL 8
➤	Analysis From Washington – Globalization of Slavery 8
➤	Government Defines Internet Strategy 9
Global	
➤	President Extols Globalization In Ireland..... 9

Governance Systems and Institutions

Africa	
➤	Constitutional Review Commission Sues Government 11
Asia/Pacific	
➤	Calls For Stronger Anti-Corruption Laws In Hong Kong 11
➤	China Handling 9,000 Corruption Cases 11
➤	Asian Meet To Take A Look At Fighting Corruption 12
➤	Panel To Fight Corruption In Asia..... 12
Europe	
➤	Stormy Parliamentary Debate On Corruption Charges Against Hungarian Government 12

Civil Services & Ethics in Public Sector

Africa	
➤	SABC Declares War On Corruption..... 14
➤	High Transport Costs Blamed On Corruption..... 14
Asia/Pacific	
➤	Hong Kong Officials Deny Corruption Allegations 15
➤	Justice Minister Held In Chinese Corruption Purge 15
➤	Civic Group Published Police Corruption Cases 16
➤	DPP Lawmakers Not In Favor Of Pay Raise 16
➤	Pay Raise For Civil Servants To Be Honored..... 16
Europe	
➤	Polish Nurses Protesting At Over 100 Establishments..... 16
➤	Bureaucrats Stall Corruption Fight..... 17
➤	Croatia's Public Services To Hold First General Strike 18

The Americas

- As Fox Takes Rein, Police Corruption Will Be A Focus..... 18
- Cabinet And Public Service Run Country Post-Election 19
- U.S. Civil Service Salary Study Scrutinized 20
- Conway Moves Toward Abolition Of Civil Service 21

Management Innovation & Trends

Asia/Pacific	
➤	China IT Firms Face Management Shortage..... 22
➤	NRD Forms Available At Its Website 22
➤	Compulsory Three-Year Public Service For Dentists 23
Europe	
➤	FreeServe: UK Internet Pioneer..... 24
The Americas	
➤	Internet Established As Major Source In 2000 Elections 24
➤	Tech Firms To Announce Improvements In Delivery Of Internet Audio and Video 25
➤	Public Service Commission Plan Will Expand Reach..... 25

Public Finance

Africa	
➤	South Africa's Justice's Finances 'Chaotic'..... 27
➤	Financement Au Programme Post-Conflict Du Congo 27
Asia/Pacific	
➤	Corporate, Financial Reforms To Get 40 Trillion 27
➤	Finance Advisers Look To Internet 28
➤	New Car Sales Tax To Pave Western China's Roads..... 28
➤	Finance Minister Says China To Unify Tax Law 28
➤	China: By The Numbers..... 29
Europe	
➤	Fiscal Policy And Structural Reforms..... 29
➤	Hungary Premier Names New Finance Minister 29
The Americas	
➤	Small Businesses Relieved From Monthly Taxes..... 30

Private Sector Development

Asia/Pacific	
➤	Privatization An Important Element For Debt Retirement... 31
➤	Privatization Of KEPCO To Be Suspended For 1 Yr 31
➤	Musharraf Wants Privatization Expedited 31
➤	IMF Presses Asia On Corporate Reform 31
Europe	
➤	Kyrgyz Government Approves Draft Privatization..... 32
➤	Turkish Government Set To Speed Up Sell-Off..... 32

Public Policies & Public Economics

AFRICA

GOVERNMENT ADMITS NEGLECTING CHILDREN'S WELFARE

[Panafrican News Agency](#) In a telling irony of its persistent pronouncements about the lack of sustainable development, a Zambian official Tuesday admitted that the government has not been investing enough in the welfare of children. The Permanent Secretary at the ministry of Sport, Youth and Child Development, Bernard Simpokolwe, said government leaders themselves including policy makers, communities and development agents have not invested a lot in children. Simpokolwe observed that investing in children at an early age would not only guarantee sustained human development, but also offer the best opportunity of competing in the global economy by improving the competencies of the people. He spoke at the launch of the 'State of the World's Children 2001' report, saying the occasion calls for reflection on what actions needs to be taken to ensure that children's rights are protected and respected. He urged Zambians to critically examine what has been done and not done so that they can exert efforts to change the scenario. Simpokolwe said the past ten years in Zambia has brought mixed results for children whereby positive strides have been made in increasing access to safe drinking water, sanitation facilities in rural areas as well as recording no polio cases since 1995. But chronic malnutrition and stunting, high maternal mortality and also high levels of anaemia in women have compromised such results, with HIV/AIDS worsening the situation, he said. Studies from the ministry of Health indicate that between 30 and 40 percent of children in Zambia are born with HIV and that most will develop AIDS and die within two years. Currently, more than 500,000 children are orphaned due to HIV/AIDS in the country. "I have gone to great lengths to paint this picture in order to show that the survival odds for children today, especially in developing countries like Zambia are greater now than they were ten years ago," Simpokolwe added. The World's Children report says children orphaned by AIDS in Zambia are at greater risk of becoming infected and that emotionally vulnerable, they are more likely to seek comfort in risky sexual behaviour and financially desperate, they are more likely to be exploited, often turning to prostitution for survival. The report this year focuses on Early Childhood Care and Development, critically examining the issues affecting the early growth and development of children. It clearly points out that investing in children at an early age is the only guarantee for securing their full development. It sets out the options that governments have about where and when to make investments to ensure that children under age three have their rights protected and their needs met. The document recognises that tragically, both for children and for nations, these are years that received least attention. This, it said, is against the backdrop of a decade that promised so much for children, yet many nations are yet to deliver on most of their promises made at the World Summit for Children in 1990.

From allAfrica.com-Southern Africa, 12 December 2000

ASIA/PACIFIC

CHOICE OF REFORM OR CONTINUITY

A steady hand on the economic tiller, providing fine-tuning, or sweeping reforms to support community development and growth. The contrasting policies facing voters in the general election were outlined to investors and financial professionals by the two main parties at the Stock Exchange of Thailand yesterday. The Democrats promised steady progress, while Thai Rak Thai pledged widespread reforms to build self-sufficiency.

From Bangkok Post, 30 November 2000

CHINA ISSUES REGULATIONS ON ASSET MANAGEMENT COMPANIES

Here are the complete "Regulations on Financial Asset-Management Companies," as reported in the Nov. 20. ([Shanghai Securities News](#)). **Chapter I: General provisions** Article 1: The formulation of these regulations aims to standardize the behavior of financial asset-management companies, handle bad loans by state-owned banks according to law, and promote the reform and development of state-owned banks and state-owned enterprises. Article 2: A financial asset-management company refers to a solely state-owned non-bank financial institution, which, established at the approval of the State Council, purchases bad loans of state-owned banks, manages and handles assets formed through the purchase of bad loans from stated-owned banks. Article 3: The principal operational goal of financial assets management companies, which independently bear civil responsibility according to law, is to maximally preserve assets and reduce losses. Article 4: The People's Bank of China ([PBOC](#)), the [Ministry of Finance](#) and the China Securities Regulatory Commission ([CSRC](#)) execute supervision and administration of financial asset-management companies, each within the scope of its official duty. **Chapter II: Company establishment and business scope** Article 5: The registered capital of a financial asset-management company is 10 billion renminbi (US\$1.2 billion), which shall be approved and allotted by the Ministry of Finance. Article 6: A financial asset-management company must obtain the Legal Person License for a Financial Institution from the PBOC, and must register at the administration of industry and commerce according to law. Article 7: A financial asset-management company must obtain the approval of the Ministry of Finance to set up branches. Meanwhile, it must apply to the

PBOC for the Operation License for a Financial Institute, and register at an administration of industry and commerce according to laws. Article 8: A financial asset-management company shall have one president and several vice presidents, all of whom shall be appointed by the State Council. The president exercises his or her powers on behalf of the financial asset-management company and takes charge of the company's operation and management. The qualifications of the high-ranking officers of a financial asset-management company must be examined by the PBOC. Article 9: The composition, duties and work procedures of the board of supervisors of a financial asset-management company must conform with the "Interim Provisions on the Board of Supervisors in Key State-Owned Financial Institutions." Article 10: While managing and handling assets formed by bad loans purchased from state-owned banks, a financial asset-management company may undertake the following functions: Recovery of debt; Leasing or transferring and reorganizing the assets formed with purchased bad loans in other forms; Debt-equity swap, and holding enterprise equity for a certain period of time; Listing sponsorship and bond/stock underwriting for companies within the scope of asset management; Issuing financial bonds and asking for loans from financial institutions; Financial and legal consulting, and assets and project appraisal, and other businesses approved by the PBOC and the CSRC. A financial asset-management company may apply to the PBOC for a new loan. **Chapter III: Scope, amount and capital source for purchasing bad loans** Article 11: A financial asset-management company purchases bad loans of state-owned banks according to the scope and amount stipulated by the State Council. Purchase beyond the stipulated scope or amount shall be submitted to the State Council for special examination and approval. Article 12: Within the amount stipulated by the State Council, a financial asset-management company purchases at book value related loan principal and corresponding interest claims receivable charged to profit and loss. Interest claims receivable not charged to profit and loss shall be transferred without compensation. Article 13: Having purchased the bad loans, a financial asset-management company acquires all rights of the original creditor over the debtor. The debtor, guarantor and parties concerned in the original loan contract shall continue to fulfill their obligations as stipulated by the contract. Article 14: Sources of funds for a financial asset-management company to purchase bad loans include the following: Transfer of part of the loans issued to solely state-owned commercial banks by the PBOC; Issuance of financial bonds. The PBOC loans to solely state-owned commercial banks, when being transferred to a financial asset-management company, shall have a fixed annual interest rate of 2.25 percent. Article 15: The issuance of financial bonds by a financial asset-management company shall be subject to the examination and approval of the PBOC and the Ministry of Finance. **Chapter IV: Debt-equity swap** Article 16: A financial asset-management company may swap the creditor's rights obtained from purchasing the bad loans of state-owned banks for equities from the borrowing enterprise. The equity holding of a financial asset-management company is not limited by its net asset value or registered capital. Article 17: The debt-equity swap shall accord with the state's industrial policies and facilitate the optimization of economic structure and the related enterprise's technical progress and product upgrading. Article 18: The State Economic and Trade Commission (SETC) shall recommend enterprises to a financial asset-management company for debt-equity swaps. The financial asset-management company conducts an independent evaluation and examination of the recommended enterprises, drafts a plan for the debt-equity swap and signs the swap agreement with the enterprise. The debt-equity swap plan and agreement shall be subject to the examination of the SETC, the Ministry of Finance and the PBOC, and be implemented at the approval of the State Council. Article 19: Enterprises that practice the debt-equity swap shall transform their operational mechanism, establish a standardized structure featuring the governance by corporate legal person, and enhance enterprise management according to the requirements of the modern enterprise system. Local government shall assist enterprises in cutting payroll, increasing returns, diverting the laid-off workers, and freeing the enterprises from extra social functions. Article 20: Following the debt-equity swap, a financial asset-management company, as a shareholder of the enterprise, may dispatch personnel to join the enterprise's board of directors and board of supervisors to exercise their shareholder rights according to law. Article 21: Enterprise equity held by a financial asset-management company may be transferred to domestic and overseas investors according to related regulations, or re-purchased by the enterprise involved in the debt-equity swap according to law. Article 22: After the enterprise implements the debt-equity swap, it shall register the changes in its property rights according to the related regulations. Article 23: The SETC is responsible for the organization, guidance and coordination of the debt-equity swap. **Chapter V: Company operation and management** Article 24: Financial asset-management companies shall adopt the responsibility system for operational objectives. The Ministry of Finance determines the operational objectives for handling bad loans by financial asset-management companies according to the quality of the bad loans, and carries out the evaluation and supervision. Article 25: Financial asset-management companies shall make operational policies and related measures in accordance with the characteristics of the bad loans, improve internal management, and establish internal restriction and motivation mechanisms. Article 26: Financial asset-management companies shall manage and handle assets formed with the bad loans purchased from state-owned banks in accordance with the best principles of openness, competition and selection. Financial asset-management companies shall transfer assets primarily through bidding and auction. If the financial claims of a financial asset-management company cannot be paid off, due to such reasons as the debtor's bankruptcy, matters shall be handled according to the regulations of the State Council. The Ministry of Finance shall draft procedures concerning the management and handling of assets by financial asset-management companies. Article 27: Financial asset-management companies may, if necessary, invite qualified intermediary institutions to take part in accounting, assets appraisal and legal services. Article 28: Financial asset-management companies are exempt from taxes in their purchase of bad loans from state-owned banks, or in their undertaking and handling of assets formed with the bad loans purchased from state-owned banks. Specific procedures shall be drafted jointly by the Ministry of Finance and the [State Administration of Taxation](#). Financial asset-management companies shall be exempt from administrative charges such as registration fees at an administration of industry and commerce. Article 29: Financial asset-management companies shall submit financial and statistical reports as well as other related materials in accordance with the requirements of the PBOC, the Ministry of Finance, the CSRC and other related departments. Article 30: Financial asset-management companies shall accept the auditing supervision of auditing authorities according to law. Financial asset-management companies shall invite certified public accountants authorized by the

Ministry of Finance to conduct annual audits of their financial status, and submit the auditing report to the supervisory and administrative departments. **Chapter VI: Termination and liquidation** Article 31: At the termination of a financial asset-management company, the Ministry of Finance shall organize a team to conduct the liquidation. Article 32: For the final losses incurred during the handling of bad loans by financial asset-management companies, the Ministry of Finance shall propose a solution to be executed at the approval of the State Council. **Chapter VII: Supplementary provisions** Article 33: Financial asset-management companies violating financial laws and administrative regulations shall be penalized by the PBOC in accordance with the "Procedures on the Punishment of Unlawful Financial Practices" and related laws. Those breaking other laws and administrative regulations shall be penalized by the relevant departments according to law. Those whose activities constitute a crime shall face criminal responsibility. Article 34: The Regulations shall take effect as of the date of promulgation.

From China Online, by Zhengquan Bao 30 November 2000

GOVERNMENT APPEALS RULING ON POLLUTION

The national government on Tuesday appealed a recent court ruling ordering it to reduce emissions of so-called suspended particulate matter (SPM) to within environmentally acceptable limits in areas along National Route 23 in Nagoya. The ruling also awarded money to those who claim to have been adversely affected by the pollution. Justice Ministry officials said the government cannot accept the ruling because the drastic reduction of SPM emissions called for is unreasonable. Environment Agency chief Yoriko Kawaguchi also told reporters the government found a "scientific problem in the correlation" between exhaust fumes and the health problems of residents living near the highway. The Nagoya District Court on Nov. 27 ordered the state to pay 18 million yen and 10 companies to pay a combined 300 million yen to a group of Nagoya residents for damage to their health caused by air pollution. The companies, including Chubu Electric Power Co., agreed to settle with the plaintiffs. The plaintiffs in the suit, filed in March 1989, were among a total of 145 people living in the southern part of Nagoya officially recognized as patients of diseases caused by air pollution and families of deceased victims. They had originally sought around 4.3 billion yen in damages from the state and the 10 companies. The court recognized three plaintiffs' demands for compensation from the state and 110 plaintiffs' requests for compensation from the firms. In their suit, the plaintiffs argued that the air pollution resulted from exhaust gas emissions of vehicles running on four state-managed roads in the region. They also complained that thermal power stations and major factories operated by the 10 companies in an industrial area south of Nagoya emit smoke containing sulfur dioxide. The nine other firms are Nippon Steel Corp., Toray Industries Inc., Aichi Steel Corp., Daido Steel Co., Mitsui Chemicals Inc., Toho Gas Co., Toagosei Co., Nichiha Corp. and Chubu Steel Plate Co. "Serious health problems such as asthma and emphysema have resulted from many years of air pollution," the suit said. Since 1972, when National Route 23 fully opened, residents living in areas within 20 meters of the road have suffered bronchial asthma resulting from SPM or have seen their conditions worsen, the court said.

From The Japan Times, 6 December 2000

CHINA'S TELECOM REGULATOR URGES NEED TO BETTER 'MANAGE' INTERNET

China's telecom regulator on December 5 reiterated the need for stricter oversight of the Internet, specifically the use of online bulletin boards. "Don't misinterpret this. The Chinese government absolutely is not saying people can't use these things, but we must find a more healthy way to manage them to ensure the protection of individuals' reputation and privacy," Minister [Wu Jichuan](#) of China's Ministry of Information Industry (MII), said at the International Telecommunications Union "Asia 2000" conference, according to The Associated Press. Speaking to reporters on the sidelines of the conference, held in Hong Kong, Wu said that some users take advantage of the anonymity of the Internet. "Anyone who has used the Web knows already that people always use false names. No one uses their own name," he said, according to AP. "If someone attacks someone else, there is no way to catch them, no way to sue them." In November, China published a set of regulations restricting the publication of online news and requiring Internet chat rooms to keep track of users. The regulations also stipulate acceptable and nonacceptable content for online news sites and chat rooms. In other remarks, Wu chastised the media and investors for the recent one-way billing fiasco with regard to China Mobile and [China Unicom](#). Two weeks ago an unnamed MII official was quoted as saying that the Chinese government had approved "calling party pays," a one-way billing scheme for mobile phones. Fund managers and the media made much of the news, and investors, fearing decreased revenues for China Unicom and China Mobile, sent the share prices of these listed companies plummeting. "I think that the fund managers and the media should have known that the opinions expressed on an individual basis did not represent the views of the government," Wu said, according to Reuters. "They should have gone to the spokesman of the relative department." Wu intervened last week and reassured the market that one-way billing would not be implemented until 2002. Shares of China Mobile and China Unicom rose as a result, but they have yet to return to their early-November levels. The minister also addressed convergence, saying the merging of cable and telecom services in China was inevitable. "In the future, voice, data and video will converge, and that is an irreversible trend," Wu said, according to Reuters. "In the future, all will be digitally transmitted." Separately, Wu stated that the telecom sector will open further to foreign investment once China enters the World Trade Organization. This should be heartening to investors, as the minister also predicts that the sector will grow 20 percent per year over the next five years. "The scale and capacity of the fixed as well as mobile networks will rank the largest in the world [in 2005]," he said. "The number of Internet users will be among the top in the world."

