

GOVERNANCE WORLD WATCH

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

Compiled by Networking and Outreach Clusters September 2000



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Public Policies & Public Economics

AFRICA

ALLIANCE DISCUSSES ECONOMIC DEVELOPMENT FOR SOUTH AFRICA

The tripartite alliance of the African National Congress, South African Communist Party and Congress of South African Trade Unions Monday began talks to discuss the alliance's economic development path for the country. The meeting in Gauteng Province is a follow-up to the alliance's meeting in December, where they made an assessment of the national and international economic setting, focussing mainly on the South African economy, in comparison with those of other countries, especially those with almost the same population figures. The meeting, like the previous one, is dwelling on issues such as direct foreign and domestic investment, the question of savings, human resources development, and several other economic indices. The 10-a-side meeting is taking forward the discussions in the context of the decisions of the ANC National General Council, South African Communist Party Strategy Conferences and the pending COSATU national Conference on economic transformation, as cornerstones of their policies and programmes. The alliance's economic development path is being reviewed and discussed in the context of agreed objectives set out in their 1999 elections manifesto, which declared that they remained staunchly committed to the vision that growth and development are thoroughly inter-connected.

From [Panafrican News Agency](#), 11 September 2000

BLUEPRINT SET OUT FOR BLACK ECONOMIC ADVANCEMENT

The black economic empowerment commission has proposed wide-ranging recommendations to reinvigorate black economic empowerment, stimulate fixed investment and accelerate economic growth. Commission chairman Cyril Ramaphosa revealed an outline of the full package of the commission's proposals for the first time yesterday during a joint briefing to several parliamentary committees. MPs described the document as "very impressive". The commission has called on business, labour and government to reach an "investment for growth" accord and adopt a national black economic empowerment strategy. "To avoid a (Zimbabwean) situation where everyone woke up too late, we must take active steps to do something," Ramaphosa said. The report was compiled on behalf of the Black Business Council, a federation of 11 black business organisations, and will be presented at a national consultative conference to be attended by about 700 delegates on September 29-30. After further refinement it will be given to President Thabo Mbeki at the end of October. The commission has recommended that government promulgate a National Black Economic Empowerment Act to provide guidelines for the public and private sectors. They would be obliged to implement empowerment strategies and their performance would be measured against the guidelines. Three institutions should be established to address market failures and to transform existing government structures - a national empowerment commission, reporting to the president's office, a national empowerment funding agency and a national procurement agency located within the department of trade and industry. A rural development agency should also be created to raise funds for land acquisitions and rural infrastructural development. The national empowerment funding agency would consist of four agencies with different funding mandates which would incorporate the Isabaya Fund, parts of the Industrial Development Corporation, Khula, Ntsika, the Umsobomvu Trust and National Empowerment Fund Ventures. The national procurement agency would have an accreditation unit to rate companies tendering for government contracts and licenses. In terms of the investment accord, government would be required to divert an increasing portion of the national budget towards capital expenditure and direct privatisation proceeds to the rural development agency. The Government Employees Pension Fund should invest 10% of its assets in productive investments in areas of national priority over a limited period of say three years. This would unlock investments worth about R20bn. Life companies and financial institutions would be required to invest a percentage of their total assets in productive investments over a limited period. Ramaphosa said a "diluted form" of prescribed assets was intended. The private sector would be required to make a commitment to the rural development agency and other initiatives in rural areas. Business would be subjected to guidelines and targets to increase black economic participation while banks would be required to disclose their investments in underdeveloped areas. Trade unions should exercise the financial muscle derived from their control over members' savings invested with life assurance companies to influence investment decisions. Ramaphosa said that captains of industry and other stakeholders had been canvassed about the recommendations contained in the report.

From [allAfrica.com-Southern Africa](#), 14 September 2000

ASIA/PACIFIC

ACTIVISTS TO PUSH FOR HEALTH COVER REFORM

More than 1,000 representatives from people's organisations will mobilise in Bangkok to push for a single health coverage system. Senator Jon Ungphakorn said the activists will rally in Bangkok on Oct 11 for universal health coverage. At least 50,000 signatures would be collected to propose a law change to the Senate speaker and political parties would be urged to declare their stands. Mr.

Jon said the health system created inequality with different levels of state subsidy provided to various groups, he said. Health security subsidies to lower-income groups came to just 272 baht a person each year, compared with subsidies to workers under the social security fund at 1,200 baht, and subsidies to civil servants at 2,106 baht.

From Thailand-Bangkok Post, 8 September 2000

CHINA POSTS NEW BUSINESS WEB SITE REGULATIONS

The latest text of regulations for business Web sites was released by the Beijing Municipal Administration for Industry and Commerce on the Registration and Filing of Online Business Operations in the Aug. 28 edition of the People's Daily and took effect Sept. 1. Chapter I General provisions: Article 1 These Procedures are made in accordance with related state laws and regulations in a bid to protect the legitimate rights and interests of business Web site owners and standardize the operation of Web sites. Article 2 Procedures for the filing and registration of business Web sites are identical throughout the country. The Beijing Municipal Administration for Industry and Commerce, as the competent authority authorized by the State Administration for Industry and Commerce for experimenting with the national filing and registration of business Web sites (referred to as the Competent Authority hereinafter), exercises supervision and management over business Web sites. Article 3 A business Web site in these Procedures is defined as an electronic platform established with Internet technologies and with an independent domain name obtained from the domain name authorities. Through this platform, the owner of the Web site can release information and advertisements, set up e-mail boxes and conduct business activities via the Internet, or provide Internet space to others for carrying out the aforesaid activities. The owner of the Web site refers to the owner of the domain name of the Web site, except what is stipulated in a contract. Article 4 A business Web site in these Procedures is a Web site with one of the following features: 1. The owner of the Web site or one of the owners of the Web site is an enterprise; and 2. The Web site engages in business operations aiming to make a profit. Article 5 An owner of a business Web site shall apply to the Competent Authority for filing and registration, obtain a Certificate of Business Web Site Filed and Registered, and install electronic identification for filing and registration on the front page of the site. The Beijing Municipal Administration for Industry and Commerce itself makes the paper copies of the certificate as well as the electronic identification. Article 6 The owner of a business Web site shall provide personnel for information checks to prevent and eliminate, in a timely manner, all kinds of unlawful information or information that harms social morals and efforts to build a socialist civilization with a high cultural and ideological level. Article 7 While operating a Web site, the owner of a business Web site shall abide by state laws and regulations, adhere to professional ethics, raise the level of socialist civilization, improve internal management, accept supervision from the government and public alike, and prevent illegal operations. Chapter II Application, verification and ratification: Article 8 The establishment of a business Web site is handled as the establishment of a branch of an enterprise. If explicit stipulations are made in these Procedures concerning specific matters, such provisions shall be followed. Article 9 The filing and registration of a business Web site shall be applied for by the owner of the site. If the owner of a Web site entrusts the filing and registration to others, the filing and registration shall be carried out in accordance with regulations of the Competent Authority. Article 10 The owner of a business Web site shall have a relevant business scope. If a business Web site was opened prior to the promulgation of these Procedures and does not conform to the previous provision, its owner shall go through formalities at the local administration for industry and commerce and rectify the business scope within 30 days beginning from the day of the promulgation of these Procedures. Article 11 Individuals that establish a business Web site shall go through related formalities for industrial and commercial registration and obtain a business license before applying for the filing and registration of the Web site. Individuals who opened a business Web site prior to the promulgation of the Procedures shall go through the aforesaid formalities at the local administration for industry and commerce.