From China Online, by Lester J. Gesteland, 5 December 2000

REFORM FARCE SLOWS JAPAN DOWN

The much-ballyhooed reforms by Tokyo to make the bloated Japanese administration lean, mean and transparent from Jan 6 is facing obstacles that threaten to turn what has been extolled as a historic event into a farce. After five years of careful planning, ministers are asking for more and not less staff, bureaucrats are holding on to their powers and private sector workers, for fear of stepping into the unknown, are turning down requests to join the government. Everything looks good and reads well on the glossy paper that the reforms are printed on, but reality proves to be not glossy at all. Officials like newly appointed Justice Minister Masahiko Koumura, for instance, has thrown a spanner in the works, with his demand for more staff. 'Our ministry is one of the few government bodies that request an increase,' he argued, pointing to the pressing need of manpower to update many of Japan's basic laws, such as the Commercial Code which is for keeping up with globalisation and information-technology revolutions. Re-appointed Finance Minister Kiichi Miyazawa has indicated that he wants to continue playing a cautious hand in fiscal policy, which means the ministry's strength would stay unchanged and no one would be axed. Foreign Minister Yohei Kono has also ruled out a cut in the budget for official development assistance (ODA), which would otherwise hack off much work for the ministry. The question on people's lips is: which minister would want to admit that his ministry is the one with too many staff? Reports also said that bureaucrats are fighting over the fewer director-general and director positions up for grabs from Jan 6, while the number of private-sector talents joining the government has fallen far short of what was envisioned. According to a former adviser to then Premier Ryutaro Hashimoto, more than half of the 150 members making up a new council for advising the Prime Minister on the budget were supposed to be from the private sector. But the government has so far been able to attract only 15 such people, some of them are part-timers. A senior official overseeing the reforms said what needed to be changed was the mindset of people involved before things can work out as theorised. 'At the moment, reducing the ministries from 23 to 13, to use an analogy, is just like re-dishing the same amount of food laid out in 23 plates onto 13 plates,' said Mr. Masakatsu Okamoto, who heads an advisory unit for working out details for the reforms. Without a major re-casting of the mindset and attitude of private sector personnel about joining the government, carrying the reforms through may well be a pipe dream. 'Without a reduction in workload - some 1,800 pieces of legislation have yet to be implemented - making the government more efficient may be a difficult task,' he said. The way to go about it is clear, at least to Mr. Okamoto. To cut down on the workload, 'some of the servings on the plates' will have to be parcelled out to the local governments. But this is easier said than done. An association of local governments last week issued a statement hitting out at what it perceived as the 'forced amalgamation of local governments', a move to combine some of the 3,000 over district governments, cut down the number of staff and increase the work each new entity is required to perform. The merging of several of the ministries into one was aimed at promoting efficiency, especially in ministries which have overlapping areas of responsibility. But a look at next year's budgetary requests will show that there has been no change in the unchangeable mindset of some bureaucrats - a few, like the Ministry of Transport, have even asked for more money than before. 'They have to carry out projects by using every cent budgeted. Otherwise their budget will be reduced, and they will face restructuring,' university law professor Takayoshi Igarashi commented. When the documents detailing the administrative reforms were first published and distributed in early 1999, the writers hailed the reforms as a 'once-in-a-century' affair. However, the difficulties encountered may derail them. In the end, commented one analyst, the affair may change from being 'once in a century' into one to be 'done over a century'.

From Singapore Straits Times-Asia, by [Hau Boon Lai](#), 13 December 2000

INVESTMENT POLICY FURTHER LIBERALIZED

The government on Tuesday further liberalised the investment policy by reducing bureaucratic discretion and offering tax and other incentives to boost foreign direct investment in the infrastructure, agriculture and services sector. The Cabinet Committee on Investment which met here with Finance Minister Shaukat Aziz in the chair, hoped that the liberal package of concession will attract more investment in the country. The meeting declared Tourism, Housing and Construction sectors to be placed in industry category. In order to yield foreign investment in infrastructure and agriculture sectors, the Committee enhanced the tax relief/first year allowance from 50% to 75% of the cost of the machinery. As a result of new policy regime for services sector, now foreign investors will be allowed to invest in any activity under the rubric of service. There will be no need to get registration or permission from Board of Investment (BOI) and they will have to simply register their company with SECP, and inform the State Bank. This has done away the cumbersome procedure for getting permissions. To tap the potential of foreign investment in this important sector which contributes 49% to the GDP, the Committee decided to reduce the benchmark for foreign repatriable investment in service and other non-manufacturing sectors from \$0.5 million to \$0.3 million. It has been further decided that the mandatory period to induct local equity in service sector will be enhanced from 2 to 5 years. This will encourage renowned international names to invest in Pakistan. In order to enhance export base production and realise the committed export targets, it has been decided to extend the benefit of incentive package of new export industries to the expansion of existing units as well. The CCOI discussed and decided long standing issues like determining the criteria for value addition and issue of Special Industrialized Zones. The Committee also reviewed the criteria for granting the benefit of value addition to industries and approved a comprehensive positive list of such industries. The issue of value addition was lingering on since 1998. In order to provide relief to the investors of Special Industrial Zone of Nawab Shah Windher, the committee decided to extend the deadline fixed for commencement of production till December 31, 2002 in those cases where L/Cs were established before Jan 31, 1996. This concession will not, however, apply to those cases where legal action or litigation is pending. The Secretary Ministry of Petroleum assured the Committee that natural gas would be supplied to these zones on priority basis. The facility of royalty and technical fee was available only in manufacturing sector. Now non-manufacturing projects and international food chains have been allowed the payment of franchise, royalty, technical fee or

service charges, which are quite competitive in comparison to other regional countries. The initial lump sum fee would be allowed up to maximum \$100,000 irrespective of number of outlets under one franchise. Initial period of such fee will not exceed 5 years and maximum 5% remittance of net sales. The Finance Minister expressed satisfaction over the pace of implementation of earlier decisions of the CCOI and hoped that the above liberal package of concessions will attract more investment in the country. He was of the view that business community will now respond positively. The meeting attended by ministers for Commerce, Communication, Privatisation, deputy chairman Planning Commission, chairman CBR, and other federal secretaries.

From Pakistan International News, 13 December 2000

DELEGATES TO ANTI-CORRUPTION MEETING ADOPT PROPOSAL

Delegates of the Seoul Conference on Combating Corruption yesterday agreed to push ahead with a proposal, suggested by the Korean government, which called for the establishment of a regional cooperation convention to combat corruption in the Asia-Pacific region. "We welcomed the proposal made by the Korean government for countries in the Asia-Pacific region to develop a regional anti-corruption convention to promote cooperation to combat corruption both in terms of prevention and enforcement," delegates said in a statement during a press conference. In order to implement the ambitious initiative, they also agreed to exchange experiences and know-how among governments, businesses and civic organizations in their drive against corruption in the region. "In particular, delegates decided to install a center for video conferencing in the region to share information and educate people on tackling corruption" said Park Key-chong, director general for inspection and investigation at the Office of Prime Minister. Delegates welcomed the Korean government's proposal that a special fund be established under the auspices of the Initiative and hosted by the Asian Development Bank (ADB). The details of the fund issue will be worked out by a donors' meeting. Sharing the view that political commitment at the highest level is necessary, the delegates agreed to take measures on the basis of existing relevant international instruments and standards. Other priority measures agreed upon during the session included promotion of good governance through legal, structural and administrative reform for better transparency and accountability of public administration. Delegates stressed the importance of regional cooperation. "Regional cooperation is a powerful tool to support national efforts to curb corruption," said one official. During the three-day session, delegates discussed progress in fighting corruption, measures to decrease corruption-prone areas, developing corruption prevention strategies in business, and making anti-corruption actions work. The meeting is the second annual conference of the ADB /Organization for Economic Cooperation and Development (OECD) Anti-Corruption Initiative in which more than 300 delegates from 35 countries attended to work out joint strategies to fight corruption in public and corporate sectors and strengthen cooperation among Asia-Pacific countries.

From Korea Times, 13 December 2000

EUROPE

PUTIN SAYS FEDERATION REFORMS WERE CONSTITUTIONAL

Addressing a reception in the Kremlin on Constitution Day, 12 December, President Putin declared that "living according to the constitution and the law is not only a necessity and a matter of civic responsibility, it is the privilege of free people who know the value of their rights and who recognize the same rights for others." He continued, "Only in this case are we not separate citizens but Russia's people, not a population but a civil society, not a geographic space, but one country, a power that unites, the Russian people." Putin also spoke about his package of administrative reforms of the Russian Federation, noting that "all of our actions related to the federal reform, such as the restructuring of the Federation Council, are strictly within the limits of the constitution."

From Radio Free Europe, 13 December 2000

MIDDLE EAST

GLOBALIZATION AGAINST NATIONAL SOVEREIGNTY OF DEVELOPING COUNTRIES

The Secretary General of Labor House Alireza Mahjoub said globalization was promoted after the collapse of the Soviet Union and subsequently the U.S. felt that it could expand the capitalist economy across the world. Talking to IRNA, Mahjoub said globalization aims to divide the world into two camps: The rich and the poor, adding that in the project, justice, humanity and even national and tribal frameworks are meaningless. "The only thing that counts is profit," he remarked. He said globalization is, however, a fact that is finding expression and one cannot ignore it. Mahjoub said globalization works against the national frameworks and sovereignty of Third World countries and added that, however, "We can avail of the positive aspects of this trend in favor of our national interests." The secretary general of the Labor House said that to avert losses from being inflicted on Third World countries, we should rely on our own goods. He described the current privatization trend for conforming to globalization as necessary but remarked that this trend is unfavorable for the nation. Mahjoub said the entry of Iran to the WTO is not in our favor today, adding by joining the organization at this juncture, most of our manufacturing industries will shut down.

From Iran-Tehran Times, 11 December 2000

THE AMERICAS

ELECTION OFFICIALS SET UP TASK FORCE ON REFORM

With demands for election reform picking up steam because of this year's presidential free-for-all, the folks who run those elections plan to ensure they have their say. The National Association of Secretaries of State has created an election reform task force to study proposals for new election rules and will meet Dec. 14 in Dallas to make its recommendations. "Before any changes are proposed, we need to bring together this country's state elections administrators, who best understand our voting process and its flaws," said association President Sharon Priest, Arkansas' secretary of state. "There's no better time than now." Ideas already are springing up in Congress to prevent another election fiasco. For example, Sen. Charles Schumer, D-N.Y., said he will introduce legislation for a study on alternative voting methods, such as online voting, mail-in ballots and computerized voting machines. He also wants the Federal Election Commission to study expanded voting hours. His bill would create a matching grant program to help states implement new voting methods. Reps. Peter DeFazio, D-Ore., and Jim Leach, R-Iowa, introduced legislation to form a bipartisan commission to examine such issues as voter registration, mail-in balloting, voting technology, ballot design and weekend voting. Priest said her 10-member group is studying issues such as uniform polling hours, voting methods, new technology, standardized ballots and election-night media coverage. "I don't think it's going to be easy," she said. "We have to start thinking out of the box on this one." The task is formidable, especially considering the potential cost to taxpayers for a uniform system. In Arkansas, implementing a standardized scanning voting system in all 75 counties would cost \$14 million, Priest said. Forty-nine Arkansas counties currently use various scanning systems, two have electronic systems, nine use paper ballots that are counted by hand, seven use a punch card system and eight use lever machines. "It's not cheap, but again you've got to look at what you want to accomplish vs. the benefit," she said. "Maybe it's worth it to the country not to have to go through this again."

From Nando Times-Politics, by Leigh Strope, 4 December 2000

INTERNET VOTING 'WOULD CUT OUT AMERICAN PRESIDENTIAL ELECTION PROBLEMS'

An American company claims the presidential election debacle would not have happened if people had voted online. Scott Flood, founder of the iBallot.com company in Manchester, New Hampshire, says casting votes via the web would have avoided complications. His company has formulated a secure system for carrying out internet votes, he said. iBallot has already been used by company boards, housing associations and school governing bodies to hold elections. Flood said the election crisis "has been good for us as a company but I don't think it's been good for us as a country". Under his system, voters are assigned a password and then vote online. They are allowed to check their vote to see it is correct, reports The Boston Globe. Votes are counted in moments and recounts are carried out in minutes. Flood said that, if the system were to be used in public elections, there were some security and privacy issues to be looked at. He said: "But by the time 2002 or 2004 rolls around, we'll probably have it pretty well locked down." Deborah Phillips, of the Voting Integrity Project, said: "There are a lot of serious legal questions before this can move forward. The security issue is not just one of the system employed but of the internet itself, which is not a secure environment." She said if voters can be matched to their passwords, their voting preferences could become public.

From UK-Ananova-World, 4 December 2000

MICROSOFT PASSES U.S. GOVERNMENT OVER AOL – TIME WARNER MERGER

Microsoft is reported to be lobbying US regulators to block the proposed merger between AOL and Time Warner. According to the Wall Street Journal, Microsoft has pressed for the Federal Trade Commission to oppose the deal on the grounds that it would create a single dominant player in the market for high-speed internet access. Time Warner and AOL have been in constant dialogue with officials on both sides of the Atlantic since the record-breaking deal was first mooted in February. Objections from the European Commission were dropped after Time Warner agreed to drop plans to merge with the British music label EMI. But the US government has continued to stipulate that the merged company must open up its cable networks to rival service providers. Last month the companies went some way to allaying these fears by agreeing a deal with national ISP Earthlink.

From UK-Ananova-World, 5 December 2000

ANALYSIS FROM WASHINGTON – GLOBALIZATION OF SLAVERY

A United Nations conference has concluded that modern slavery, which now takes the form of women and children being sold into prostitution or of desperate people going to extremes to enter advanced countries, has become the "fastest growing" type of organized crime in the new globalized economy. Pino Arlacchi, the head of the UN Office for Drug Control and Crime Prevention, told a meeting he convened in Brasilia last week that "trafficking in human beings is one of the most globalized markets in the world today," one that "almost no country is immune from." Arlacchi, who made his name fighting the Italian mafia a decade ago, said that more than four million people are being smuggled each year either to satisfy demands for prostitution in developed countries or to provide a way for those suffering in poorer countries to enter richer ones. He complained that most national governments have focused on such illegal immigrants themselves rather than on the criminal groups which exploit them. And other speakers warned that the problem, something Arlacchi himself called "a new form of slavery," involves not only the international sex industry but also trafficking in children for adoption, forced marriages, organ smuggling, and traditional slavery as well. Hamish McCulloch, who

follows such human trafficking for Interpol, said that in the new globalized economy, "human beings are treated as nothing more than commodities by the traffickers." And he told the meeting in Brazil's capital that he estimates those involved in this illicit trade currently take in some \$9 billion a year. Host country Brazil is a particular victim of this trade. Its officials said that 75,000 Brazilian women have been smuggled into European countries and now work as prostitutes. Brazilian officials said they were seeking to curb this trade and noted that they had rescued almost 2,000 Brazilians who were working as slaves in the country's agricultural sector. But human rights activists there and elsewhere said that Brazil and other countries faced with this problem still have not devoted the resources necessary to do anything about the problem. And they added that the only time most people in developed countries pay attention is when there is some terrible discovery such as the finding last year of a container full of dozens of dead Chinese criminals were attempting to smuggle into Britain. Speakers at the Brasilia meeting were profoundly pessimistic about the future, precisely because the forces arrayed against those who are struggling against these modern forms of slavery are so large. The new globalized economy has increased income disparities between the richest and poorest countries and created far more opportunities -- legal and illegal -- for people to move from one to the other. Even those in wealthy countries who are aware of these problems are frequently unprepared to do much about them. On the one hand, there appears to be less and less support in these countries for providing the kind of foreign aid that might reduce the income differentials that are powering this movement or for erecting the kind of border controls that some fear might have a negative impact on completely legitimate activities. On the other hand, many people in the wealthier countries are reluctant to impose serious restrictions on such movements because such illegal immigrants often perform jobs at low pay or provide illegal services that few in the wealthier nations are prepared to do. Even when governments do step in, they generally go after the immigrants themselves rather than after the criminal entrepreneurs who stand behind them. Such arrests and the resulting deportations are often politically popular in the advanced countries, but they do little or nothing to attack the infrastructure that made these flows possible. Until that international criminal infrastructure is attacked and dismantled -- something that will likely require expanded cooperation among countries around the world - the number of victims of these new forms of slavery is likely to continue to grow, a trend likely to provoke a new debate on globalization and its discontents.

From Radio Free Europe, by Paul Goble, 5 December 2000

GOVERNMENT DEFINES INTERNET STRATEGY

In the wake of President Ricardo Lagos' recent visit to Redmond and Silicon Valley, Chile's government has created a list of projects, which it hopes will make Chile a key player in the information technology sector. Undersecretary of the Economy Alvaro Diaz, who announced the proposals late last week, said Chile must first introduce legislation to protect intellectual property. Another proposal is to liberalize investment rules in order to encourage foreign venture capitalists to invest money in Chilean internet companies. Congress is already considering the government's third proposal, which attempts to facilitate electronic commerce. Diaz also announced that the government will create a team of information technology specialists, who will provide information and advice to foreign investors. The undersecretary said foreign business people had emphasized that they would like to see a reduction in the cost of obtaining information about business opportunities in Chile. Osvaldo Schaerer, the president of the Association of Information Technology Workers, also called upon the government to deal with the issue of 'double taxation'. This refers to the fact that a company operating in Chile and elsewhere may have to pay taxes in both countries. Chile has been slow to reach agreements on double taxation with other nations in comparison with its competitor countries, such as Argentina and Brazil. Schaerer also said that the government should reduce duty on software, which currently attracts a 30 percent import tax. Diaz said the government was studying the proposal and would look favorably at any measure designed to stimulate the use of electronic commerce and the internet in Chile. Schaerer also called on the government to liberalize its rules on work permits, which he said make it difficult for Chilean companies to attract internet and technology experts to the country. Schaerer also suggested that the strict rules on work permits act as a disincentive for foreign companies to begin operations in Chile. However, doubt was thrown on the government's ambitious plans for the sector with the announcement by Apple Chile that it suffered a 20 percent decline in computer sales in the second quarter of 2000. An Apple spokesperson also said third-quarter sales were "really bad." Industry analysts said the widespread decline in computer sales in Chile suggests the country is still not experiencing a boom in the use of information technology, despite the government's hopes for the future.

From Chile-Santiago Times, 11 December 2000

GLOBAL

PRESIDENT EXTOLS GLOBALIZATION IN IRELAND

President Clinton on Thursday used perhaps his final foreign policy address abroad to extol the virtues of globalization as a tool against worldwide poverty. Clinton also clearly enjoyed the final day of this brief sweep through Ireland and Britain, one of the few opportunities left for him to relish the many benefits of being an American president. He ended his visit in Shakespeare country, an apt place for a grand exit. In an address here at Warwick University, the president rejected the arguments of the anti-globalization movement, which holds that the rapid expansion of open markets enriches Western capitalists at the expense of poor countries. Demonstrators opposed to globalization severely disrupted World Trade Organization talks in Seattle last year. "I disagree with the anti-globalization protesters who suggest that poor countries should somehow be saved from development by keeping their doors closed to trade," he said. "I think that is a recipe for continuing poverty, not erasing it." To intermittent applause, Clinton argued that poverty poses a much greater threat to the future than any dangers of a globalized economy. "Global poverty is a powder keg

ignitable by our indifference," he said. He also called upon wealthy countries to end agricultural subsidies to make it easier for farmers in developing countries to compete in the world marketplace. Clinton said such a change would generate \$20 billion a year in income for poor countries. Before going to Warwick, the president paid a social call on Queen Elizabeth II at Buckingham Palace. He and first lady Hillary Rodham Clinton had coffee, tea and cookies in the Queen's Audience room within the palace's private residence. Chelsea was given a tour of the palace's State Rooms. After visiting the queen, the Clintons stopped in Notting Hill for a little shopping on the famed Portobello Road. With Secret Service agents keeping the delighted crowd at bay, they popped into antique shops and a jewelry shop. Clinton, who is familiar with English ways from his days at Oxford as a Rhodes scholar, popped into a pub while his wife continued shopping. The pub owner offered him a glass of Pitfields organic lager. "A little bit, not much," the president responded. "I have to stay awake to give a speech today. I stayed up late last night watching Vice President (Al) Gore and Gov. (George W.) Bush give their speeches on television." Clinton watched the speeches at Chequers, British Prime Minister Tony Blair's country estate. Just before the motorcade roared into Portobello Road, the power went off in the shops, restaurants and stores. Even though the outage was unrelated to the visit, Clinton apologized to the pub patrons. "Feel free to blame me," Clinton said. "In America, they blame me if it rains." During Clinton's visit at the pub, an oyster deliveryman showed up with seafood from Northern Ireland, which was checked carefully by Secret Service agents. As the president made his way down the street to catch up to his wife, a man in the crowd shouted that he wanted the president to run again. "I can't," replied the president, who was clearly having a good time. "You should change the Constitution," the man retorted. The president smiled and said with arms open. "I can't." The presidential party returned to Washington about 8 p.m. Thursday

From Palm Beach (FL) Post, By Bert Roughton Jr., Palm Beach Post Staff Writer, 15 December 2000

Governance Systems and Institutions

AFRICA

CONSTITUTIONAL REVIEW COMMISSION SUES GOVERNMENT

[Panafrican News Agency](#) Review Commission or CRC has decided to sue government for refusing to grant its members leave pay and gratuity for the period they spent preparing a draft constitution. CRC's Chairman, Prince Mangaliso, said that letters of intent to take legal action had already been served to the government for refusing to provide leave pay to the commissioners for four years. They also argue that they deserved to be paid gratuity because the drafting of a new constitution allowed them little time to do their own errands. However, the minister of justice and constitutional affairs, Chief Maweni Simelane, has said that the government would not give the commissioners both the leave pay and gratuity. "We met with the commissioners and discussed this issue at length, there are letters outlining all that we discussed. The long and short of it is that they will not get what they are looking for. There is nothing," said Chief Simelane. He said the CRC conditions of service were explicit when it comes to such matters. He did not want to elaborate. But Prince Mangaliso maintained that the commissioners deserve to be paid gratuity. "We are entitled to leave pay and gratuity. People at the ministry must not fool themselves that they are going to get the money at their whim," he said. "Unless someone can come out to tell us that forced labour in Swaziland exists then may be one would buy the story of the ministry. The bottom line here is that everything will be contested in court, we are going ahead with that endeavour."

From allAfrica.com-Southern Africa, 13 December 2000

ASIA/PACIFIC

CALLS FOR STRONGER ANTI-CORRUPTION LAWS IN HONG KONG

New laws are needed in Hong Kong to prosecute corruption offenders who currently slip through the legal system, said anti-corruption advisers. The Independent Commission Against Corruption (ICAC) said it had received 4,009 corruption reports in the first 10 months of this year, a surge of more than 24 percent from the same period last year. It said 2,190 of the cases were from the private sector, which is up 27 percent from last year, and 1,583 were from the public sector, up 21 percent in the same period. The commission said that more than 170 civil servants who possibly had abused positions for personal gain had slipped through the cracks of the legal system here and escaped prosecution over the last three years. The ICAC said it wanted to make the common law of malfeasance an offense under the Prevention of Bribery and Ordinance in order to block the loophole. The commission revealed in a statement that in the first ten months of this year, 238 civil servants were recommended for disciplinary or administrative action by government departments compared with 197 civil servants during the same period last year. Among this year's referrals, 123 civil servants were involved in accepting unauthorized loans while 49 were suspected to have misused their authority. It said it had initiated 233 prosecutions in the first ten months of this year, a rise of 21 percent compared with 192 cases prosecuted in the same period last year. The commission's caseload at the end of October totaled 4,226, up 20 percent from last year's 3,529 cases. Anna Wu Hung-yuk, chairwoman of the operations review committee, one of four of the commission's advisory committees, said the lingering effect of the Asian financial crisis, media publicity on some high profile cases as well as the commission's investigative strategy remained the major factors raising the number of complaints. She also said heightened public awareness of corruption and a high degree of public confidence in ICAC's effectiveness in combating graft were other factors. The ICAC also said it was concerned about corruption in the construction sector and suggested that excessive subcontracting and unhealthy relationships between employees working on a site and contractors could be resulting in malpractice. The commission said that in the first 10 months of this year, 33 people were prosecuted for corruption and offenses connected to the construction industry. Corruption reports in the construction field were 11 percent of the total of private sector complaints. The ICAC recommended government departments should give balanced consideration the tendering of public construction projects, carry out efficient site supervision and limit subcontracting by contractors. The ICAC plans to formalize a Quick Response Team next year to put some cases with the possibility of a quick resolution on a fast track. It said this would enable staff members who are temporarily dealing with such cases to concentrate on more complicated cases.

From UPI-World, by Katherine Arms, 6 December 2000

CHINA HANDLING 9,000 CORRUPTION CASES

China is handling 9,000 corruption and bribery cases involving state banks and other enterprises, China's deputy prosecutor general told an Asian anti-corruption conference on Monday. The official, Zhao Dengju, said that "combatting corruption is a serious political struggle that has a bearing on the life or death of the party in power and the state" in China. Zhao did not mention the government's latest clampdown on corruption, which has seen two senior officials executed this year and many others placed under investigation. But he highlighted the authorities' determination to eradicate what he called a "rotten social phenomemon." In a speech read by an

assistant, Zhao explained that because of "the serious harm that corruption has caused", investigators have focused on "party and government organisations, judicial organisations and administrative organisations." "Major results" have been achieved in recent years, he told the conference. Zhao said 9,000 suspects were being investigated for corruption and bribery "in state banks, insurance, stock and non-bank enterprises." The Chinese authorities have started claiming high-profile scalps in the campaign. Former parliament vice chairman Cheng Kejie and former Jiangxi province vice governor Hu Changqing were executed this year for taking bribes. Ex-deputy police minister Li Jizhou and head of military intelligence Ji Shengde are facing trial.

From China Daily, 11 December 2000

ASIAN MEET TO TAKE A FRESH LOOK AT FIGHTING CORRUPTION

The conference is just one sign that the region is getting serious about tackling graft, but it is not going to be easy to uproot a longstanding culture - Asian countries will take a new look at their attempts to eradicate widespread corruption at a conference starting here today, amid signs that some are getting tough. President Joseph Estrada of the Philippines is on trial, China has executed two top officials this year for taking bribes, South Korea, which is hosting the Conference on Combating Corruption in the Asia-Pacific Region, has ordered a new clampdown after a series of embarrassing scandals. But all the signs are that the prosecutors, corruption-busters and government officials at the three-day conference face an uphill struggle. Some countries may be taking action, but the sums involved are also getting bigger, experts say. Mr. Clay Westcott, an administration specialist with the Asian Development Bank (ADB), said as much as one-third of public investment in many Asia-Pacific nations is squandered on corruption. But he said a 'wave of anti-corruption sentiment is sweeping through the Asia-Pacific region'. Corruption remains 'a universal cancer', said Mr. Peter Eigen, chairman of Transparency International (TI), a leading anti-corruption campaign group, as he introduced this year's world corruption rankings in September. Asian countries are predominant in the bottom half of TI's annual Corruption Perceptions Index. South Korea was 48th out of 90 countries. China was joint 63rd. Singapore was the top ranked Asian nation, in sixth place. Only Hongkong (15th), Japan (23rd) and Taiwan (28th) also made it into the top half of the index. The private Political and Economic Risk Consultancy (Perc) said in its last annual corruption report in March that the gap between those most effective in fighting corruption - such as Singapore, Hongkong and Japan - and those that have allowed corruption to flourish has widened significantly. TI has helped with the Seoul conference, which has been organised by the Organisation for Economic Cooperation and Development and the ADB, indicating how seriously they take the epidemic. South Korean President Kim Dae Jung declared a new 'war' on corruption last month after officials in his Financial Supervisory Commission watchdog body were found to have taken bribes. Even a cleaner in the president's palace was recently charged with taking bribes. Organisers said in a statement they also hoped to 'lay the groundwork for further partnerships among all players in the region'.

From Singapore Straits Times-Asia, 11 December 2000

PANEL TO FIGHT CORRUPTION IN ASIA

Asia-Pacific countries and some international organisations have agreed to set up a council to combat corruption and create a special fund to support it financially, officials said. The governments, businesses and civil organisations active in the fight against corruption in the Asia-Pacific region also agreed to exchange information in the field. These and other agreements were made at the end of an anti-corruption conference here on Wednesday. The four-day Seoul Conference on Combating Corruption in the New Millennium was organised by the Asian Development Bank (ADB) and the Organisation for Economic Cooperation and Development (OECD), in cooperation with the South Korean Prime Minister's Office (PMO). About 200 government officials, members of non-governmental organisations and leading business representatives from 35 Asia-Pacific countries attended the conference. The secretariats of the agreed council will each be put under the ADB and the OECD and will be made up of representatives from member countries of the two global organisations, a PMO official said.

From The Korea Herald/Asia News Network, 15 December 2000

EUROPE

STORMY PARLIAMENTARY DEBATE ON CORRUPTION CHARGES AGAINST HUNGARIAN GOVERNMENT

[\(BBC Monitoring\)](#) Independent Deputy Lukacs Szabo has accused the government of tolerating corruption and assisting members of organized crime to get away with their illegal gains. Speaking in parliament he also asked about an investigation into the sale of Fidesz (senior government coalition party) -linked companies to a person living in Croatia who said that his identity papers used in the transaction had been stolen and to a Turk who reportedly died in 1995 but was later found to be alive and working as a guest worker in Germany. The following are excerpts from live broadcast from parliament by Hungarian TV on 28th November: Independent Deputy Lukacs Szabo has accused the government of tolerating corruption and assisting members of organized crime to get away with their illegal gains. Speaking in parliament he also asked about an investigation into the sale of Fidesz (senior government coalition party) -linked companies to a person living in Croatia who said that his identity papers used in the transaction had been stolen and to a Turk who reportedly died in 1995 but was later found to be alive and working as a guest worker in Germany. The following are excerpts from live broadcast from parliament by Hungarian TV on 28th November: [Hungarian TV2 has

been broadcasting live from parliament on 28th November. During interpellations the following exchange has taken place.] [Duty Speaker] Esteemed House. Independent deputy Lukacs Szabo [formerly deputy of the far-right Hungarian Justice and Life Party, MIEP] has submitted to the prime minister an interpellation under the title: Will the government stand by the government program? The prime minister [Viktor Orban] has authorized Jozsef Torgyan [chairman of the junior government coalition partner Independent Smallholders' Party and agricultural and rural development minister] to answer the interpellation on his behalf. I grant Mr. Deputy leave to speak. [Szabo] It will be interesting but I accept that the minister will reply. Esteemed House, Esteemed Speaker, Esteemed Mr Minister. I am not asking why [Prime Minister and Fidesz - Hungarian Civic Party leader] Viktor Orban had called the Jozsef Antall government a pack of liars when it was helping Croatia in its struggle for survival. Nor am I asking that if he had called them liars then why did he decide to share his headquarters with the MDF [Hungarian Democratic Forum, Antall's party and currently junior government coalition partner]; after all, it is a well-known proverb that birds of a feather flock together. Nor am I asking why they sold their own headquarters and for how much and where had the money disappeared. What is more, I do not give credit to allegations that Fidesz leaders have become rich from the proceedings of the sale of their headquarters. Nor am I asking why the prime minister had called the MIEP [Hungarian Justice and Life Party] people brown shirts and whether he is still considering them as such today [reference to opposition suggestions of a tacit agreement between MIEP and Fidesz]. Nor am I asking who is hiding the masks of Josip Tot and Kaja Ibrahim and whether they had links to Fidesz-related companies. Nor am I asking about the damage this has caused to the country. [On 1st September 1998, Hungarian TV reported that following newspaper reports the chief public prosecutor's office had ordered an investigation into the sale of Fidesz's businesses to a Josip Tot and a Kaja Ibrahim. It said that, according to Company Registry Court records, in 1997, politicians close to Fidesz had sold several companies to a Josip Tot. However, the TV reported, that he lived in Croatia, his passport was stolen in 1996 and that he denied the purchases, the TV said. Sales were also made in the same year to a certain Kaja Ibrahim [name phonetic], who, allegedly, lost his life in a car accident in 1995. Subsequently Kaja Ibrahim was found to be a Turkish guest worker still living in Germany.] Has there been an investigation into this affair and what was the outcome? Nor am I asking by what law was the [so-called] whisky bank robber [reference to a burglar who acquired a kind of modern Robin Hood status in popular folklore and the media in Hungary] put in prison while another bank robber is sitting not in prison but here in parliament and is highly esteemed. [Duty Speaker intervenes] Mr. Deputy. The text of your interpellation is in front of me and not one word of what you have written in it has been voiced here so far. [Szabo] I am just getting there... However, I am asking how come that Interior Minister Sandor Pinter is sitting so assuredly in his velvet seat as if he was glued to it while you, Mr Prime Minister, keep sacking other ministers for much less reason. Is it true that you have made a pact with certain circles that whatever happens Sandor Pinter will stay? Parliament has voted with an overwhelming majority the setting up of a committee to probe into the crimes of the oil mafia because the country has suffered unprecedented damage. By this vote, we made it clear that we had not believed the respective tales of either the interior minister or the chief public prosecutor - this is why we set up this committee. Kalman Gyoergyi [the chief public prosecutor] had drawn the conclusion and resigned. However, Sandor Pinter did not resign. On the contrary. He felt encouraged and decided to promote a police couple involved in the oil affair and gave them 24m forints from the central budget in the form of a subsidy. By the way, the police couple had been dismissed seven years before by Pinter himself. What can Prime Minister Viktor Orban say about this to the public of the country? ...If the oil [scandals] committee were disbanded before it could complete its work, the top criminals of the country would go scot-free by the very assistance of the government. [Duty Speaker] Mr. Deputy. Not one word of your written interpellation has been voiced here so far...[Szabo] The government program has been kicked into the bin by the prime minister himself. Are the laws of Hungary applicable to all even to the prime minister to the minister or even if he is a deputy? I am waiting for the reply. [Duty Speaker] I grant Mr. Minister Jozsef Torgyan leave to reply. [Torgyan] ... You have first asked about the view of the prime minister about the completion of the work of the oil [scandals] committee... As parliament has decided on the matter the prime minister can do nothing else but to acknowledge parliament's decision... You asked whether the prime minister trusts the interior minister. I can inform you that not just the prime minister but the government of the Hungarian Republic, too, trusts him; precisely because the interior minister has done so much to destroy mafia crime [interrupted by derisory laughter]. You asked whether a top-ranking police officer dismissed seven years ago had received a very considerable amount money in compensation... This did not take place... [Szabo] ... I cannot accept the answer... The oil mafia is still at large. For how long will you tolerate this? One billion forints have disappeared from the budget and you are still tolerating it, and what is more, you want to paralyze the work of the committee investigating the oil mafia. I cannot accept the reply. [Duty Speaker] Although Mr. Minister did not say, I do not find these remarks tasteful. [Laughter, protest from the floor] I am asking parliament whether it accepts the reply. [Pause, waiting for the count] The National Assembly accepted the minister's reply by 166 votes in favor, 71 against and 32 abstentions.