Article 12 The filing and registration of a business Web site shall include information on the basic conditions of the Web site and the owner of the Web site. The owner of the Web site shall, according to the requirements of the Competent Authority, accurately fill out and submit relevant documents and testimonial papers. Article 13 While going through formalities of filing and registration, the business Web site shall apply for the registration of its domain name. Article 14 The application, obtaining, modification, cancellation and other issues relating to the name of the Web site shall be dealt with by the Competent Authority in line with related provisions in the Interim Procedures Governing the Registration of Web Site Names and detailed rules for their implementation. Article 15 The applicant shall apply for the filing and registration of Web sites online and submit relevant information in conformity with the forms and procedures provided at the Web site of Hongdun 315. Article 16 The applicant shall submit written testimonial documents to the Competent Authority within 30 days of completing the online application. If the applicant fails to submit the written testimonial documents within the stated period of time, the application shall be canceled. Article 17 After ratifying the application documents submitted by the owner of a Web site, the Competent Authority shall guide the owner of the Web site to download and install electronic identification. Only when the electronic identification is correctly installed can the Web site start trial operation. Article 18 During trial operation, the Competent Authority shall announce the name of the registered Web site in accordance with the Interim Procedures Governing the Registration of Web Site Names. During trial operation, the name of the registered Web site is subject to dispute. During the period, the owner of the Web site shall have no exclusive right to the name of the Web site being used. Article 19 The Competent Authority will issue a Certificate of Web Site Name Registered and a Certificate of Business Web Site Filed and Registered to the Web site upon ratification of its registered name. The Competent Authority shall also issue a public notice. From then on, the owner of the Web site has the exclusive right to the name of the registered Web site and the site automatically begins formal operation. Article 20 If the Web site does not pass the period of dispute on the name of the registered Web site, the owner of the Web site may re-apply for the name of registered Web site. During the re-application, the period of dispute will be postponed. The continuous time of the trial operation of a business Web site shall be no more than 12 months.

Chapter III Modification, assignment and annual checks Article 21 If any modification is to be made in the filing and registration of the business Web site, the owner of a Web site shall, according to related regulations, apply to the Competent Authority to make changes relating to the filing and registration. Name changes of a Web site shall accord with related provisions as stipulated in the Interim Procedures Governing the Registration of Web Site Names. Article 22 If a business Web site is to be transferred, the transferer shall apply for cancellation and submit the letter of assignment reached by the two parties. Upon approval of the Competent Authority, the transferer no longer has the relevant rights for online operation or the exclusive rights to the name of the registered Web site. The Competent Authority revokes the Certificate of Web Site Name Registered and the Certificate of Business Web Site Filed and Registered from the transferer. Article 23 The assignee shall apply to the Competent Authority for filing and registration according to the Procedures. Upon confirmation, the Competent Authority issues the Certificate of Web Site Name Registered and the Certificate of Business Web Site Filed and Registered and makes an announcement. Article 24 After obtaining a Certificate of Business Web Site Filed and Registered, a business Web site shall apply to the Competent Authority for annual checks. In the meantime, the site shall apply to the Competent Authority for any modifications to be made in the registration. Chapter IV Cancellation Article 25 If a Web site stops operation because it is closed, revoked, or bankrupt or for other reasons, the owner of the Web site shall go through cancellation formalities at the Competent Authority. Article 26 While going through cancellation formalities, the owner of the Web site shall provide the Competent Authority with an application form for canceling the registration and other related testimonial documents. Upon ratification, the Competent Authority shall take back the Certificate of Web Site Name Registered and the Certificate of Business Web Site Filed and Registered and revoke the electronic identification. Chapter V Supervision and management Article 27 If a Web site fails to operate within six months after its owner obtains a Certificate of Business Web Site Filed and Registered, or if the Web site stops operation for one year, the Competent Web Site Name Registered and the Certificate of Business Web Site Filed and Registered and shall revoke the electronic identification. Article 28 The Competent Authority shall, according to related laws and regulations, mete out penalties to those violating Article 10 and Article 11 of the Procedures. Article 29 In any one of the following cases, the Competent Authority may order the owner of a Web site to amend its behavior. If the misconduct is of a serious nature, the Competent Authority can revoke the Certificate of Business Web Site Filed and Registered as well as the electronic identification and make an announcement. Misconduct of a serious nature includes: Concealing the true facts and practicing fraud in the filing and registration; Forging, obliterating, renting, lending, selling or arbitrarily assigning a Certificate of Business Web Site Filed and Registered, Installing the electronic identification incorrectly and refusing to correct it, or arbitrarily changing the electronic identification; Not canceling the registration or conducting annual checks in accordance with stipulated provisions; Engaging in illegal activity on the filed and registered Web site. Article 30 Web sites which were set up and did not going through formalities of filing and registration prior to the promulgation of the Procedures, shall file and register with the Competent Authority within 60 days after the promulgation of the Procedures. Administrations for industry and commerce shall order those that fail to go through the formalities within the stated time to correct themselves. Activities of a serious nature shall be investigated and penalized in accordance with administrative regulations governing industry and commerce. Article 31 Web site owners that forge the electronic identification shall be investigated and penalized by administrations for industry and commerce in line with related laws and regulations. Chapter VI Supplementary provisions Article 32 Web sites that filed and registered for online operations prior to the promulgation of the Procedures shall update their formalities in accordance with related provisions at the site of Hongdun 315. Article 33 Beijing Municipal Administration for Industry and Commerce shall be responsible for interpretation of the Procedures. Article 34 These Procedures took effect on Sept. 1, 2000. The Announcement of Beijing Municipal Administration for Industry and Commerce on the Registration and Filing of Online Business Operations issued on March 28, 2000, and its supplementary rules issued on May 18, 2000, shall be simultaneously abolished.