From Hungary Today, 30 November 2000

Civil Services & Ethics in Public Sector

AFRICA

SABC DECLARES WAR ON CORRUPTION

Newly-appointed SABC chief executive Peter Matlare and the new chief operating officer, Solly Mokoetle, have declared war on any form of malpractice at the public broadcasting house in Auckland Park, Johannesburg. Their no-nonsense approach is intended to close even the slightest loophole that senior managers have used to fleece the SABC - and ultimately taxpayers - of millions, City Press reported on Sunday. The two were appointed by the SABC board on Friday. SABC board chairman Dr Vincent Mphahlele praised the youthful Matlare (41) and Mokoetle (44) as go-getters with the ability to transform the SABC in all spheres, City Press reported. Matlare, a married father of two, and Mokoetle, former SABC head of corporate strategic planning, made it clear corruption and wrongdoing would not be tolerated. The SABC has been riddled with allegations of corruption, nepotism, lack of direction and low morale among staff. Recently, two senior managers, Thaninga Shope and Molefe Mokgatle, were found guilty of financial mismanagement by an internal inquiry and forced to resign, according to City Press. Matlare and Mokoetle said anyone found flouting the rules would face disciplinary action. "It's zero tolerance for any amount of malpractice. We are going to tighten procedures involving purchases, tenders and programmes commissioning," Mokoetle told City Press. He said corruption occurred because the existing rules and procedures were flawed. "No manager or editor will do things without being accountable. Everybody must follow what has been set out," said Mokoetle. Matlare said SABC staff and the public should look at the corporation in a new light. The first thing he would do was to lift the morale of staff, which was very low. Matlare joins the SABC from Primedia Group, where he was chief operating officer. He said the SABC also needed to enhance its public image by fighting good quality, informative and entertaining programmes. Mokoetle has been with the SABC since 1994. Mokoetle said he had made enemies and friends at the SABC, but he would not use his new position to settle old scores. "Everyone will be given a chance to prove their worth, and it must be expected from a corporation like the SABC that there will be differences of opinion and different political affiliations among its members, but we are going to work towards the same goal of turning the SABC around," he told City Press. Noticeably absent from the announcement of the two appointments was former acting CEO Cecilia Khuzwayo, who had applied for the post but failed to make the final list of six candidates. Also not in attendance was the SABC's one-time heavyweight, Snuki Zikalala, who was reported to have applied for the post. City Press reported in August that Zikalala and Khuzwayo had been ruled out of contention for the top posts. The SABC board had recommended two names for each of the three top positions. The third post is that of chief financial officer, a position to be filled in January. Khuzwayo took over as CEO from Hawu Mbatha, who left in a cloud of controversy in May, City Press said. Mphahlele announced that Khuzwayo would return to her original position of the SABC's human resources department.

From S. Africa-News24, by Elias Maluleke, 3 December 2000

HIGH TRANSPORT COSTS BLAMED ON CORRUPTION

[The East African](#) Corruption is one of the major causes of high transport costs and there is an urgent need to step up the fight against the vice, a workshop was told last week. The Transit Transport Workshop for Eastern and Southern Africa, held in Mombasa, recommended that transit transport corridors in the Indian Ocean region disseminate information on transit transport procedures and establish performance standards to tackle this problem. It proposed that regional and national forums to discuss and expose corruption be established, regional ombudsmen to receive complaints be appointed and the private sector be involved in vehicle inspections. Other issues highlighted as the major causes of high transport costs were high pricing, security and in transit delays. The workshop also identified several constraints affecting transport and proposed remedies. They included lack of national transport policies, infrastructure audits, adequate data and poor information dissemination, standardisation in infrastructure and equipment and inadequate and low availability of infrastructure. Others are lack of harmonised legislation, poor telecommunication, inadequate human resource development, disaster prevention and management and marketing of the corridors. The workshop called for the implementation of national and regional transport policies with a mechanism for review. Other remedies proposed were:- creation of corridor information databases and connectivity among carriers and other stakeholders and conducting of regular infrastructure audits in accordance with specified design standards in the individual modes: "Inviting the private sector to play a significant role in determining transit transport solutions, harmonising standards and building missing links and improving on maintenance; "Intensifying specialised training, establishing retention schemes for trained staff, encouraging private operators to establish training schemes and governments to continue collaborating with privatised entities on training. On disaster prevention and management, the workshop proposed the establishment of early warning systems in collaboration with relevant authorities. Governments were asked to review and harmonise legislation regulating the transport industry and market the corridors by conducting promotions. The corridors were asked to facilitate the provision of effective and affordable telecommunications and to encourage governments to liberalise the telecommunications industry.

From allAfrica.com-East Africa, by Patrick Mayoyo, Special Correspondent, Nairobi, 12 December 2000

ASIA/PACIFIC

HONG KONG OFFICIALS DENY CORRUPTION ALLEGATIONS

Hong Kong immigration officials vehemently denied Wednesday there is corruption in their ranks, despite evidence at a Vancouver detention hearing that China's most-wanted man fled for Canada after being tipped by one of their number that his arrest was imminent. A spokesman for the immigration department in Hong Kong described as "totally unfounded" the allegation, made earlier this week at a hearing here for Lai Changxing, an alleged smuggling kingpin, and his wife, Tsang Mingna. Lai and Tsang, who are seeking refugee status in Canada, are wanted by Chinese authorities on corruption and smuggling charges. Beijing accuses Lai of running China's biggest-ever smuggling racket, involving billions of dollars worth of electronics, fuel and cars spirited into the country through the southern port of Fujian. Chinese officials say he was able to thwart detection and buy protection for his goods by paying off hundreds of government officials. Secret trials have already convicted dozens of government officials and Lai's employees, including 11 who were sentenced to death earlier this month. The allegation by Canadian immigration officials that a senior Chinese government official based in Hong Kong helped Lai escape has sparked intense interest in Hong Kong as it is the first indication that government corruption has spread beyond mainland China's borders. Reading from Lai's personal information form, the document he filled when applying for refugee status last June, immigration counsel Jim Murray told this week's hearing the fugitive wrote that he was tipped off. "He [Lai] says that on or about Aug. 13, 1999, the head of the investigative sector for Hong Kong immigration, a friend, received information, that I was to be arrested on the pretext of having faked Hong Kong documents," Murray said at the detention hearing. In Hong Kong, the immigration department spokesman said Canadian authorities are being contacted to find out exactly who was named in Lai's form. "There is absolutely no indication that any staff member is involved in the case," said the unnamed spokesman for the department in a press release. "The immigration department takes a very serious view of the conduct and discipline of its staff." At the Vancouver hearing, immigration and refugee board adjudicator Otto Nupponen ordered Lai and Tsang to remain in detention until at least Friday after finding they held illegal Hong Kong documents and were flight-risks to leave Canada. The couple were arrested last Thursday on immigration charges, more than a year after they arrived in Vancouver from Hong Kong. Canadian immigration officials want Lai and Tsang deported as soon as possible, but their lawyer has indicated he will fight their removal.

From Vancouver Sun, by Petti Fong, 30 November 2000

JUSTICE MINISTER HELD IN CHINESE CORRUPTION PURGE

He should have known better. As China's Minister of Justice, Gao Changli fought to strengthen the rule of law in a corrupt system of government. "All state bodies and officials must strictly abide by the constitution and other laws," Mr. Gao warned last year, when China finally enshrined the rule of law in its constitution. "Any abuse of power should not be tolerated." Including his own. While official secrecy still shrouds the case, and the Chinese media remains silent, *The Independent* has learned that on Monday the minister's trip to workended with his detention for unspecified "economic problems". Colleagues whisper about the influence of Mr Gao's mistress and their joint embezzlement of public funds. Mr. Gao is among the most senior officials to fall in the continuing crackdown against corruption in China's bureaucracy and in society at large. In September, a vice-chairman of China's rubber-stamp parliament was executed for taking £3.3m in bribes. Until then, the anti-graft campaign had mostly spared cabinet members like Mr Gao. But in China one lives and dies by one's connections, and the Justice Minister has made some powerful enemies. According to a Beijing lawyer familiar with the case, Mr. Gao disappeared this summer for a dirty weekend with his mistress at Beidaihe, the Communist Party's favourite seaside resort, just when Luo Gan, Secretary General of China's "cabinet", the State Council, was desperate to locate him. The minister, whose charges include over 1.4 million inmates of Chinese prisons, and another 300,000 held in labour camps, also incurred the wrath of President Jiang Zemin when the latter learned that prisoners in southern China were bribing guards to let prostitutes into their cells. President Jiang reportedly complained that corruption in the legal system is worse now than it was before 1949, the year the Communists took power in China. Word of Mr. Gao's arrest has surprised many ministry officials who saw their boss as a popular man of the people for his successful efforts to spread legal aid centres and hotlines across this vast land. But 10 months ago, a tip-off from within the Justice Ministry led the Ministry of Supervision to launch an investigation. The authorities are also said to have recently arrested a vice-minister of the notoriously corrupt Water Resources Ministry. "This sends a message that nobody is invulnerable," said Lawrence Brahm, of the investment advisory Naga Corporation in Beijing. "The Communist Party recognises that unless it does something, corruption will eat up the very economic reforms which have given birth to corruption." "Corruption is the natural result of China's transition from a non-materialistic society to one of the most materialistic in the world," he added. "Officials still earn 1,000 yuan [£79] per month, yet they see developers making millions overnight." The shortfall in official salaries was expertly exploited by entrepreneur Lai Changxing, the criminal mastermind behind a \$5bn smuggling scandal uncovered this year in the port of Xiamen. Lai bribed and compromised countless local officials, at least 11 of whom have recently been sentenced to death. Lai, meanwhile, is battling for refugee status in a Canadian court.

From UK-Independent, 1 December 2000

CIVIC GROUP PUBLISHED POLICE CORRUPTION CASES

A report disclosing corrupt actions by policemen was published by a civil organization yesterday. Based on the reports collected by the "People's Shinmungo" of the Anti-Corruption Network in Korea (ACNK) from January to August of this year, the 70-page booklet gives a detailed account of corrupt and dishonest practices by police officers that citizens experienced first-hand. ACNK received a total of 43 reports during the eight-month period. The most serious complaint by citizens against police officers was the insincere attitude they showed while conducting investigations. One citizen, for instance, experienced such an action when the police wrapped up a case without taking witness statements, even though there was one present on the scene. Another citizen had reported a stolen check, but the police officer did not even follow basic procedures, such as confirming who used the stolen check or collecting and comparing fingerprints. He later had to give up hope of getting his check back.

From Korea Times, 5 December 2000

DPP LAWMAKERS NOT IN FAVOR OF PAY RAISE FOR CIVIL SERVANTS

Premier Chang Chun-hsiung said Tuesday that the Cabinet's support for a pay raise for the nation's public servants remains unchanged despite the Democratic Progressive Party's (DPP's) legislative caucus proposal to delay the move for one year. Chang, who heads the DPP administration, said that the 3 percent salary boost for the Republic of China's government employees, military personnel, and teachers was included in the budget proposal for the fiscal year 2001 precisely because it is the Cabinet's "set policy." He added that because the Cabinet's proposed budget must be reviewed and approved by the Legislative Yuan, where the DPP is a minority party, the Cabinet will strive to win over legislative support on this and other items. Chu Wu-hsien, director general of the Cabinet's Central Personnel Administration, pointed out that one-and-a-half years have passed since the last salary adjustment for public functionaries. He noted that the consumer price index increased 0.18 percent in 1999 and 1.8 percent in 2000, adding that it is projected to rise 2.01 percent for 2001, thereby outstripping the proposed 3 percent pay raise. He therefore noted that the proposed salary hike is really only meant to help civil servants cope with the rise in prices and does not actually represent an increase in their income in real terms. DPP legislators Chou Po-lun and Tsai Huang-liang spoke out against the supposedly "unanimous" passage of the motion to strike out the NT\$21 billion (US\$636 million) budget item at the DPP legislative caucus meeting earlier in the day. The caucus is scheduled to make its actual proposal to strike out the budget at a Legislative Yuan meeting next Monday. Tsai said he will introduce another proposal to reverse the caucus decision, and Chou remarked that the factionalism within the party means "opposition parties aren't even necessary." Meanwhile, the opposition alliance of the Kuomintang, the People First Party (PFP), and the New Party (NP) announced its support for the pay raise and criticized the policy about-face. PFP spokeswoman Lee Ching-an said the new DPP legislative caucus decision "came as a surprise" as the Legislature's Organic Committee had only made a decision days earlier to accept the budget item. NP spokesman Lai Shyh-bao said that a pay raise would help boost morale and would be helpful to the nation's development. He added that the DPP is the ruling party and yet its own legislative caucus ended up unilaterally going against the ROC president and Cabinet's promise for such a salary raise. DPP legislative whip Hsu Tien-tsai said that although his caucus finds it "heartrending" to slash the budget item, public servants, unlike many laborers, are not in danger of losing their jobs even at a time when the domestic economy is doing poorly. He therefore claimed that the public servants should be able to understand the caucus's "responsible move."

From China Times, 12 December 2000

PAY RAISE FOR CIVIL SERVANTS NEXT YEAR TO BE HONORED, SAYS CHINESE PREMIER

Premier Chang Chun-hsiung reiterated Thursday that the three percent pay raise for civil servants next year will be honored, despite a proposal by the lawmakers of the ruling Democratic Progressive Party (DPP) to freeze the salary increase. Chang made the remarks to reporters after attending a meeting on post-earthquake reconstruction work in Taichung. He said that the three-percent pay raise is the fixed policy of the Executive Yuan, and added that the budget for the pay raise is being reviewed by the Legislative Yuan after it was approved by a legislative committee. A few days ago, the DPP legislative caucus proposed a freeze on the pay raise, citing the central government's financial difficulties. Chang said that the Executive Yuan will try to communicate with the DPP legislative caucus and to urge them to support the government's pay raise plan. Regarding the possible shortage of money for year-end use by several local governments, the premier said that the Executive Yuan will shoulder full responsibility of meeting their needs.

From China Time, 15 December 2000

EUROPE

POLISH NURSES NOW PROTESTING AT OVER 100 PUBLIC HEALTH SERVICE ESTABLISHMENTS

[Presenter] Next Tuesday [5th December], there will be a four-hour solidarity protest action across the country organized by the National Nurses' and Midwives' Trade Union [OZZPiP]. Up until that time, nurses will be continuing their protests and preparing for the action in their own health care establishments. The head of the OZZPiP, Bozena Banachowicz, did not want to say what form the protest will take. [Banachowicz] We would never be leaving the beds of patients had we been treated as partners in talks, as people who also have the right to survive. The several years of our treatment with disdain and the humiliation to which we are

subjected, the lack of resources from which to live, are forcing us to undertake such drastic steps. [Presenter] A representative of the Mazowsze region [central Poland] health service establishment employers who was present at the press conference, Tadeusz Trendota, stated that directors had no money available for wage increases. He also read out a statement from the Mazowsze employers, who are themselves demanding improvements in the working conditions and the remuneration of all health service employees. They are demanding of the government an increase in the outlays on health care to 5 per cent of the gross national product. [Trendota] The directors of independent public health care establishments combined in the Mazowsze Independent Health Care Employers' Union demand the urgent undertaking of activities for the purpose of improving the working conditions and wages of all professional groups functioning within the health care system. In the view of the members of the Mazowsze Independent Health Care Employers' Union, it is necessary to increase the outlays on health care up to the level of 5 per cent of the gross national product. We feel that it is high time that health care matters finally become a priority for the state authorities, since on this depend the health of society and the condition of the country. [Presenter] The chairwoman of the OZZPiP reported that, as of today, protests were going on in over 100 health care establishments.

From BBC Morning, by Polish radio, 30 November 2000

BUREAUCRATS STALL CORRUPTION FIGHT

As the Government's proposed fight against corruption continues to let announced deadlines pass, NGO representatives involved in the plan are getting restless, claiming that bureaucratic delays are endangering the project. Their warnings have been driven home by recent cases of venality and fraud in state bodies. Two Slovak police officials were accused last week of corruption, and are now under police investigation. According to a November 26 Slovak Television (STV) report, Miroslav N., head of the Pezinok Investigator's Office (Bratislava region), has been accused of accepting a 35,000 crown (\$690) bribe to derail an investigation against a suspected criminal. Also, Peter Ch., head of the Bratislava police department in charge of road transport, has been accused of writing a fake car accident report to fraudulently extract an insurance settlement of some 300,000 crowns. Such examples of public sector corruption were expected to be fought, and ultimately eliminated, by the government's National Program to Fight Corruption, announced February 29 by Prime Minister Mikuláš Dzurinda. However, after several delays and missed deadlines, the plan today remains far from fruition. While Prime Minister Mikuláš Dzurinda promised at a February press conference announcing the scheme that action plans for individual ministries would be ready by the end of June, in an August interview with *The Slovak Spectator* he said that they would "be ready in September, and the overall action plan on October 13." But the deadlines have not been met, and NGO representatives involved in the project say that unless the government takes immediate action, the plan will remain a dead letter. Warning that the plan is in danger of not reaching completion within the current government's term (which lasts until 2002), observers compared the situation to the fate of the 'Clean Hands' program declared in 1995, which was criticized for never having taken clear or decisive steps to fight state-sector corruption. "We should bear in mind that we submitted our plan to the government in November 1999," said Daniela Zemanovičová, program director at the independent Center for Economic Development (CPHR) which, together with the anti-corruption watch dog Transparency International Slovakia, has cooperated with the Dzurinda government on the anti-corruption strategy. "We've lost an entire year because of bureaucratic procedures," she continued. "As a result, all we have in our hands at the moment are the individual ministerial action plans [which were approved by the cabinet on November 22, and include over 1,200 tasks for individual ministries and their subordinate institutions - ed. note]. And these plans came in past deadline - which was [originally] the end of June." Zemanovičová, who sits on the steering board of the government programme, added that not only had the ministries taken far longer than expected to produce their action plans, the submitted versions had also proven inadequate, lacking specific details of the proposed fight against corruption. Instead, she said, the plans proffer sweeping and often vague instructions to individual state administration organs under the ministries' supervision. "They're often very broad guidelines which the ministries and their subordinate institutions should already have been following," she said. "We are concerned that the whole plan will remain nothing more than talk with no real substance." Government representatives, however, responded that all official deadlines had, in fact, been observed and that the program has already brought some positive results. "I admit that our original idea was more optimistic, but we haven't missed any official deadline," said Michal Ivantýšin, coordinator of the anti-corruption steering committee and head of communications at the government office. According to Ivantýšin, all ministries had turned in their action plans by the June 30 deadline, but since they had proven insufficient or incomplete, they had therefore been "returned to the ministries for amendments". "We received the more specific action plans on September 4," he continued. "And these were approved by the cabinet. Now we have concrete plans in our hands, and we know exactly what to do next." But frustrated NGO representatives involved in the anti-corruption project cast doubt on the government's ability, and willingness, to proceed in the right direction. Helena Woleková, of the Social Policy Analysis Center NGO, said that the action plans were incompetent and displayed a lack of political will to fight corruption aggressively. "For example, the plans have ministries pledging they will obey certain laws in the future, laws which they should have been obeying anyway," Woleková said. "Many of the ministries' plans haven't convinced us that they are serious in waging this fight against corruption at all." Similar doubts were expressed on the streets of the nation's capital. "I was very happy when I first heard about the corruption fight," said university student Ján Štubna in Bratislava. "But February was a long time ago, and I still haven't seen much happen. I don't understand what they are trying to achieve with this plan - corruption has certainly not become any less common in Slovakia." Ivantýšin said that such criticism proved that people didn't understand the government's objectives. "Those who expect to see results in the analysis stage of the program must have been disappointed," he said, explaining that the initial phase was aimed only at "analyzing" corruption in Slovakia. "But we're now past this phase. I promise that you will soon see more concrete results, and that the whole process will become more dynamic," he said. "We want to meet regularly every six months to evaluate how tasks were tackled, and then to set new objectives." He added that the anti-corruption plan had already scored points

when parliament approved the Freedom of Access to Information law in May, and in September when the Justice Ministry launched its Business Register web site, which lists all Slovak companies and their ownership structures. "All people working on the steering committee take their tasks very seriously," Ivantyšin stressed. But for Zemanovièová, the program has so far been long on promises and short on results. "The successful implementation of the anti-corruption campaign will not be reached by empty declarations of support by top state representatives," she said. "Concrete steps must be taken soon, and they must be backed by political will to reform other problematic sectors like the judiciary and health care. If these reforms don't happen soon, the whole plan to fight corruption will never take effect."

From Slovakia Today, By Martina Pisárová, 4 December 2000

CROATIA'S PUBLIC SERVICES TO HOLD FIRST GENERAL STRIKE FRIDAY

Croatia's public services trade unions announced Thursday that they would hold their first-ever general strike on Friday, after failing to reach an agreement with the government over wage increases. Employees in civil services, schools, social institutions and hospitals will go on strike Friday, urging that agreements signed between the government and trade unions be respected, Ivica Ihas, head of the civil services union, told AFP. The unions say the main reason for the planned strike is the government's refusal to increase salaries. Instead, Croatia's center-left government has announced a 10-percent decrease in gross wages for public sector workers in 2001 because of budget constraints. The government has also refused to pay Christmas bonuses to employees in the public sector.

From Croatia Today, 8 December 2000

THE AMERICAS

AS FOX TAKES REIN, POLICE CORRUPTION WILL BE A FOCUS

Osiel Cardenas was a cop with dreams. He was a lowly police communications specialist who wanted the fame and fortune won by other law enforcement officials in this city bordering Texas. So, say authorities, he followed their path: He became a drug trafficker. Cardenas is now a top target of U.S. authorities, not only for drug charges but for allegedly threatening two American agents at gunpoint in Matamoros--then throwing a party to celebrate. Cardenas is hardly unique in going from officer to outlaw. In fact, Mexico's police forces have produced so many traffickers that they have become a sort of Miss Porter's for the dope-and-murder set. The link "has become institutionalized," says a former U.S. anti-drug official. The police are a dramatic example of a major challenge facing President-elect Vicente Fox as he takes office Friday: the creation of strong democratic institutions. During the seven decades of single-party rule now ending, many Mexican institutions--ranging from the police to the courts, from comptrollers' offices to environmental inspection departments--were underfunded, underequipped and underhanded. And that, say analysts, is exactly how the government wanted them. "The institutions protected the political regime," said Ernesto Lopez Portillo, an organized-crime expert at the National Institute of Penal Studies. "That's why our institutions are so weak. The authorities bent the institutional structure in favor of their private interests." But as the near-imperial Mexican presidency has weakened, so has its control over institutions such as the police. That has fed an explosion of crime and corruption that is bedeviling both U.S. and Mexican authorities. Fox's challenge will be nothing less than creating a modern Mexican government, complete with a civil service and internal controls. As he tries to build a new system, however, he will be handicapped by institutions that respond neither to him nor to the public. "Fox will press a button and nothing will happen. He will pick up the phone and say, 'Do this,' and nothing will happen--especially on the law enforcement side," said Delal Baer, a Mexico expert at the Washington-based Center for Strategic and International Studies. Osiel Cardenas offers a glimpse into the institutional nightmare facing Fox. Cardenas was a police officer in Matamoros as recently as 1996, according to the Mexican attorney general's office, which has fragmentary information about his career. The city was home to the powerful Gulf cartel of drug smugglers, which had many police on its payroll. Both the current cartel boss, allegedly Cardenas, and his predecessor came from the ranks of the state police, according to the attorney general's office. Although Cardenas has left the police, the police haven't left him. U.S. anti-drug agents got a stunning taste of the official collusion in their confrontation with Cardenas on Nov. 9, 1999. Current and former U.S. officials, speaking on condition of anonymity, give this account: An FBI agent and an agent of the U.S. Drug Enforcement Administration were driving through downtown Matamoros that afternoon in a car with diplomatic license plates. With them was an informant who pointed out Cardenas' house, guarded by local police.



Aspiring Mexico City judicial police undergo physical training.

KEITH DANNEMILLER / For The Times



Patrol cars of another police force block a street in the capital to demand the resignation of an official accused of robbery. (AFP)

Suddenly, state police blocked the road near the U.S. agents. Their car was surrounded by Cardenas and heavily armed bodyguards--who appeared to include police. They demanded that the U.S. agents turn over the informant. When the Americans refused, one gunman fingered his gold-plated Kalashnikov rifle. "Kill them! Kill them!" he screamed, as the other gunmen prepared to fire. Desperate, the Americans warned that the U.S. government would retaliate. In the end, Cardenas simply ordered the agents and their informant out of Matamoros. He celebrated the showdown with a raucous lunch at a local taco restaurant. "The fact he held the party the following day showed he knew he could live and operate there with total impunity," said a former U.S. official. The federal prosecutor who oversees the anti-drug fight in Matamoros, Alfonso Navarrete, acknowledged that Cardenas is helped by local police officers. "One of the characteristics of organized crime is that it needs some type of protection from a police force," he said. Still, he added, the federal government is taking steps to combat such corruption, such as sending in better-trained federal anti-drug officers. Cardenas represents a different kind of corruption from the

scandals that periodically tarnish the Los Angeles Police Department. Cardenas is not just a bad apple. Rather, he is a product of an institution long financed by illegal activities--with the tacit permission of authorities. Analysts note that Mexico has never had a democratic, professional police force. Its first federal police corps, the Rurales, was made up of bandits in the mid-1800s, said Lopez Portillo, the organized-crime expert. In exchange for doing the dirty work of politicians, the police were permitted to engage in crime themselves. That trade-off continued through the 71-year rule of the Institutional Revolutionary Party, or PRI, which lost the presidency in July. Authorities used the police to do political espionage or repress demonstrators or opposition politicians, analysts say. As a reward, the police enjoyed impunity. For decades, little effort was made to train, pay or equip them well. "There was no political necessity to do it," said Lopez Portillo. "It wasn't thought that the police had to be professional to carry out their function." The end result: The Mexican police became brokers of criminal activity. As U.S.-bound drug traffic exploded in Mexico during the past 20 years, police became a vital part of it, in effect imposing a private tax on traffickers. And the spoils were shared, from the beat cop to top state and even national police officials. One former U.S. anti-drug official points to the classic case: Mexican police officers would routinely pay huge sums to be named commander in a city bordering the vast U.S. drug market. Budgets were paltry; commanders often had to pay expenses such as salaries out of their own pockets. But the commanders would leave the job years later as multimillionaires, thanks to drug bribes. "It's like buying a McDonald's franchise. You pay for everything. It's just an archaic colonial system," said the former official, speaking on condition of anonymity. U.S. and Mexican authorities have spent hundreds of millions of dollars on screening, training and equipment in recent years to fight such systemic corruption. But the police culture has changed little, U.S. authorities say. President-elect Fox says reforming the police will be a priority. He plans to remove all law enforcement functions from the Interior Ministry--the political affairs arm of the president--in order to cut the unholy alliance between police and political favors. Plans are being drawn up for an FBI-style force to replace the federal anti-drug police. Fox also wants a national system to produce better-trained local cops. U.S. anti-drug officials worry that this could be yet another police reform plan that goes nowhere. Still, not everyone thinks the problem is intractable. At an airy, plant-filled building in a residential Mexico City neighborhood, Jose Luis Perez Canchola thinks he has broken the link between cops and criminality. "My concept is that the police in this country under the PRI governments were formed to serve political and economic power. Now we're forming a police in Mexico City to serve citizens and the community," said Perez Canchola, director of the training academy for the capital's judicial police, who handle major crimes. Perez Canchola might seem an odd choice for such a job. He was a leading human rights advocate in the state of Baja California for years and a harsh critic of police abuse there. But the soft-spoken, stoop-shouldered accountant is shaking up the hard-boiled world of the police. The city government, in the hands of the left-wing Democratic Revolution Party, has doubled the pay for new judicial police to about \$1,000 a month--a middle-class salary by Mexican standards. That has attracted a flood of applicants. And Perez Canchola is picking the best and the brightest. People such as Aaron Perez Castro. "The salaries are good, and it's a civil service career," the clean-cut 29-year-old student told a visitor to his classroom. "You can move ahead on the basis of talent, not friendships." His fellow students nodded. One by one, they stood and described their university studies: Psychology. Law. Journalism. Industrial engineering. In their starched white shirts, red ties and blue slacks, they looked more like eager Boy Scouts than cops. Perez Canchola has strict rules for entry: two years of college, an extensive background check and absolutely no prior police experience. He offers his bright young recruits benefits police have rarely enjoyed, such as scholarships to train abroad. Nearly half the city's 3,200 judicial police are now products of the new system, Perez Canchola said. "You will begin to see a change that no one can stop." Judging from opinion polls, city residents have not yet noticed the change. And crime has declined only marginally in recent years, after soaring in the mid-1990s. But Miguel Chao, a neighborhood activist who recently attended a crime-prevention forum at the academy, said some local people are noting a difference. "Before, if we heard 'judicial police,' we were afraid," he said. "The image of the judicial police is changing."

From Los Angeles (CA) Times, by Mary Beth Sheridan, 30 November 2000

NOW AS ALWAYS: CABINET AND PUBLIC SERVICE RUN THE COUNTRY POST-ELECTION

It's been eerily quiet on the federal political scene. Everyone is getting some badly needed rest after a gruelling election campaign. Thoughts are turning to Christmas and maybe plans for a winter getaway someplace warm. With MPs back home, the Commons in hiatus - and the prime minister making time for a round of golf down south - who's running the country? No one can be faulted for a

little confusion about the state of affairs after an election. With MPs still being sworn in, new cabinet ministers yet to be named, and the new Parliament yet to resume sitting, it appears from the outside that everything is in limbo. But far from it. The existing federal cabinet, made up of government ministers with the prime minister at the helm, is still firmly in charge, says Ned Franks, professor emeritus at Queen's University. "Ministers of the Crown, and the Crown, keep going forever, so there's no stoppage or loss of continuity in administration - it just keeps going," says Franks. Cabinet makes decisions the "same as they would any other time - except they don't have the nuisance of Parliament." The cabinet, which governs the country, has a role distinct from that of Parliament - the legislature where laws are made. "We cannot make new laws while Parliament doesn't exist," government House leader Don Boudria explains in an interview. "But the administration of the existing laws it's what the government does." Ministers normally meet weekly to discuss everything from Canada's position on negotiating a foreign treaty, to outlining the government's vision for the future. It's no different now, says Boudria. Cabinet met once during and once after the election, and plans to meet again this week. "The government of the country still is there. "The relations with other countries still is there, the finances of the nation, that's still there. The discussions between the government of Canada and our provincial partners in Confederation are still going on." While cabinet makes the decisions, the federal public service puts them into action. In the United States, thousands of senior public servants lose their jobs when governments change. Confusion now reigns in Washington because it's still not clear who won the election there. But Canada has a relatively permanent public service which isn't drastically changed when governments change after an election. That provides stability and keeps government at work whether voters opt to change in their political leaders or not. "Since you have a group of people who tend to be in their jobs for a bit, and have developed a culture, a way of doing things - that tends to just go on," says Alf Chaiton, a senior fellow at the University of Ottawa Centre on Governance. "It's the parliamentary democracy - the separation of public service from the legislature. "The fact that we had an election, it may be that some of the big decisions are held off until after the election, but normal day-to-day life continues." The work of the public service is dictated by the previous federal budget and government policies and programs put in place before the election call. But all this doesn't mean that Parliament is secondary, says Franks. "The Queen's government needs the support of Parliament to continue governing," he says. Parliament doesn't officially exist until Dec. 18 according to the proclamation of the Governor General made to call the election. Once Parliament convenes, likely in January or February, it will elect a Speaker, then receive the speech from the throne, which outlines the government's priorities. The government must then be subjected to what's called a test of confidence in the Commons. "The House must indicate that it has confidence in the government before the government is legitimized in exercising its authority," says Boudria.