From China Online, 12 September 2000

PAKISTAN TO GET \$50M FOR PROMOTION OF INFORMATION TECHNOLOGY

Federal Minister for Science and Technology Dr. Atta-ur-Rahman has said that Pakistan will soon get \$50 million for the promotion of Information Technology. He also disclosed that Internet rates will be further reduced during next few weeks. Answering the questions by local and foreign participants at a workshop on Sustainable Use of Medicinal & Food Plants on Sunday, Dr. Atta said: "At the Millennium Conference we held meetings with IT experts which led to the signing of an agreement worth \$50m and this amount will be used for making the country's information technology sector viable."

From Pakistan-Dawn, 17 September 2000

EUROPE

UK GOVERNMENT UNDER FIRE OVER PLAN FOR UN REFORM

Britain tabled proposals yesterday for a standing United Nations rapid-reaction force, as well as plans to give Germany and Japan permanent seats on an expanded UN Security Council. Proposals jointly formulated by Labour and the Liberal Democrats will be presented to the UN's Millennium Summit, which opens in New York tomorrow. However, the recommendations have come under fire from both Left and Right. Tony Benn, the leading Left-wing MP, attacked the move, saying it represented a policy "secretly negotiated" and never reported to parliament. "This is the nature of New Labour," he said. "It's creating a one-party state where you might vote Labour or Liberal but you end up with the same policy." Francis Maude, the shadow foreign secretary, described the

document as poorly thought out. Robin Cook, Foreign Secretary, said he envisaged setting up a British-based UN staff college and an "on-standby" headquarters for UN peacekeeping forces which would be able to co-ordinate rapid deployment to trouble spots. A constant criticism of UN missions in the past has been that they need to be pieced together for each operation, they take too long to set up and often become embroiled in arguments about mandates. Any move to short-cut the process will face strong opposition, not least from the United States, which has consistently blocked plans to set up a "UN army". Ever since its humiliation in Somalia in 1993 and bitter argument over Bosnia two years later, Washington has been reluctant to take part in UN operations. Britain is proposing that Germany and Japan should have permanent Security Council seats, alongside the existing five for Britain, China, France, Russia and the US. There should also be a permanent slot for one representative each from Latin America, Africa and Asia. Sceptics point to potential problems. The south Asian rivals India and Pakistan, for example, would do everything possible to block permanent status for the other. In addition, the proposals call for a further four non-permanent members, making a total of 24 council members in all. Non-permanent members are elected annually. All members have an equal vote, but permanent members also have a right of veto. The move to enlarge the council is designed to make it more representative and authoritative. Mr. Cook said it would "enhance its ability to speak for the world when it does take on cases where we do need to stand up to dictators and we do need to halt bloodshed and humanitarian offences".

From UK-Electronic Telegraph, 5 September 2000

HAVEL SPEAKING ABOUT GLOBALIZATION IN USA

The impact of globalization on the sphere of education was the main topic of a symposium attended by President Vaclav Havel shortly after receiving an honorary doctor of law degree at Michigan University in Ann Arbor today. Havel said that globalization had also a positive impact on the process of education. He said that he hoped that he would be able to welcome as one of his successors a representative of the present-day young generation which has, thanks to the opportunity to travel, much more experiences. The discussion was revived by Professor Glenda Dickinson who read excerpts from letters Havel had written to his first wife Olga Havlova when in prison in the early 1980s. Havel's ideas, presented by Dickinson, were welcomed with applause. Havel arrived at night on a one-week visit to the USA, during which he will attend the UN Millennium Summit in New York.

From Czech Today, 6 September 2000

HUNGARIAN PRESIDENT NOTES CONFLICT BETWEEN GLOBALIZATION, NATIONAL SOVEREIGNTY

Hungarian President Ferenc Madl has said that resolving the contradictions between global processes and national sovereignty will pose a challenge for the coming decades. On the question of whether decisions taken in the name of global control would ultimately curtail the rights of small countries, Madl, who had addressed the UN millennium summit in New York, said that any such decisions would merely regulate existing globalization processes rather than allowing such processes to develop unrestrictedly. The following are excerpts from a report by Hungarian radio on 10th September: [Presenter]. The week's biggest political and diplomatic event was the UN's millennium summit. Peter Zentai reports: ... Let us look at the assembly hall. [Voice of Hungarian President Ferenc Madl in English in background] Hungarian President Ferenc Madl speaks in English. He was one of over 150 heads of state and government. Like the others, he had five minutes in which to speak, and he kept to this to the second. The aspect of his speech which was special was that he urged a document on the protection of national and other minorities. According to Ferenc Madl, this is a long-standing debt on the part of the UN. The nations should sign a statement which says it is their obligation to respect minority rights, and it should be possible to hold them accountable for this in the Security Council and at other UN forums. At the same time, the speech as a whole began by saying that globalization was an unstoppable process, and that the people of the world must face challenges which require so-to-say global control. [Addressing Madl] Mr. President - global control, and at the same time national sovereignty, nonintervention in the nations' affairs, internal affairs. These are contradictory issues. Do you believe that they can be resolved and that the current millennium summit will help to resolve these contradictions? [Madl] There is no doubt that these contradictions characterize international life as regards politics, security and the economy. It is not likely that these will be resolved from one day to the next. The principle of nonintervention is a classical, greatly protected basic principle of international law, and the same is true for sovereignty, national sovereignty...These contradictions exist, they were present in the debate here, but they will not be resolved here, nor have they been resolved. The planned declaration will not include a passage allowing national sovereignty or the right to self-determination to be called into question. This will be a serious problem for the coming decades. [Q] ... Do you not fear that under the heading global control, stronger countries will get smaller countries to do things - countries such as Hungary, although I could refer to any small country. They could be countries which are at peace, with which there are no special problems, but whose independence could nonetheless decrease hour by hour when, in reference to higher economic and other interests, part of their independence must be surrendered. And at the same time it is necessary to get the public to accept this. Do you not see this as a fantastic challenge? [A] You have asked a very exciting question. It is indeed a great challenge. Interdependence has characterized the world for a long time, in the economy, in politics and in other international relations. Any country which is completely sovereign, which takes its own decisions regardless of the world and surroundings, belongs to the past - there is no such thing now. The essence of European integration is, by means of mutual agreements and decisions by national parliaments based on sovereignty, to transfer certain entitlements to the EU, hence these [entitlements] will not be practiced at the level of member countries...As regards global control, which you asked about - whether this might not be a means of further curtailing national independence - [Q] - Yes, because global control will have to take place under the influence of very powerful countries. It will not work otherwise. [A] No-one interprets global control as being a world government, the UN or any such thing. It

is a question of a series of agreements being drawn up which try to bring out the advantages and limit the disadvantages of the globalization process. In this sense, global control, according to the intentions expressed here, serves to control the existing globalization processes and divert them into a legal channel instead of developing completely freely and unrestrictedly.