From Canada-Vancouver Sun-National, 11 December 2000

STATE PAY RAISES: CIVIL SERVICE SALARY STUDY SCRUTINIZED

In a Legislature where Republicans and Democrats often clash over spending, it didn't take long for top Democrats to agree with Gov. Kenny Guinn that state employees need a raise. Armed with a recent survey showing that state workers earn an average of 26 percent less than their counterparts in municipal governments, Guinn and Assembly Ways and Means Chairman Morse Arberry, D-North Las Vegas, want the next budget to include a pay raise for state workers as an incentive to reduce employee turnover. But a Las Vegas private investor figures the study was kind of fishy. Knight Allen argues that not only are state workers paid about the same as municipal employees, but that government workers are generally paid better than those who work for private firms. A city of Las Vegas official also questioned some of the conclusions in the state survey. "It is a cherry-picked survey to prove the point the governor wants to make," said Allen, long a critic of government compensation studies. "Its numbers were manipulated in the worst way possible to distort reality. Governor Guinn is a nice man, but he is Nevada's version of Nelson Rockefeller." Guinn's survey found state workers earned on average \$37,520 in 2000 -- or 26 percent less than the \$47,564 average earned by workers with select city and county governments and 28 private companies. Only prominent private companies were surveyed, not companies like Kmart and Wal-Mart where workers often are low paid. To back his stance that state employees are not underpaid, Allen noted a 1999 payroll report compiled by the state Employment Security Division. The report found state employees averaged pay of \$36,939, while city and county government workers earned \$36,619. Employees at private companies earned \$30,379. Allen has a hard time believing that one state agency a year ago could find state workers earned \$320 more than city and county government employees, while another state agency now finds their salaries lag more than \$10,000 behind their counterparts in Clark County, Las Vegas and other communities. State Personnel Director Jeanne Greene, who prepared the new state salary survey, said part of the reason may be because her survey did not include wages of government workers in White Pine, Lincoln and other low-paying rural counties. On the difference between the survey findings and the 1999 payroll report, Guinn said, "I don't do the surveys; I report on the results." He theorized part of the reason may be in how governments reported retirement benefits. He said 10 percent of many state employees' gross income goes toward retirement benefits, while local governments generally cover this cost for their employees. But Claudette Enus, the city of Las Vegas' human resources director, said the new state salary survey was "somewhat skewed." She questioned how the state could conclude that Las Vegas salaries increased by nearly 31 percent in the past six years. That increase is not verified by city records, Enus said, adding that the state survey found city workers receive \$26,394 a year in benefits when the actual figure is \$17,000. "Our people are treated well," she said. "They work hard, but we think the picture painted was not entirely accurate." Greene, however, said she has since discussed the differences with Enus and both now agree that the higher figure represents benefits for city workers. Guinn said making salaries more equitable between governments is critical, otherwise the state is going to be merely a training ground for government employees who want to move on. Turnover is already alarmingly high, he said. But even the turnover rate for state employees with one of the most stressful jobs -- window technicians in motor vehicle department offices -- is only 20 percent a year, according to Ginny Lewis, the agency's deputy director. That figure nearly mirrors the statewide 19.8 percent turnover rate for all federal, state and local government employees. Window

technicians, or the people who come into face-to-face contact with patrons, are among the lowest paid state workers. They start at \$20,566 a year. "It's a stressful, pressure job," said Richard Kirkland, the state's Department of Motor Vehicles and Public Safety director. "There have been some physical confrontations and threats." Guinn won't say whether these workers will receive extra pay, but top state officials speculate privately that they will receive one-time bonuses from the state's current surplus of \$200 million. Ironically, even Kirkland acknowledges that it's often cheaper to hire private workers instead of state employees for certain jobs. Last week, Kirkland told a state committee that he wanted to hire private security guards to protect DMV employees because doing so would be cheaper than employing state police. "While we are underpaid, we still are paid more than private security," Kirkland explained to the Interim Finance Committee last Monday. While the salary difference between state and local government workers is in dispute, there is no question that turnover rates are lower in local government than at the state level. The overall job turnover rate for state government workers has been 13.4 percent in the past 12 months, up from a 9.9 percent rate in 1999. By comparison, the Clark County government had a 1999 turnover rate of 9.3 percent, while the city of Las Vegas had a turnover rate of 6.6 percent. State economist Mike Clarke said government loses fewer workers than private businesses because many government jobs require college degrees. They also usually are the types of occupations not commonly found in private industry. "This is not to say they don't have highly educated people in private industry," he said. "But there is high turnover in maids, porters and lower-paying jobs in private industry. There aren't a lot of those jobs in state government." Clarke said the private industry job turnover rate in the past year was huge -- 105 percent. The state calculates the turnover percentage by finding out how many additional people companies need to hire to keep 100 jobs filled. Because many maids, waiters and store clerks work only a few months, companies must hire several employees during a year just to keep one job filled. Retail stores have a 139 percent annual turnover rate. Hotels average 66 percent turnover while construction jobs have a 161 percent turnover rate. Movie theaters have the highest turnover rate at 247 percent, in part because many of their employees are students taking tickets or serving popcorn in what clearly are temporary jobs. Allen figures government workers should not expect to be paid more than workers in the private sector because they are performing a public service. He has testified at legislative hearings that the salaries of legislators should reflect the pay of typical state workers. Since the average Nevadan will make about \$31,500 a year in 2000, Allen figures legislators should be paid \$10,500 for the four-month session starting in February. That would represent a big raise over the \$6,800 lawmakers now earn. "The overall rule should be equity," Allen said. "When you make a decision to enter public service, you are making a decision to make sacrifices for society." In exchange for better job security and benefits, government workers must realize they should not make more money than people with private companies, he added. "Now they want it all," Allen said. Bob Gagnier, executive director of the State of Nevada Employees Association, considers Allen's thoughts an "antiquated idea" about government service. "You should look for people to make a career out of governmental service," he said. Gagnier added that in virtually every state, government workers earn more than people in the private sector.

From Las Vegas (NV) Review-Journal, [By ED VOGEL DONREY CAPITAL BUREAU](#), 11 December 2000

CONWAY MOVES TOWARD ABOLITION OF CIVIL SERVICE

Despite strong opposition from police officers and firefighters, the Conway City Council unanimously adopted Tuesday a resolution of intent to abolish civil service for the city. The resolution says the city intends to come up with a replacement for civil service by Feb. 12, 2001. Alderman Maurice Moix said he felt that a lot of the opposition to the move stemmed from misinformation. "I don't think any of us here are out to hurt you," Moix told the crowd of firefighters and police officers who filled the council meeting room. Mayor Tab Townsell and the council refused to allow audience members to speak, saying a public hearing was held two weeks ago. An alternative resolution rejected Tuesday was for the city to consider keeping civil service and making improvements. But Townsell noted that the city has little control over what the Civil Service Commission would do if retained. "All we can do is make suggestions," he said. Alderman Bill Yates noted that the commission is appointed, rather than elected, which means less accountability to Conway residents. "Everyone up here is elected," he said of the mayor and the council. "We can be unelected real quick." Some in the audience clapped after hearing that remark. The civil service system, in place in Conway since the 1950s, deals with hirings, promotions and discipline of firefighters and police officers. The commission conducts tests for hiring and promotions, and disciplined or fired firefighters and police officers can appeal to the commission. During the past decade only nine such cases went before the commission. Of those, the commission ruled in the city's favor in eight instances. Employees in five of those nine cases appealed to Circuit Court. Townsell has advocated abolishing civil service on the grounds that it prompts too many lawsuits because of its complex rules. He also said the city incurs more expense because Conway has to hire its own attorney in such cases, as City Attorney Michael Murphy represents the Civil Service Commission. He also questioned why police and firefighters need more protection than other city workers and noted that safeguards for them exist in state and federal laws. But Theodore Jones Jr., who sits on both the Civil Service Commission and on a city committee considering what to do about civil service, supported keeping the system, saying that the employees "need recourse and you all need to consider that." Townsell said any replacement that the city approves will indeed offer recourse for employees unhappy with a management discipline decision. Police officers also contend that abolishing civil service could lead to undue political influence. They say, for example, that without civil service protection, officers might be reluctant to give a ticket to an influential person for fear of being fired. They also say the city can avoid lawsuits by simply following the rules. A committee consisting of council members and representatives of the police and fire departments will work to craft a replacement for civil service. Police Lt. Bill Milburn, a member of the committee, said he'll attend the meetings but added that the Fraternal Order of Police is looking at legal options.

From Arkansas Democrat-Gazette (AR), by Jay Meisel, 13 December 2000

Management Innovation & Trends

ASIA/PACIFIC

CHINA IT FIRMS FACE MANAGEMENT SHORTAGE, FOREIGN COMPETITION

China's New Economy companies have to be quick on their feet to lure scarce managers and react to foreign competitors, attendees learned at the Shenzhen "China Info-Tech Summit 2000." The major roadblock to China's use of telecommunications and Internet technology to streamline its supply-to-customer chain—whether those customers are in [Beijing](#) or New York—is human resources. "The key issue is finding qualified middle-management," said Jay Li, president of Boyibo Inc. The 6-month-old Boyibo is sidestepping the Internet in creating voice portals for e-commerce. It is recruiting its management from the Silicon Valley and multinationals, but like other companies at the conference, needs more well-trained and experienced people. ZTE's Wang confided that he is losing qualified personnel almost daily to international companies in China. It is forcing him to offer better incentives and benefits, he admits, but he, too, needs the work force. Stepping into the gap are e-learning companies such as Ambow Corp. and Tangram Enterprise Solutions, which provide education platforms to schools and corporations. Founder Cyber Education, in conjunction with Beijing University and Texas A&M University, is taking it a step further by offering information technology training content. And none of them is limiting their vision to China's tremendous market. "Internet e-learning is international," Ambow CEO and Berkeley Ph.D. Jin Huang told [ChinaOnline](#). Thirty percent of Ambow's projected 2004 income of US\$100 million will come from outside of China. Like Ambow, Tangram and Founder Cyber Education are building their platforms to international standards. "First, we will get a stable market share in China," said Tangram's Isaac Mao. Similarly, the U.S.-educated ChinaQuest CEO Tony Zhao will first structure his wireless services business in China. Then, he said, "We will try to cover all of Asia and set up worldwide Net branding." As part of their efforts to go global, many Chinese new economy firms already have branches in the United States. These offices are often used to boost competitiveness. ZTE, for example—a telecom manufacturer and network solutions provider—has two small research-and-development centers in California. They alert headquarters of technology developments that are coming several years down the road. Forewarned, ZTE will try to make prototypes first. Meanwhile, the company has offices in some 50 countries and had sales last year of US\$300 million. It is already selling switching equipment in the United States under the nose of its giant competitor, Lucent Technologies. Yet, it is also focusing on countries like Myanmar, Vietnam, Pakistan and Kenya. "We are a peasant company," with roots in the countryside, Wang Beining told [ChinaOnline](#). He is doing business with countries that are too credit-risky for U.S. firms, and with which China has good relationships. Wang added: "We want to look at the world. Only when you have total integration and a long-term relationship do you have a better basis for success." Other executives feel the same way. "We will expand our business all over the world and exploit China's competitive services," said Harvard-educated Ye-Tian of Haie Network International. Haie provides business-to-business e-infrastructure and information services at one-tenth of the market price, according to Ye-Tian. Partnered with government authorities, many of them led by American-educated CEOs, and funded both domestically and abroad, China's New Economy companies are not being built in cyberspace. With preferable regulation and tax treatment for at least five years after China's World Trade Organization entry, they are developing, testing, marketing, licensing and possibly profiting from their proprietary software in China before globalizing it. Like Ye-Tian, Juliet Wu, general manager of TCL IT Group and keynote speaker at the two-day conference sponsored by the China Internet Group, said, "We are going to expand our business around the world." Telephone Communications Ltd. was wholly state-owned before being listed on both the [Shenzhen Stock Exchange](#) and Hong Kong Stock Exchange. With sales and manufacturing bases throughout China, the 19-year-old TCL is concentrating on high-tech household and communications appliances, from air conditioners, TVs and set-top boxes to cellphones and laptops. TCL is one of [Guandong](#) province's largest businesses, now generating 7 billion renminbi and anticipating an annual growth of 130 percent, according to Wu. But Wu is practical. "The New Economy is not important," she said. What is important to TCL is taking advantage of technology and keeping in touch with customers. "We are setting up our own technology and record of names, addresses and telephone numbers of all our customers," she told some of the conference's 800 invited senior executives, government officials and entrepreneurs. TCL, Wu admits, cannot compete with current technologies, and it will therefore rapidly adapt new technologies in order to compete. She was already applying the advice given on opening day by Chia Tek Yew, CEO of Venture Accelerator PricewaterhouseCoopers. "You need to be agile in China," Chia advised. The winning team, he said, will anticipate different scenarios and quickly change for each one. The "China Info-Tech Summit 2000" conference was held in Shenzhen on Nov. 30.

From China Online, By John Hedin in Shenzhen, 4 December 2000

NRD FORMS AVAILABLE AT ITS WEBSITE

About 41 types of National Registration Department (NRD) forms can now be downloaded from the department's website to be used for various applications. The forms, at www.jpn.gov.my, include those for birth, adoption, death, identity card, citizenship, marriage and divorce. NRD public relations officer Mahayuddin Abdul Rahman said the facility was available since October. He said this would help the public prepare the accompanying documents required and avoid repeated trips to the department due to incomplete forms. He added that although the forms were now available only in black and white, they would be accepted at all NRD counters.

Mahayuddin also said that 106 of the NRD's 187 branches nationwide were now equipped with the National Record Information System (Siren). "The second phase of computerisation began in October. We expect all our branches to be fully computerised by the end of 2001," he said. "Siren will further improve our ability to serve the public. Already now it takes only three to four weeks, inclusive of mailing time, for identity cards to be ready for collection outside Kuala Lumpur. In Kuala Lumpur it takes not more than two weeks." Mahayuddin added that the process of replacing lost identity cards had also become easier with Siren. "One only needs to go to any of our branches where the person's identity will be confirmed not only by the image of his photograph stored in Siren but also by scanning his thumbprint," he said. "The person will then be issued a temporary identity card which will carry his photograph." Mahayuddin added, however, that the department would be stricter with people who "have a history of losing identity cards." "Besides imposing a fine (on a graduated scale up to a maximum of RM100), we will also investigate to ensure that there is no hanky-panky involved," said Mahayuddin. He added that the department had opened two more branches in the Klang Valley--on the 7th floor of Ampang Jaya Municipal Council building in Taman Pandan Indah and on the ground floor of Menara Umno in Taman Seri Serdang. Both branches are fully computerised.

From Malaysia-The Star, By Joseph Raj, 5 December 2000

COMPULSORY THREE-YEAR PUBLIC SERVICE FOR DENTISTS

All fresh dental graduates and dentists returning home after working overseas will have to serve a compulsory three-year service with the Government from next year. Health Minister Datuk Chua Jui Meng said the Cabinet made the decision recently after recommendations by the ministry and the Malaysian Dental Council. *Bernama* reported Chua as saying that the Dental Act 1971 would be amended to enforce the new requirement, adding that the Bill was tabled in Parliament for first reading last week. Since Parliament adjourned *sine die* yesterday, the Bill is expected to be tabled for second reading at the next session in March. Chua said the original Act provided for a compulsory two-year service but it was not renewed when it lapsed in 1976, enabling fresh graduates to either opt for government service or the private sector since then. At present, only medical doctors are subjected to a three-year service with the public sector. "This (requirement) is necessary for national interest and to enable the graduates to better equip themselves through training under senior dental surgeons and dental specialists," he told a news conference at his office here. He said there was a critical shortage of dentists in the public sector especially after 1994, mostly in remote areas. He said there were 956 positions for dental surgeons but only 708 were filled. The actual vacancies could be as high as 524 due to the rapid development of healthcare facilities by the Government, he said. "In many areas where we are providing health services, there are no dentists," he said. Chua said the situation was so bad and it was reflected in the ratio, for example in Kuala Lumpur where there is one dentist for every 3,391 people, Negri Sembilan (1:9,000), Selangor (1:9,000), Sabah (1:39,605), Sarawak (1:24,423) and Kelantan (1:16,368). He said that at present, Universiti Malaya produces 64 dentists annually while 70 fresh graduates come from overseas universities. Universiti Kebangsaan Malaysia and Universiti Sains Malaysia have just started dentistry courses. With the new ruling, Chua said the Government hoped to rope in 152 locals and 70 overseas graduates in 2002 and at least a total of 321 in 2009. Asked if there would be extra perks or incentives for those who wished to remain in government service after the three-year period, Chua said proposals had been made and the Government was looking into it. Deputy Dean of Universiti Malaya's Dental Faculty Prof Dr Abdul Aziz described the proposal as fair considering the amount spent by the Government on a dental student, reports C. CELESTINE. "The three-year service is a small price to pay as it costs the Government RM44,000 a year to sponsor a dental student here," he said. Students only pay RM2,000 a year in tuition fees for the course while the rest is subsidised by the Government. A five-year dental degree would thus cost the Government RM220,000, Prof Aziz said. He also said that students on government scholarships had to sign a 10-year bond, adding that the three-year ruling would now be part of it. He said the move could have been prompted by the acute shortage of dentists in rural areas as young graduates did not want to work there. "The people often have to pay high fees to private dentists. With the new ruling, the Government can direct young graduates to areas where they are badly required," he added. A private practitioner said he was happy with the proposal as it addressed a real need. "We hope the compulsory period will be reduced to one year when the shortage is overcome," he added. On graduates returning from overseas, he said many degrees from foreign universities are not recognised here. "Those from an unrecognised but approved university have to complete two years of compulsory service before they can practise in Malaysia. Now they will have to add three more years," he said.