From BBC, 11 September 2000

CZECH LOWER HOUSE REJECTS BILLS ON JUDICIAL REFORM

The Chamber of Deputies on 15 September rejected three bills proposed by the government on reforming the Czech judicial system, CTK reported. This was the second time that the chamber had rejected the reforms, proposed by Justice Minister Otakar Motejl. Earlier, Motejl had threatened to resign if the bills were not passed. The EU has criticized the Czech Republic for its obsolete judicial system. Among other things, the bills are intended to increase the independence of judges, which the EU considers to be unsatisfactory. In response to the vote against his bills, Motejl (whose name means butterfly in Czech) said that he feels "like a harmful insect" and will have to think about whether to remain in the cabinet.

From Czech Today, 19 September 2000

THE AMERICAS

OTTAWA IMPOSES VOTE BLACKOUT ON INTERNET

Elections Canada has banned the posting of election results on the Internet until by-election polls close on both sides of the country next week. The by-election rules, released yesterday, are designed to protect voters in the British Columbia riding of Okanagan-Coquihalla, where Stockwell Day, the Canadian Alliance leader, is seeking election, from being influenced by how voters in the Nova Scotia riding of Kings-Hants treat Joe Clark, the Progressive Conservative leader. The rules for online electioneering and reporting are designed to counter two highly touted advantages of the Internet - immediacy and anonymity - from interfering in voting that takes place four time zones apart, said Pierre Blain, spokesman for Elections Canada. News of who voters elect in Kings-Hants, which will be available shortly after the polls close at 8:30 p.m. Atlantic Time, cannot be reported to the voters in Okanagan-Coquihalla until the polls close there at 7 p.m. Pacific Time. "We can disseminate the [vote] information in all of the ridings except Okanagan-Coquihalla before the polls close there. It means that if the news doesn't hit this riding, there is no problem. The local people [in Kings-Hants] will have the information, but not the ones in Okanagan-Coquihalla," said Mr. Blain. While radio and television stations can black out the West Coast in their coverage of the East Coast by-election, Internet sites would be available to voters on both coasts at the same time. Elections Canada also warned that election-related advertising on the Internet will be subject to the same rules as ads on television and in newspapers. Voters in both ridings go to the polls on Monday, Sept. 11.

From Canada-National Post, 5 September 2000

PREMIERS READY TO SIGN UP FOR BILLIONS IN HEALTH DEAL WITH CANADA GOVERNMENT

Provincial premiers arrived Monday at a crucial meeting on health care in the hopes of reaching a multi-billion-dollar health deal with Prime Minister Jean Chretien. Manitoba Premier Gary Doer said Chretien put money on the table at a dinner Sunday but provinces need more information. "We can't hire nurses on verbal say-so's - we need concrete numbers," Doer said on his way into the meeting. "There are some issues of jurisdiction that hopefully we can work on this morning there's still some crucial work to do." The amount offered in the first year was "close" to what premiers have been asking for, said Doer. Provinces want federal transfer payments restored to 1994 levels of \$18.7 billion, which they say would cost \$4.2 billion annually. They also want guaranteed future increases. Alberta Premier Ralph Klein said that aspect was still unclear but he likes the deal anyway. "We don't find the agreement to be invasive in any way. We're ready to sign." Ottawa has said for months that money alone will not heal the woes of the health-care system, that a plan for reform is also needed. But it now it appears the plan will consist of little more than vague objectives largely borrowed from the premiers' recent Winnipeg communique. Goals on the list include better



primary care, shorter waiting lists, updated diagnostic equipment, improved use of information technology and more accountability. But there probably won't be any road map for reaching those goals. The deal may be thin on deadlines, targets and timetables. "There is no province in a position not to take the money," said Nova Scotia Premier John Hamm, who said he still wants to press for equalization payments for poorer provinces so that health funding is not just on a per capita basis. Saskatchewan Premier Roy Romanow said "the elements are there for a deal." But there are fault lines surrounding the role of the federal government in monitoring health care standards, he said, and Ottawa giving money for specific programs like information technology.

Romanow said Sunday it's time for premiers to be up-front with Canadians about their views on privatization and Ottawa's role in governing health care. But Klein said now's not the time to get into those issues. Said B.C. Premier Ujjal Dosanjh: "I am disappointed with the posturing that is going on. If there are others who stand for other systems, then they should let us know." Dosanjh criticized a draft agreement circulated by federal officials as too timid, saying Ottawa's role in holding provinces

accountable for good health care services should be stronger. It is well known that Klein, Mike Harris of Ontario and Quebec's Lucien Bouchard would like to reduce the federal role in medicare as much as possible. No premier has publicly called for revising the Canada Health Act, the legal foundation of medicare, but even that might come up, Romanow hinted Sunday. "I'm going into the meeting opposed to privatization or the extension of it and thus the possible review of the Canada Health Act," he said. Many medicare advocates fear the system will fall apart if each province is allowed to go its own way. Chretien is hoping to bolster his chances in an election expected this spring with deals on HEALTH as well as children's services and infrastructure. Advocates are anticipating the federal government will announce money for provinces to spend on prenatal and postpartum services, child care and family resource centres.

From Canada-Vancouver Sun-National, 11 September 2000

INTERNET TELEPHONY INDUSTRY WILL NOT FACE FCC REGULATIONS

The budding Internet telephony industry should not encounter regulations that traditional phone companies face because the two groups are on "different playing fields," Federal Communications Commission Chairman William Kennard said Sept. 12. "I think treating incumbents and newcomers in a market the same would only result in creating barriers to new entrants and killing innovation," Kennard said, according to his prepared remarks. "It just doesn't make sense to apply hundred-year-old regulations meant for copper wires and giant switching stations to the [Internet protocol or IP] networks of today." Internet telephony is currently estimated to have about one percent of the telephone market, but is projected to have 15 percent in five years. Other projections show that 300 million people worldwide will be using voice services over the Internet in three years.

From Bureau of National Affairs, 13 September 2000

GLOBAL

GOAL OF WORLD GOVERNMENT HIGH ON UN AGENDA

Under the watchful eye of opponents of world government, heads of state from 150 countries gathered in New York Wednesday for the United Nations Millennium Summit, a three-day event organizers say is meant to combat war, poverty and disease. A draft declaration that world leaders are expected to approve at the end of the week will commit them to cut by half in 15 years the number of people in the world who live on less than \$1 a day. The number of impoverished people worldwide currently is estimated by UN officials at over one billion. An equal number - many of them the same ones - do not have access to clean water. Their number also should be cut in half by 2015, leaders are expected to pledge at the end of the summit. Some UN observers are watching the Millennium Summit closely to see if the international body is going to take steps toward global governance. "The blueprint for world government will not come out of this summit," said Alan Tonelson, a research fellow at the US Business and Industry Council and author of a soon-to-be-published book about globalization, *The Race to the Bottom*. "But this is one more development in an on-going process by the world government lobby to bring us closer to world government." The biggest cost to the United States of a world government "is (losing) our sovereignty over our own laws and regulations," Tonelson said. "We also lose valuable freedom of action to deal with international problems. We are increasingly tied down to large and unwieldy international coalitions which, although they might not be capable of decisive action, can often prevent us from acting effectively in our own interests," he added. Of particular concern to environmental policy experts is a proposal by the French Government to create a world environmental organization. This proposal - for an Earth Charter - also has the backing of a number of environmental policy experts in the camp of Democratic presidential contender Al Gore. Rather than strive for complicated international agreements such as the Kyoto Protocol on global warming, a "world environmental organization" would make the rules as it went along, subjecting governments to its own arbitrary standards, analysts warn. "Once you have these people in place, they'll find something to do," said Myron Ebell, director of global warming policy with the Competitive Enterprise Institute. "I'm concerned that they might decide to redo Kyoto. They may say they're going to skip the targets and instead attempt to create the framework and the institution that will tell us what the targets are. They'll try to figure out how to grab some power away from national governments and away from people," Ebell said. UN Secretary-General Kofi Annan is stressing his vision of a benevolent globalization - working with corporations and grass roots groups. "We all have to accept that the business world and the private sector have enormous power in today's world," Annan said. "They are the ones who are creating wealth. They are the ones who have the money, the technology and the management to carry forward quite a lot of the things we are talking about." World leaders will iron out details of their Charter for Global Democracy, which includes 12 areas "for urgent action." Supporters of the charter want to "monitor and regulate international corporations and financial institutions," "give UN institutions additional ... revenue," "ratify the international criminal court" proposal, and "create an international environmental court." Observers also are alarmed at UN recommendations to create a global taxing system, establish an international court and eliminate any allowance for permanent member status and veto power in the Security Council, privileges the United States currently shares with several other countries. "They'll continue to promote these trial balloons, and they will gradually get governments so desensitized to what's happening that they'll be able to slip various things through," Tonelson said of the UN tendency toward a one-world government. "They have a fairly long time horizon, even though they sometimes sound very impatient, and they are confident time is on their side."

From CNS, 6 September 2000

MELBOURNE GLOBALIZATION PROTEST GOES GLOBAL

Police armed with batons and riot shields waded into a protest outside an economic forum Tuesday, injuring some in the crowd in the latest outbreak of violence to stem from anti-globalization demonstrations.



Simon O'Dwyer/AP

Police in riot gear assemble near the Crown Casino Hotel as they await protesters in Melbourne.

Protest organizers said scores of demonstrators were injured and 22 hospitalized. They warned that the police action could rebound in stronger protests. In the early-morning raid, hundreds of police surprised demonstrators who had staged an all-night vigil outside the Crown Casino, the venue for the Asia Pacific Economic Summit of business and government leaders. The police, some on horseback, charged the demonstrators to break a blockade that was preventing delegates from entering a hall for the summit. They broke through long enough for several charter buses carrying conference delegates to speed through. Organizers said about 50 demonstrators were injured in clashes during the charge, mostly with cuts and abrasions. Police said one officer was taken to the hospital with breathing difficulties. "We were just linking arms and enforcing the blockade when the coppers came over the top of the barricade," said protester Frank Vanwierst, blood pouring down his face as he sat in a first aid tent outside the casino. "I had my back turned, but I was told a copper with a shaved head whacked me on the head with his baton." Later Tuesday, when delegates began to leave the hall in buses, police charged about 150 protesters at one blockage to clear the way for the fleet of buses. Protest organizers accused police of using excessive and heavy-handed tactics. Police said the measures were appropriate. "We've had a whole pile of protesters attacked by police on horseback," said protest spokesman Stephen Jolly. "There's batons flying left, right and center. It's way out of line. I'm telling you they're asking for it," he said. "There's a hell of a lot of workers coming down here today and this is going to heighten emotions something terrible." On Monday, thousands of anti-capitalism protesters who oppose globalization of the world's markets and economies surrounded the complex for the opening day of the conference, stopping about 200 of the nearly 900 registered delegates from entering.

Protesters clashed with police several times. In the worst violence, dozens of protesters surrounded and climbed over Western Australian state Premier Richard Court's car, slashing its tires and spray-painting it with anti-capitalism slogans before a police baton-charge cleared a path. Five protesters and five police officers required hospital treatment. One organizer described the protests as "Seattle without the tear gas" — a reference to violence that marred last year's World Trade Organization talks there. "What we have over the last few days is not peaceful protest but something verging on riot where we have had ball bearings, marbles, screws, glass and urine thrown at police officers," said Andre Haermeyer, police minister in the Victoria state Government. The conference is being hosted by the privately-funded, Switzerland-based World Economic Forum. Its most high-profile delegate, Microsoft chairman Bill Gates, said the protesters were mistaken if they were opposing global trade on social grounds. "World trade. If you block it, the big losers will be the poor people of the world," Gates said in response to a question. Gates canceled two functions scheduled for later Tuesday for security reasons. The two presentations of a new Microsoft product were to be held in a building across the street from the Crown hotel, but police advised the billionaire it was not safe to cross the street.



Simon O'Dwyer/AP -

Protestors demonstrate outside the Crown Casino Hotel in Melbourne.