From Malaysia-The Star, 15 December 2000

EUROPE

FREESERVE: UK INTERNET PIONEER



In the two years of its existence, Freeserve has established a reputation as a pioneer of internet service provision in the UK. Freeserve was the first company to offer UK internet access for the price of a phone call, and its chief executive John Pluthero has won praise for establishing the company as one of the most recognisable online brands in the UK. Freeserve was set up by Dixons, one of the UK's largest electrical retailers, which has long made clear its intention to sell its pioneering subsidiary. Momentum for a sale has been building all year - with several potential bidders vying for the company - as analysts have warned that for Freeserve to become a European player, it needs more cash. Mr. Pluthero had hinted as much when he questioned earlier this year whether the company had the scale to go it alone. The internet service provider was launched by the Dixons Group in September 1998. The tie-up should in theory give the firm a chance to get the money it needs to develop new services as the internet market expands towards faster broadband connections and the mobile internet. Freeserve's original business model was to make money from phone-call revenue. But as the costs of these calls have dropped, the firm has had to look for other sources of revenue, namely in advertising. The nature of the internet service provision market has also changed, with many other providers offering unmetered access, which allows unlimited surfing time for a flat-rate monthly fee. Estimates are that Freeserve only has enough cash to last a year. By contrast, its new parent has an estimated two billion euros at its disposal. Freeserve has also been vulnerable to turbulence in share markets globally. On 2 August 1999, Freeserve was listed on the London Stock Exchange and Nasdaq. Since then, it has enjoyed the highs and lows of the technology share price rollercoaster. Its shares slipped initially below its 150p flotation price, before soaring above 900p at the peak of the internet 'bubble'. Since March they have fallen back, to stand at 133.5p on Wednesday afternoon. This share price turbulence has meant that Dixons is ultimately securing a far lower price for Freeserve than had originally been thought possible. Germany's T-Online - owned by Deutsche Telekom and one of Europe's largest ISPs - had originally been in the running for a deal, which valued the shares at 600 pence each. What the deal does make clear, say analysts, is that both Freeserve and Wanadoo are aiming at the European market. They are not the only service providers to have their sights on Europe. Italian service provider Tiscali bought troubled Dutch ISP World Online, while T-Online has also bought Spanish provider Ya.com. In Wanadoo, Freeserve has a partner with a high profile parent - France Telecom. France Telecom also owns Orange, the mobile phone company, and has a 20% stake in NTL, the cable operator. Some speculation exists that Freeserve could now benefit from a closer relationship with Orange, in the style of that enjoyed by Itineris - the French mobile operator - and Wanadoo.

From BBC, 6 December 2000

THE AMERICAS

SURVEY: INTERNET ESTABLISHED AS MAJOR NEWS SOURCE IN 2000 ELECTIONS

Nearly one in five Americans got election news online during the 2000 campaign, a dramatic increase from four years ago as the medium established itself as a major news source, according to a study released Sunday by the Pew Research Center for the People and the Press. Eighteen percent of Americans said they went online for election news in 2000, up from only 4 percent in 1996, the center survey states. Of those who actually had online access, 33 percent got election news online, compared to 22 percent in 1996. The survey also showed a mainstream shift in the reasons people got election news online. In 1996, online news was considered an alternative information source -- 53 percent of online users surveyed in 1996 said they used online news because other media did not provide enough news. But that number dropped to 29 percent in 2000. In this election cycle, 56 percent of online news users said they used the medium because the information was more convenient. That was an increase from 45 percent in 1996. Perhaps not surprisingly, the effect of online campaign news appears strongest among the young. Half of those under 30 surveyed for the report said the information they received online made them want to vote for or against a candidate. The survey also noted a strong increase in the use of online news as the election neared. Twelve percent of Americans got

political news online on Election Day, while 18 percent got news there the day after the election. That is a more than 400 percent increase over normal traffic for political news, according to the survey. In the week after the election, between 11 percent and 15 percent of all Americans followed election news online, the survey said. Major news outlets dominate online news coverage, according to the survey. Fifty-five percent of election news consumers said they went to local or national online news organizations for coverage, while 27 percent got news from major commercial online services and 19 percent used specialized political, government, candidate or issue-oriented web sites. CNN.com was cited as the most popular site for campaign news. Nearly 25 percent named CNN.com as their primary web site for election news. It was followed by America Online at 16 percent, Yahoo at 8 percent, MSNBC.com at 6 percent and Microsoft/MSN at 4 percent. CNN also topped a survey of all respondents when asked whether they had ever visited a specific web site for news or information about the 2000 election, and the site also topped a survey of respondents who were asked which web sites they found very useful. Candidate web sites trailed badly to media sites in terms of overall visits. Only 8 percent of online users and 28 percent of election news users visited the site of a candidate or campaign to get news or information about the 2000 elections, the survey stated. The numbers were even lower for the sites of the two major presidential candidates, with 7 percent of online users saying they visited the Bush/Cheney site, and 6 percent saying they visited the Gore/Lieberman site.

From CNN.Com, 4 December 2000

TECH FIRMS TO ANNOUNCE IMPROVEMENTS IN DELIVERY OF INTERNET AUDIO AND VIDEO

Technology companies are announcing substantial improvements in Internet audio and video this week, just as new pressures are shaking some start-ups from the market. RealNetworks Inc., which pioneered the broadcasting technique known as streaming media, is overhauling its software for managing how communications services deliver sound and images to personal-computer users. The company says the technology is up to twice as fast as its existing products and can handle multiple data formats that now require its customers to buy separate pieces of software. A much smaller company, closely held TuneTo.com, is announcing a technique for delivering high-quality audio to pocket computers equipped with relatively slow wireless modems. The two developments are among several expected at Streaming Media West, a trade show that runs tomorrow through Thursday in San Jose, Calif. Microsoft Corp. is also expected to announce technology improvements; its chief executive, Steve Ballmer, has an opening keynote speech. But financial gains haven't kept pace with technology. Despite hopes that Internet broadcasting would become a mass medium, start-ups such as Digital Entertainment Network Inc., Pop.com and Pseudo.com have failed to make money creating entertainment programming for PC users. Some experts blame the slow arrival of high-speed communications, which make it easier to deliver sophisticated content. But broadband communications actually create new pressures. High-quality sound and images require broadcasters to add more data storage and computing power; those requirements increase for each new user that receives a stream of audio or video. "The cost of broadcasting a television signal is effectively the same whether it's an audience of one or an audience of one million," says Richard Bowsher, president of StreamingMedia Inc., organizer of the trade show. "It's the exact opposite with streaming." One multimedia distribution service, Microcast Inc., of Danbury, Conn., recently ceased operations. Some publicly held companies that also focus on content distribution, such as IBeam Broadcasting Corp. and Digital Island Inc., which had 52-week highs of \$29.44 and \$156.94 respectively, have seen their stock prices drop below \$5. "This year has been quite a sanity check," said Richard Doherty, an analyst at Envisioneering Group Inc., a Seaford, N.Y., research firm. Yet the problems have only increased the pressure to develop more efficient broadcast schemes and for computer and consumer-electronics companies to add streaming capabilities to their products. The concept of Internet radio, for example, could become more popular if consumers can receive personalized song selections on pocket computers, cell phones or car radios. "If you want to look at how big Internet radio audience could be, you have to look at drive time," said Tim Bratton, chief executive officer of TuneTo. His Redwood City, Calif., company addresses delivery problems by distilling high-quality sound files into two parts. A portion of each song is downloaded in advance by users and stored on their PCs or other devices; a smaller portion transmitted later completes the file and makes the experience sound like a conventional broadcast. TuneTo has in the past focused on its own Internet radio service, but at the trade show will be showing how the technology could work on a pocket computer equipped with a wireless modem operating at 19,000 bits a second, a speed ordinarily thought to be too slow for high-quality sound. RealNetworks, best known for software that plays audio and video clips on PCs, is updating software that the company and other content-delivery services use to broadcast such material. Such programs are installed on server computers located in a web of distribution points around the United States and other countries. The new version, called RealSystemIQ, can be arrayed in a more decentralized manner that minimizes network traffic jams and can be augmented with satellite transmission, says Rob Glaser, the company's chief executive. And besides transmitting files in RealNetworks' data format, the new technology is expected to handle other formats such as Apple Computer Inc.'s QuickTime, MP3 music files and eventually the Windows Media format from Microsoft, the company's archival. "That makes our lives so much easier," said Tom Gillis, a senior vice president at iBeam, of Sunnyvale, Calif. Now the company has to have separate pieces of software and groups of programmers to manage each format, he said.

From Wall Street Journal, by Don Clark, 11 December 2000

PUBLIC SERVICE COMMISSION PLAN WILL EXPAND REACH OF LOCAL CALLS

The cost of calling clients, friends and relatives will drop next year between Shreveport and 10 area communities, including Minden and Mansfield. Long-distance calls will turn into free local calls for dozens of communities throughout the state, thanks to a rate-reduction, tax-reform bill passed by the Legislature earlier this year. The Louisiana Public Service Commission approved some details of the plan this week, with other portions of the plan yet to be approved. "We're excited about this opportunity. It's good for

residential consumers as well as business," said BellSouth Regional Director Kevin McCotter. "Our goal would be to have this in effect by the second quarter of 2001. There are complex, technical modifications to be done to our equipment." The action is part of a plan to cut telecommunications costs in the state by about \$30 million, with \$22.7 million coming from BellSouth. Expanding the local calling area will save callers about \$9.4 million. Another \$6.2 million will be cut from long-distance bills by reducing the access fee charged to long-distance providers. "This will really help us. I'm very pleased to hear it," said Richard Johnson, general manager of J.C. Johnson Ford Lincoln Mercury in Minden. Johnson pays to have a phone line on which Shreveport residents can call the dealership toll-free. But his staff still pays long-distance fees to call outside Minden and that adds up, because 60 percent of his sales go to the Shreveport-Bossier City-Haughton area. "I've been eating a lot of phone calls so I'm really glad to see this," he said. "We're almost like a suburb now and this brings us even more into the business community there." Among the calls that will become local calls: Shreveport to Minden, Mansfield, Mooringsport, Oil City, Rodessa, Vivian, Hosston, Ida, Gilliam and Belcher.

Blanchard to Mooringsport, Oil City, Rodessa and Vivian. Minden to Shreveport, Homer, Haughton, Athens, Springhill, Sarepta, Cotton Valley and Shongaloo. Natchitoches to Coushatta. Plain Dealing to Benton.

From Shreveport (LA) Times, by [David Westerfield](#), 15 December 2000

Public Finance

AFRICA

JUSTICE'S FINANCES 'CHAOTIC'

Mervyn King, one of South Africa's foremost businessmen and well known legal figure has severely criticised the Justice Ministry's "chaotic" financial administration and its tardiness in setting things right. King's comments are made in his capacity as external chairperson of the department's audit committee, which earlier this year had been requested by the Parliamentary Standing Committee for Public Accounts to report to it on a quarterly basis over progress made with the clean-up process. The committee recently took the unusual decision following the latest Auditor-General's report, of requesting the National Treasury to intervene in the department's financial administration if no visible improvement is discernible by the end of the year. This stems from the "chaotic" state of the department's finances. Among the problems the Auditor-General identified are maladministration of the department's deposit account and unauthorised spending of R78 million. The committee claims the justice department has the worst financial administration of all government departments. In his first quarterly report to the committee King says that although the department has specified control measures in place in order to ensure healthy financial management, its staffers do not adhere to them. This could be attributed to a lack of effective management at ground level, inefficient personnel, poor training and high staff turnover. King said he had sympathy for the department in dealing with these problems. The current situation however, created opportunities for fraud. A lack of co-operation between personnel and senior management with internal audit functions was a particular cause for concern. The department's director-general has already undertaken to look into this. King also expressed concern over the fact that after several months the department still has not appointed any senior financial officials. The department says it does not have enough money to appoint experts in this field. One possibility being probed is to request the Case against Crime organisation to second one of its experts for a year to the department in order to put matters straight. A former chief director of financial administration has already been dismissed. King also cites a lack of control over the department's deposit account and trust funds as well as bad administrative control over regional offices and courts, as causes for concern. Investigative units also do not report on a continuing basis over progress in their work. In short, financial administration in the department has not been straightened out. It will take some time to do that, but then only once the lack of training and skills have been addressed.

From S. Africa-News24, by Hein Swart, 30 November 2000

FINANCEMENT DU FMI AU PROGRAMME POST-CONFLIT DU CONGO

[Panafrican News Agency](#) Le Fonds monétaire international (FMI) a accordé au Congo Brazzaville un crédit de 10,5 millions de droits de tirages spéciaux (DTS), dans le cadre du programme post-conflit approuvé en novembre dernier, a annoncé le ministre congolais des Finances et du Budget, M. Mathias Ndzon. Le financement devrait permettre au pays de mettre en œuvre des programmes sectoriels et d'apurer partiellement les arriérés dus à la Banque mondiale, à la Banque Africaine de Développement (BAD) et à d'autres créanciers internationaux. Le programme intérimaire post-conflit (PIPC) du Congo (2000- 2002) a été approuvé par le conseil d'administration du FMI en novembre dernier. Le programme de trois ans (2000-2001), d'un coût de 511 milliards de F CFA, vise notamment la réhabilitation et la reconstruction des infrastructures de bases (écoles, dispensaires et routes), détruites au cours des deux guerres civiles qui ont ravagé le pays en 1997 et 1998. Les dégâts matériels causés par les affrontements sont officiellement évalués à plus de 1.500 milliards de F CFA. Le PPC vise également le réajustement des politiques macro économiques, l'assainissement du secteur financier et la privatisation de six entreprises stratégiques publiques dans les domaines de l'eau, de l'électricité, des télécommunications, des hydrocarbures et des transports. Après la guerre de 1997, le Congo avait conclu un premier programme post-conflit avec le FMI qui avait alors décaissé une première tranche de 6 milliards de F CFA. Le Fonds a été contraint par la suite de suspendre sa collaboration en raison de la reprise des hostilités en décembre 1998.

From allAfrica.com-Central Africa, 11 December 2000

ASIA/PACIFIC

CORPORATE, FINANCIAL REFORMS TO GET 40 TRI, WON BOOST IN PUBLIC FUNDS

The National Assembly yesterday gave the go-ahead to the additional injection of 40 trillion won (\$36.3 billion) in public funds for corporate and financial sector reforms. The approval, which came after weeklong parliamentary debates, stipulates that the funds will be provided in a lump sum and a legislation of a special law be made to tighten control over the spending of taxpayers' money. It also calls for the creation of a government-civilian "public funds commission" for this purpose. The proposed commission, which will be co-chaired by an economic minister and a civilian expert, will review and coordinate the use of the funds. In a rare bipartisan consensus, the ruling Millennium Democratic Party (MDP) and the opposition Grand National Party (GNP) concurred that further misuse of taxpayers' money must be avoided, agreeing that a fundamental restructuring of firms that receive the bailout money is

needed. They said banks and other financial institutions that receive the additional public funds would not be eligible for further government assistance for one year and must keep their capital adequacy ratio above the 10 percent level set by the Bank for International Settlement (BIS). "If they fail to follow this guideline and their BIS ratio falls under 8 percent, they will be ordered to initiate restructuring that could include layoffs, while a BIS ratio of under 6 percent would initiate government action to merge the troubled firm with a more viable partner," said MDP Rep. Park Byung-yoon. The lawmaker then added that since the injection of public funds are being made in the form of government investments to private firms, the state will exercise its right as a shareholder to demand managerial changes for companies that do not carry out substantial restructuring. The two sides also said the current practice of the Korea Deposit Insurance Corp. (KDIC) borrowing money and distributing it to troubled firms would be discontinued since the opposition party has said this loophole was used by the government to provide money to firms without proper deliberations. Parliament, in addition, will be kept informed of how the money is being used on a regular basis and the government will be asked to make detailed reports on how it will retrieve the money once the restructuring process is completed. The GNP also reconfirmed it would carry out a parliamentary probe next January on how the original 109 trillion won in public funds were spent since 1998. Economic experts said that though the infusion of funds was necessary to complete the government's restructuring efforts, they estimated as much as 60 trillion won of the total 150 trillion won worth of public funds might not be recovered. They also expressed concerns that regardless of the outcome of the government's bailout effort, taxpayers would likely end up paying for the expenses, which some have said could exceed 1.3 million won per person.

From Korea Herald, 30 November 2000

FINANCE ADVISERS LOOK TO INTERNET

The Financial Planning Association of Australia (FPA) has established an e-Commerce Advisory Committee to help its members maintain their market leadership in the face of challenges presented by the global online revolution. The Committee will identify issues in e-commerce that are likely to affect the financial planning industry, and ensure that the interests of financial planners are represented in public policy discussions with government and regulatory authorities regarding the online delivery of financial services. It will focus particularly on issues relating to business-to-business and planner-to-client dealings. The chief executive of the FPA, Ken Breakspear, says the committee's first task will be to conduct a situation analysis in the FPA's membership to determine members' perceptions of e-commerce. "We need to identify the impact of technology on their business and determine the role of the planner in the future," he said. "After analysing the results of this survey the committee will identify the strategic direction of the FPA with respect to e-commerce." E-commerce is expected to have a significant impact in the financial-services industry because of the efficiencies it creates by enabling customers to access information electronically. Research by market analyst Datamonitor has predicted that, by 2004, 29.5 million customers in Europe will be accessing financial services by the internet, interactive television and mobile telephone.