From Fox News-World, 12 September 2000

20,000 EXPECTED TO PROTEST GLOBALIZATION AT IMF AND WORLD BANK MEETING IN PRAGUE

At least 20,000 demonstrators are expected in the Czech capital Prague to protest what they see as the increased power of multinational companies, and the economic liberalism promoted by the ideology of free market liberalism. The occasion for the protest is the annual meeting of the International Monetary Fund (IMF) and the World Bank September 19-28. Most corporate leaders and financial experts do not see any alternatives to globalization. Competition is pushing corporations into areas where labour and raw materials are the cheapest, where capital is easiest to come by, and where the markets are the most lucrative. According to Pekka Ylä-Anttila head of research at the Research Institute of the Finnish Economy, or ETLA, globalization is a good thing, in principle. As a result of the process which began in the late 1980s, world GDP and world trade have grown faster than before. Companies and countries have been able to specialise and develop their areas of expertise. Globalization began with the greater internationalisation of corporations. When multinational companies were able to look for capital wherever they wanted, the protection of finance markets became unnecessary. Computers and the Internet did away with the last barriers. "Foreign capital is very important for the economy. Without it, we would not have been able to grow, and Nokia would never have taken off", Yli-Anttila says. The increase in foreign ownership has also brought a new kind of thinking to Finnish corporations. Owners are interested above all in increasing the yield on their investments, which makes them push corporate management to achieve even better

results. Few countries have managed to deregulate the financial markets without a crisis of some kind. In Finland, financial deregulation helped push the country into the deepest recession of its history in the early 1990s. The state became so indebted, that foreign capital nearly lost its faith in Finnish economic management. Getting the debt under control became the government's top priority. At press conferences, the Prime Minister and Finance Minister spoke directly to foreign correspondents without going to Finnish journalists first. "Finland was at the edge of the abyss in the early 1990s. We were so dependent on foreign capital that we had to do exactly what they wanted. There were no alternatives", Ylä-Anttila recalls. "In retrospect, it was a good thing that the economy was brought back into shape", he continues. Now, state finances show a surplus, and the state debt is going down. The "creative destruction" of the recession killed off inefficient companies, and made room for new, more dynamic ones. The lack of safety nets is a cause of concern for Pertti Haaparanta, professor of economics at the Helsinki School of Economics. Although he does not oppose globalization as such, he does fear that competing with lower taxes will lead to a further dismantling of social safety nets. In developing countries, the social safety net has been based on the protection offered by nuclear, and extended families. Globalization increases mobility, which disrupts the traditional system. "The worst thing is that nothing is offered in its place", Haaparanta says. Haaparanta feels that the development toward globalization should be eased a bit. He feels that institutions have not developed sufficiently to offer a counterbalance. "We must keep in mind that nearly half of the countries in the world have been freed from dictatorship, and that democracy is still in its infancy in many countries", Haaparanta says. According to Haaparanta, the key goal of international trade organizations, such as the IMF and the World Trade Organization is to secure rights of ownership. At present the greatest struggle is over non material rights, such as copyrights. In practice this amounts to pressure from the industrialised world to stop the production of pirated copies of music recordings and brand names in the developing countries. Haaparanta says that the United States and the European Union are behaving in a "two-faced" manner. "While they are calling on developing countries to open up their economies, they have fairly tough restrictions on agriculture, which block imports from the developing countries." "One fifth of the population of the world live below the poverty line, earning less than one dollar a day", says S. Mansoor Murshed, a researcher of the Helsinki-based World Institute for Economics Development Research. This proportion has remained the same for years, but with the continued fast growth of the world population, the number of people living in poverty is also growing. According to some theories, globalization should help promote economic growth in the poorest countries and gradually close the gap with the rich world. Bangladeshi-born Murshed does not believe this, however. In his view, globalization increases the polarisation between countries: the rich countries get richer, and the poor countries – particularly those in Africa - will get poorer. "The same happens among the citizens within the different societies: the rich are rapidly getting richer, while the middle classes and the poor are gradually getting poorer. I believe that soon Finland will have a real poor underclass", Murshed says. He does see a good side in globalization: the improvement of the position of women. He also believes that developing countries will have to learn to accept regulations that improve the status of labour, and protect the environment.

From Finland-Helsingin Sanomat, 18 September 2000

WORLD DEVELOPMENT REPORT 2000/2001: ATTACKING POVERTY

Poor people live without fundamental freedoms of action and choice that the better-off take for granted. They often lack adequate food and shelter, education and health, deprivations that keep them from leading the kind of life that everyone values. They also face extreme vulnerability to ill health, economic dislocation, and natural disasters. And they are often exposed to ill treatment by institutions of the state and society and are powerless to influence key decisions affecting their lives. These are all dimensions of poverty.

From Financial Times, 17 September 2000

Governance Systems and Institutions

AFRICA

REGIONAL ECONOMIC COMMUNITY GROUPING LAUNCH DATE SET FOR NOV 30th

The East African Community (EAC) is to be inaugurated Nov. 30 in Arusha, Tanzania. According to a report by the parliamentary committee on Presidential and Foreign Affairs presented before Parliament last week, the EAC will be officially launched at a summit by the three East African heads of state: Uganda's Yoweri Museveni, Tanzania's Benjamin Mkapa and Kenya's Daniel arap Moi. Prior to the summit, a council of ministers will convene from Aug 29-30 in Arusha in preparation for the launching. The report also revealed that the East African Legislative Assembly will be established July 1, 2001. The Assembly will consist of nine members of Parliament from each of the member states. The committee reported that negotiations on the implementation of a uniform Customs Union among the three states continue. The committee noted, however, that Tanzania's dual membership to COMESA and SADC will present difficulties to the EAC since both organisations want to establish Customs Unions. Tanzania announced recently that it was quitting COMESA. This would mean that all members of the EAC would have to belong to either COMESA or SADC since it would be difficult to apply different common external tariffs. "Even at the stage of a Free Trade Area, different rules of origin would make it cumbersome to administer zero tariffs in more than one Free Trade Area," the report said. The committee reported that Uganda government was considering joining SADC due to the strategic and economic benefits.

From allAfrica.com-East Africa, 11 September 2000

RETURN OF SCHOOLS TO MISSIONS WILL STEM CORRUPTION IN NIGERIA

To stem the incidence of corruption as witnessed in the Senate and cultism as rampant in higher institutions, government must return mission schools to their original owners. The president of Seventh-Day Adventist Church in Nigeria, Dr. Joseph Adebisi Ola made the call yesterday at a press conference on the general conference of the Church which was held recently in Toronto, Canada. The cleric decried the high level of corruption in government circles, particularly the recent senate scandal, saying if government had allowed religion to be taught in schools, the fear of God must have dissuaded people from looting. He noted that immorality had eaten deep into the fabric of the nation such that people entrusted with the fate of millions had taken the advantage to engage in scandalous corrupt practices. "It beats one's imagination that people who were voted into the offices by their own people could behave in this manner and those even found guilty are still sitting there and they may even stand for election again next time. They will even stand up to justify their actions", Ola said adding, "when government removed religion from schools, it removed God from the minds of the students that is when immorality, cultism and other vices started to eat deep into our society. We need to go back to God and this can be better done if government returns mission schools it took away years back. 'The fear, of God,' the Holy Bible tells us, is the beginning of wisdom". Ola, who is also the pro-chancellor of Babcock University in Ilishan-Remo, Ogun State, owned by the Church also advised the Federal Government to address the controversial sharia legal system currently being implemented by some states in the northern parts of the country. He advised that the provisions of the constitution of Nigeria should be the basis for addressing the sharia issue. "As a Church, our response to the sharia issue will be that let the constitution of the country speak on the matter. But we shall also advise that followers of God should see themselves as members of the same family. There is absolutely no need for us, as Nigerians, to start killing one another in the name of religion. Nigerians today after almost forty years of independence should rather be asking ourselves whether we deserve to be where we are today as a country. He equally debunked allegations that the Church's private university is an elitist institution, saying the fees charged were even below the recommended standard by the National University Commission (NUC). According to him, the Church still subsidises the fees for the student. He also asserted that malpractices such as cultism which had taken over higher institutions in Nigeria, had no place in the university. "In the university, you know when you enter and you when you are going to graduate. Students who have deficiencies make them up during holidays", he said.

From Nigeria-Guardian, 21 September 2000

ASIA/PACIFIC

THAILAND REFORM INITIATIVE UNVEILED

Three educational administration agencies will merge into a new ministry in 2002, in line with the education reform policy, the chairman of the education reform commission said. Vijit Srisa-arn said the Education and University Affairs ministries and the Office of the National Education Commission will be merged into the proposed National Education Ministry. To improve efficiency, a restructuring plan will be carried out in which 16 divisions and 2,400 educational units under the three agencies are reduced to five divisions and 290 units. The plan, aimed at decentralising power, will also help reduce education management costs by 40%. Mr. Vijit said a public hearing will be held this month to gauge public opinion. The findings will be submitted to the cabinet by March or

April next year. Suraphol Nitikraipote, a law lecturer at Thammasat University and a member of the education reform commission, said officials from some dissolved educational units in those agencies would be sent to work in local schools. A committee will be set up to place officials in vacant slots based on their qualifications and work experience. The new ministry's five divisions will consist of the office of the permanent secretary, the educational, religious and cultural council, the office of the primary education commission, the office of the tertiary education commission and the office of religious and cultural commission. The last four divisions will be under the minister's supervision. Mr. Suraphol said budgets will be allocated directly to schools, which will be given a free hand in managing their funds and developing the potential of their personnel. Educational units will be responsible for transferring and promoting teaching personnel in areas under their jurisdiction. They will not be authorised to expel teachers and school administrators. The national education committee would have the sole power to expel teaching personnel, Mr. Suraphol said. Opposing the new plan were the state-run Kurusapha Business Organisation (KBO), the Vocational Education Department and the Office of the Teacher Civil Service Commission. Mr. Suraphol said the KBO threatened to collect 50,000 teachers' signatures to force through legislation to give it power to approve or revoke teaching licences. The agency has also made clear it wants to manage the welfare of teaching personnel. The move went against the education reform objectives, Mr. Suraphol said, adding the KBO could not be allowed to hold two duties. It must choose either the task of issuing licences or managing the welfare of teaching personnel.

From Thailand-Bangkok Post, 5 September 2000

BHUTTO WANTS DEBT RELIEF TIED TO GOOD GOVERNANCE

Former Pakistan Prime Minister Benazir Bhutto has said that debt relief to the developing countries should be tied to good governance, and the savings thus made be channelled into special anti-poverty programme. She was speaking at an international conference of the Asian political parties on Monday. Asia's middle classes, she said, were groaning under the world of deregulation and free currency flows that moved with ruthless speed bringing both fortune and failure in its wake. "With our response, we can meet the threat of a new super class of marginalized underprivileged, unable to compete with modern ideas, technology and markets," she said. Ms. Bhutto said that bribes offered to parliamentarians to switch sides were also a problem. "I faced it when my opponents moved a no-confidence motion funded by those opposed to a woman in politics". She suggested open balloting that made cheating difficult and said that those who switched sides should be forced to resign. "The president my party elected switched sides plunging Pakistan into a downward spiral on the rocky road of nuclear explosions, economic implosion and, finally, martial law". Fanatics also challenged stability, she said, adding: "they do it under the cloak of religion". She stressed the need for promoting inter-faith dialogue to avert a clash of civilizations. The former prime minister was of the view said that the Asian countries could meet these challenges by identifying common institutions, laws and procedures enabling them to move forward in an Asian rhythm, benefiting from the new world order. Today's might is the might of markets, she said, adding that influence flows from the call of commerce and of capital markets. She noted that from Philippines to Pakistan economies suffered, miseries increased and helplessness set in where markets were threatened by bombs, wars, insurgencies, terrorism, corrupt practices and narcotics trade. Ms. Bhutto urged the participating countries to share building a new paradigm for Asia. "Let us light the path for Asians to compete successfully in creating wealth and prosperity". Pakistan, she said, was a country rich in weapons of mass destruction; a country that nearly went to a nuclear war over the frozen wastelands of Kargil; a country where bomb blasts ruined lives and desperate young men committed suicide because they could not afford to live. She said "it is unethical when a regime is deaf, dumb and blind to the agonies of its own people. All of us, as Asians, can raise our voice when rules we set in the ink of humanity, are violated". The conference was sponsored by the former speaker of the Philippine parliament, Jose de Venecia.