From Associated Press, 4 December 2000

NEW CAR SALES TAX TO PAVE WESTERN CHINA'S ROADS

A new 10 percent sales tax, to be levied on vehicle purchases, will pave the way for construction of key highways, predominantly in western China. An official from the [Ministry of Finance](#) stated that the vehicle purchase tax would not increase the financial burden of buyers, since it will replace the existing vehicle purchase surcharges, [Sina.com](#) reported on Dec. 4. The official said that the new 10 percent fixed-rate tax, based on the after-tax vehicle price, is approximately the same as the current surcharge rates. The buyers affected by this new tax are also primarily the ones who were affected by the surcharges. Thus, the official concluded that taxpayers should not expect to pay more than they already have been paying. The official added that the vehicle purchase surcharges used to go to the state treasury. Therefore, the vehicle purchase tax would also be incorporated into the taxation levied by the central authorities and would be collected by the [State Administration of Taxation of China](#). Revenues will go to the state treasury to be used primarily for the construction of China's highways. The Ministry of Transportation will submit an investment plan to the [State Development Planning Commission](#) for approval. Overall planning will give priority to key projects, with preferential treatment directed to highway construction in the western part of the country, the article said. Specifically, preference will be given to the construction of national arterial highways that have been incorporated into the plans of various industries. The construction of large bridges, tunnels and highways of great significance at provincial levels will also have priority, the article said. Due consideration will be given to auxiliary projects, such as the construction of motor vehicle passenger and cargo transport stations and yards, the article said. To maintain the continuity of state policies, some expenses approved by the central authorities, which were previously covered by the vehicle purchase surcharges, will now be taken care of through the vehicle purchase tax revenues. The following vehicle purchases will be exempted from the new tax: vehicles used by foreign diplomatic personnel and missions in China; vehicles that are included in the weaponry and equipment order of the People's Liberation Army and People's Armed Police; vehicles that have additional facilities and are used for non-transport purposes; and other vehicles exempted from taxation in accordance with State Council regulations, the article said.

From China Online, 6 December 2000

FINANCE MINISTER SAYS CHINA TO UNIFY TAX LAW FOR DOMESTIC, INTERNATIONAL FIRMS

As China strives to improve its existing tax system, it will emphasize "unifying the tax laws, an impartial tax burden, optimizing the tax system, increasing the tax base and a reasonable division of power between the central and local governments," according to

[Xiang Huaicheng](#), head of the [Ministry of Finance](#). Xiang, speaking at a national finance conference on Dec. 13, announced that China would adjust taxation policies relating to income tax on domestic and foreign-invested enterprises, the tax on the use of cultivated land, and the tax on the use of vehicles and vessels. Improvement of the consumption tax will also be an important part of the reform, according to Xiang. The range of products on which consumption taxes are levied will be enlarged to include some high-grade consumer goods and products that are not considered environmentally friendly, according to the Dec. 13 *Zhongguo Xinwen She* ([China News Service](#)). The rate of taxation on some items will be reformed, with the amount of consumption tax on such products as cigarettes and liquor adjusted to improve tax collection, protect the tax base and increase income. In addition, China will set up an information-processing system as soon as possible that can fully reflect individual income and bulk payments, as well as a new individual income tax system, the article said. China will continue to implement a proactive fiscal policy next year, Xiang said. First, the state will continue to issue treasury bonds for funding infrastructure projects. Second, it will launch special T-bonds to support western China's development. Third, China will continue to raise residents' incomes to stimulate consumption and expand domestic demand. He called for rigid budget management, increased accountability and a centralized payment system for T-bond projects, and any violation of the laws and regulations will be punished without mercy, Xiang said.

From China Online, 14 December 2000

BY THE NUMBERS

Xiang stated that China's fiscal revenues reached 1.191 trillion renminbi (US\$143.9 billion) (excluding debts recovered) during the January-to-November period, 21.2 percent higher than the same period last year. Revenues at the central level rose 26.7 percent to Rmb 632.46 billion (US\$76.4 billion), while that at the local level rose 15.6 percent to Rmb 558.82 billion (US\$67.5 billion). Fiscal expenditures rose 20.6 percent to Rmb 1,191 trillion (US\$143.9 billion) (excluding debt payments), with expenditures at the central level up 32.6 percent to Rmb 390.61 billion (US\$47.2 billion), and expenditures at the local level up 15.5 percent to Rmb 800.32 billion (US\$96.7 billion). Xiang stressed that the T-bonds to be issued next year will mainly be used as funds for the infrastructure projects now under construction, with central fiscal expenditures entirely devoted to unfinished projects. No new projects will be launched, the article said.

From China Online, 14 December 2000

EUROPE

FISCAL POLICY AND STRUCTURAL REFORMS

Fiscal policy and structural reforms will become the key tools for maintaining and boosting economic competitiveness after January 1, 2001, when Greece cedes the exercise of monetary policy to the European Central Bank, according to the Bank of Greece's annual report on monetary policy to Parliament, submitted yesterday. During a press briefing, central bank governor Lucas Papademos, who handed the report to parliamentary president Apostolos Kaklamanis, advised caution on consumer spending and possible cutbacks in subsidies after Greece enters the eurozone. "Entry into the eurozone creates advantages but also implies increased vigilance in the exercise of economic policy," he said. Provided outside factors do not cause a deterioration in the inflationary outlook, Papademos forecast that a restrained incomes policy and moderate rate hikes by public utilities would help resume a downward trend in the inflation rate by the end of 2001. "The EMU era requires greater effort by social partners and the application of the appropriate economic and structural policy. If the price of oil and the parity of the dollar against the euro remains at present levels, we can expect a de-escalation of inflation to below three percent in the second half of 2001," he said, adding that the central bank will maintain a close watch for possible turbulence on the price front, and will impose sanctions on banks if they exceed credit expansion limits. According to Papademos, fiscal stability will be reflected in attainment of the budget surplus, which must result from limits on expenses rather than higher revenues. Papademos yesterday also expressed optimism over the mid-term prospects of the Athens Stock Exchange.

From Greece-Kathimerini, 30 November 2000

HUNGARY PREMIER NAMES NEW FINANCE MINISTER, CENTRAL BANK HEAD

Hungarian Premier Viktor Orban said on Wednesday he would appoint Mihaly Varga finance minister in place of Zsigmond Jarai, who would become central bank governor as of March 1. Mihaly Varga currently holds the post of political state secretary in the finance ministry. Orban added in his weekly radio address that Istvan Mikola, head of the National Blood Supply Service, would become health minister, replacing Arpad Gogl who would head the National Health Institute.

From Hungary Today, 13 December 2000

THE AMERICAS

SMALL BUSINESSES RELIEVED FROM MONTHLY EMPLOYMENT TAXES

The Internal Revenue Service Dec. 5 issued proposed (REG-114423-00) and temporary and final (T.D. 8909) regulations that will raise the quarterly threshold from \$1,000 to \$2,500 for small businesses required to pay employment taxes monthly. Currently, a business must owe less than \$1,000 in employment taxes quarterly to avoid the obligation to make monthly payments. Under the new rules, businesses owing less than \$2,500 in employment taxes for a quarter will only need to deposit the taxes quarterly. Businesses owing \$2,500 or more in a quarter will continue to pay their employment tax obligations monthly, IRS said. The regulations implement a Nov. 27 IRS announcement that it was providing this relief to small businesses, effective in 2001. IRS estimated the change would allow 1 million businesses to shift from monthly to quarterly payments of employment taxes. Bureau of National Affairs, Inc.'s [Daily Tax Report](#). Other tax products are available through [Tax Management Inc.](#), a BNA subsidiary.

From Bureau of National Affairs, 6 December, 2000

Private Sector Development

ASIA/PACIFIC

PRIVATIZATION AN IMPORTANT ELEMENT FOR DEBT RETIREMENT-CE

Chief Executive General Pervez Musharraf said that Government fully realized the potential of privatisation as an important element for debt retirement and poverty reduction and was committed to carry it out without compromising on national interests. General Musharraf made these remarks while chairing a high level meeting held in here Monday which carried out an in depth review regarding the process of privatisation and received a detailed update by the Minister for Privatisation, Altaf M. Saleem.

From Pakistan International News, 4 December, 2000

PRIVATIZATION OF KEPCO TO BE SUSPENDED FOR 1 YR

Members of the National Assembly Commerce, Industry and Energy Subcommittee yesterday agreed to suspend the privatization of the Korea Electric Power Corporation (KEPCO) for one year after the passage of privatization bill, which calls for the spin-off of the state-run power company. But they have yet to iron out their differences over the whether the decision should be inserted into an additional clause to the government-initiated privatization bill or whether the suspension should be just endorsed by lawmakers without stipulation. In an abrupt about-face from its earlier position, the opposition Grand National Party (GNP) demanded that an article calling for the suspension of the envisioned privatization of the KEPCO for one year after the proclamation of law be inserted into an additional clause to the bill, throwing yet another hurdle to the proposed privatization plan. "The Government should embark on privatization of the KEPCO one year after the passage of law," said Reps. Shin Yung-kook and Lee In-ki of the opposition GNP. "An article allowing the privatization of the KEPCO one year after the passage of law should be inserted into the additional clause." In the meantime, the ruling MDP proposed that the ruling and opposition parties give an Assembly endorsement to the suspension of privatization of the KEPCO for one year without inserting the article into the bill. Members of the subcommittee made a last-ditch attempt to iron out their differences. The committee is expected to pass the bill on Dec. 4 when it holds a plenary session. After that the bill goes to the Assembly Legislation-Judiciary Committee before being introduced at the Assembly plenary session, which is expected to take place on Dec. 8 or 9. The privatization of the state-run company envisages division of the company into six power-generating entities, including one for nuclear and hydraulic power. Some of the spin-off firms are expected to be sold to foreign investors some time next year. The Government made its case that the passage of the bill is a must to sharpen the competitive edge of nation's power industry as well as to initiate reforms of bloated state-run companies. Labor union, for their part, threatened to stage a general strike to protest against the privatization and restructuring plan, which they fear could put their job security into jeopardy.

From Korea Times, by Kim Kwang-tae Staff Reporter 1 December 2000

MUSHARRAF WANTS PRIVATIZATION EXPEDITED

Chief Executive Gen Pervez Musharraf presided over a high-level meeting here on Monday on privatization and stressed the need to accelerate the process of disinvestment in the state sector. The chief executive said that the government considers privatization as an important element for debt retirement and poverty reduction and it is committed to carrying out the process compromising on national interests. The minister for privatization Altaf M. Saleem told Dawn, that the managing directors of Pakistan State Oil (PSO), Oil and Gas Development Corporation Limited (OGDCL), Pakistan Petroleum Limited (PPL), and Saudi Pak Fertilizer Company also attended. They informed the meeting about their companies' position with a view to privatize them as early as possible. Answering a question he said that a decision has been taken for the privatized commercial banks to be 'corporatized' and certain percentage of their shares be sold through the stock market. He added that the purpose was to offer shares of the state sector companies to the people. A certain percentage of their shares will be offloaded in the country's stock exchanges. To another question he said that the meeting also approved a detailed disinvestment plan of the privatisation commission. He said a timetable has been fixed for the programme and that a number of new transactions including Saud Pak fertilizer will be completed in January and February 2001. The minister expressed the hope that the government would not have to face any litigation or any other problem in disinvesting the public enterprises. He explicitly said that the public sector units would not be sold at throwaway prices and that transparency would be ensured in every deal. To a question he said the privatization of nationalized commercial banks and the Pakistan Telecommunications Company Limited (PTCL) were very much part of the new privatization plan and that things had started moving in the right direction.

From Pakistan-Dawn, 4 December 2000

IMF PRESSES ASIA ON CORPORATE REFORM

The International Monetary Fund is pressing Asian governments to speed up the slow pace of corporate restructuring, fearing that it may jeopardise continued economic recovery in the region. Officials from Washington's international financial institutions - the IMF,

the World Bank and its private sector arm, the International Finance Corporation, largely agree that the single main obstacle to progress is legal systems that cannot cope with corporate work-outs. Anoop Singh, deputy director of the International Monetary Fund's Asia-Pacific department said: "A lot of progress has been made... but the markets are looking at corporate and banking sectors and seeing a large unfinished agenda. It's obviously the case that much more progress needs to be made in corporate restructuring in all these countries," he said. "The basic bankruptcy and legal framework is not there," said another Washington official who asked not to be named. In Thailand and Indonesia, in particular, lenders had very little leverage to force restructuring, he said. Officials said courts were gummed up with cases, some susceptible to corruption and often the owners of some debtor companies still had important political connections allowing them to resist solutions. Another important factor cited as slowing down restructurings was a lack of foreign capital in an environment in which international investors and banks were wary of emerging markets. A study conducted last year by Joel Binamira and William Howarth of the Barents Group suggested most progress had been made in South Korea. Citing local data as of September last year, their figures suggested 78 per cent of corporate debt cases had been resolved in South Korea, 22 per cent in Malaysia, 14 per cent in Thailand and just 1 per cent in Indonesia. Since then, some officials said that movement had been slow. Some also said that even these figures could well be optimistic: some of the cases supposedly resolved had involved little more than an extension of repayment periods for a year or two, suggesting the cases would need to be examined again. "Markets are concerned not only about the quantity but the quality of restructurings," said Mr. Singh. "There is a sense that the rescheduling component has been emphasised a lot more than the restructuring component," he said. This emphasis, officials said, partly derived from the traditional family ownership of many companies. Owner-managers were not inclined to blame themselves for failings and were still running their companies. They had also resisted selling or closing loss making subsidiaries - though low prices and a shortage of buyers also were a factor. And most were unwilling to agree to diluting their stakes by swapping equity for debt in corporate workouts. Banks had also preferred in some cases to postpone repayments or provide interest relief because it allowed them to avoid full recognition of likely losses on their already weakened balance sheets. As a result, many companies still had high levels of debt, were encumbered by idle assets that they refused to or could not sell, and as a result could not expand or move into more profitable businesses. Mr. Singh said, however, he did not believe that governments were complacent. "I don't personally believe that complacency is a problem any more as growth rates are beginning to moderate and the markets being as they are. I think governments are aware of the need to make further progress on corporate restructuring and financial market reforms." However, some officials are concerned that - with elections due in Thailand and political strains in Indonesia and elsewhere - the political climate to push such changes may not be the most auspicious.

From Financial Times, By Stephen Fidler in Washington, 4 December 2000

EUROPE

KYRGYZ GOVERNMENT APPROVES DRAFT PRIVATIZATION PROGRAM

The cabinet on 29 November approved and submitted to the parliament a three-year privatization program that provides for the sale of the country's telecommunications network and national airline, Kyrgyzenergo, Kyrgyzneftegaz, Kyrgyzgaz, and the Kadamjai antimony complex, Interfax and RFE/RL's Bishkek bureau reported. The sale of those enterprises and some 100 smaller ones is expected to bring some 900 million soms (\$20 million) to the budget. LF

From Radio Free Europe, 1 December 2000

TURKISH GOVERNMENT SET TO SPEED UP SELL-OFF PROGRAMME



The Turkish government is expected on Wednesday to announce drastic banking restructuring and an accelerated privatisation programme in a deal securing an emergency International Monetary Fund loan of more than \$5bn. The prospect of additional IMF support is crucial to restoring confidence in Turkey's existing IMF-backed programme to eliminate double-digit inflation by the end of 2002. "This is another window of opportunity opening for Turkey," said Mehmet Simsek, analyst at Merrill Lynch. "Hopefully the authorities will take advantage of it." Turkey's crawling peg exchange rate regime - which allows the lira to fall at a controlled rate against other currencies and which is crucial in the fight against inflation - came under threat after the authorities aggravated a banking crisis by pumping public money into troubled banks instead of shutting them down. The volatile Istanbul stock exchange on Tuesday soared by 20 per cent after Turkish officials said an agreement with the IMF would be announced on Wednesday, carrying with it a loan exceeding market expectations of \$5bn. Western diplomats in Ankara expect the so-called supplementary reserve facility to be closer to the \$6bn or so that left the country as investors rushed to sell Turkish assets in a panic that started on November 17. In return, it is thought the authorities will take over one or more insolvent banks in addition to 10 already under administration. But analysts said that after outlining general principles, the government might delay announcing specific action for a few more days - even though this is also needed to instil confidence. The government will confirm its intention to launch by December 15 a tender for the privatisation of 33.5 per cent of Turk Telekom, the telecommunications giant valued at \$10bn by Goldman Sachs. It will also indicate plans to sell off a 51 per cent stake in Turkish Airlines, the national carrier that could be worth around \$1bn. After dragging its feet on privatisation, the coalition government will be expected to deliver on a long-delayed promise to liquidate extra-budgetary funds that allow discretionary spending by ministers. It has been pressed to impose further curbs on public sector pay and cancel non-essential military expenditure. The government and IMF officials have been operating

under severe time pressure. The economy cannot afford a protracted period of high interest rates. Overnight rates - which last week touched highs exceeding 1,000 per cent - on Tuesday averaged around 300 per cent.

From Financial Times, by Leyla Boulton in Ankara, 6 December 2000

PUTIN OKAYS PRIVATIZATION PLAN FOR TV, RADIO TRANSMISSION NETWORK

"The Moscow Times" reported on 9 December that President Putin has approved a plan by the Media Ministry to overhaul the All-Russia State Television and Radio Company (VGTRK). After a meeting with Putin and Prime Minister Kasyanov, Media Minister Mikhail Lesin told the daily that it has been decided that with regard to the transmission network for VGTRK, a joint-stock company will be created and market players will compete in a competitive environment with equal conditions for all. Lesin said VGTRK will be split into two companies, one controlling the transmission facilities and the other the broadcasting studios. A 49 percent stake in the company overseeing the transmission network could later be sold to private investors who would fund desperately needed upgrades, according to Lesin. "Segodnya" reported last week that the new entity would be called Gostelradio, after the Soviet-era organization.

From Radio Free Europe, 8 December 2000