From Pakistan-Dawn, 18 September 2000

THAI PREMIER HAILS SUCCESS OF DEVELOPMENT PROGRAMMES

Projects were almost free of corruption. Prime Minister Chuan Leekpai yesterday claimed his government's Japanese-funded development projects were a success because they created over five million jobs and were almost free of corruption. Mr. Chuan said the projects, bankrolled by the Miyazawa Fund to the tune of 54 billion baht, created 5.4 million jobs last year and would provide 500,000 more this year, compared with 6.2 million as of June, 1998. Of the 320 alleged irregularities, he said, 18 were already found to be groundless. The government would set up a 100,000-baht development fund for every village with money from the fund, the prime minister said. Panadda Phuekkhao, who monitored the evaluation of the Miyazawa projects, said the lack of information on poverty made it difficult to assess how the programmes benefited the poor. Of the 100,000 small projects under 481 major Miyazawa schemes due to end this year, 34.9% were construction, 29.4% development and assistance, 22.2% water source developments, 7.7% employment and 5.8% agricultural development. The government's programme evaluation report said only 10% of the poor and the jobless benefited from projects worth 9.014 billion baht, 45% from social schemes worth 18.64 billion baht and 77% from small projects worth 26.71 billion baht. A Thai Rating & Information Service Company (TRIS) report showed the projects caused the economy to grow by only about 0.8%. On March 30, 1999, the cabinet endorsed the spending of loans totalling 54 billion baht borrowed from the Miyazawa Fund; \$250 million from Japan's Overseas Economic Co-operation Fund, \$600 million from Japan's Export-Import Bank and \$600 million from the World Bank.

From Bangkok Post, 19 September 2000

CHINA CORRUPTION WILL TAKE A HIT, LAWYER PREDICTS

China's admission to the World Trade Organisation (WTO) and the associated reduction in tariffs will help to reduce corruption in the world's most populous nation, a Hongkong-based lawyer said. "Most of the corruption relating to foreign business is related to China's very high tariff rates," said Mr. Owen Nee, managing partner at Coudert Brothers for Hongkong and Beijing. "There has been considerable smuggling to avoid those tariffs, and when the tariff rates drop, foreign businesses are not going to deal with parallel traders." He noted that industrial tariffs will fall to an overall average of 9.4 per cent by 2005 from 24.6 per cent in 1997, and agricultural tariffs under the U.S. agreement will fall to 14.5 per cent by 2004 from 31.5 per cent now. These reductions will make it less profitable to do business illegally. Still, China and the foreign companies conducting business there face many other challenges, including higher unemployment rates in the agricultural industry, in which 10 million jobs are expected to be lost. Labour and Social Security Vice-Minister Lin Yong San said at a recent symposium in Beijing: "China has stepped into the most difficult phase of the reform of its economic system. "The State Council requires us to use the experience of foreign countries for reference." Some changes have already been engineered, with the European Union securing seven new licences for its insurance companies, and the US getting China to agree to foreign companies distributing products in China without using a state-owned middleman. That could cause an explosion in the number of local private companies. Said Mr. Nee: "After the transition process, doing business in China should be very similar if not exactly the same to doing business in Hongkong."

From Singapore Straits Times, 25 September 2000

CHINA VOWS TO INTENSIFY ANTI-CORRUPTION DRIVE

China will continue to intensify its anti-corruption campaign through the prevention and control of the source of corruption, Minister of Supervision He Yong said. The official made the remarks at a national work conference hosted recently in Beijing and Wuhan. "With an eye to China's reform, development and stability, the central government has proposed a series of policies and measures to prevent and control corruption at its source in recent years, strongly promoting the country's anti-corruption campaign," he said. "Related departments have fully implemented the policies to strengthen fighting corruption at the source and have made remarkable achievements." He said the nationwide anti-corruption struggle should focus on restriction of power, supervision of funds, behavior criterion and strict management. He called for local anti-corruption departments to make more efforts in rooting out major corruption cases for the rest of the year. He called for enhanced efforts to battle corruption from the source, according to the principles of Party discipline inspection and supervision. Related departments at all levels are also urged to intensify supervision and severely deal with people responsible for major violations.

From China Daily, 21 September 2000

JAPAN PARLIAMENT BRACES FOR CORRUPTION BILL BATTLE

Japan's ruling coalition and the opposition are set to clash over a new anti-corruption bill when Parliament convenes on Thursday under the shadow of a former construction minister's recent arrest in a bribery scandal. The ruling parties, led by the Liberal Democratic Party (LDP), will submit a bill to ban influence-peddling by politicians in response to public outrage over the June arrest of ex-construction minister and former LDP lawmaker Eiichi Nakao. The bill will go a step further than existing bribery laws by making it a crime for politicians to influence civil servants on behalf of a third party for financial gain. But it is likely to become one of the most contentious issues of the 72-day parliamentary session, with the opposition parties already blasting it as full of loopholes and insufficient to end Japan's long history of political corruption. They plan to submit an alternative bill they believe will be much stricter. Japan's recent political history abounds with bribery scandals, but only a handful of prominent lawmakers have been arrested. Analysts cite narrow legal definitions of bribery as a major reason. The favors provided in return for financial gain must fall strictly within a lawmaker's area of authority to be considered bribery. Such was the case with Nakao, who is suspected of receiving cash from a construction company in return for channeling public works projects to the firm while he was construction minister. In the 1989 recruit Shares-for-Favors Scandal, many influential politicians were implicated, including current Prime Minister Yoshiro Mori and Finance Minister Kiichi Miyazawa, but only one politician was convicted of bribery. The proposed legislation would make it a crime for lawmakers, regardless of their position, to use their influence on government officials in return for financial gain. If found guilty, a politician would be stripped of the right to vote in elections and to run for office for a certain period. But opposition parties charge the ruling bloc's bill is riddled with loopholes and will allow politicians to keep using their influence to reap financial benefits. The main opposition Democratic Party says the proposal allows privately hired aides to act on behalf of politicians in influence peddling. The restrictions in the coalition's bill only apply to official secretaries whose salaries are paid by the government, but most lawmakers hire private secretaries, sometimes as many as 10 or more, in addition to their two official assistants. In many bribery scandals politicians have placed the blame on their aides, saying they acted on their own. "It's difficult to comprehend why the bill left out private secretaries," said Takeshi Tsuchimoto, a former prosecutor and now a professor at Teikyo University. Coalition leaders in fact had to overcome strong opposition, particularly within the LDP, to tightening the restrictions as much as they did. "We don't want the bill to make criminals out of politicians who are acting as mediators out of goodwill," said Shizuka Kamei, the LDP's policy chief. Despite the expected showdown in Parliament, Japanese voters many fed up with a decades-long diet of corruption scandals appear to have lost interest or become plain numb. And opposition MPs are hardly

immune from scandal. A Democratic lawmaker was arrested this month on suspicion of misusing part of the salary paid by the government to his official secretary. "Corruption is in their bones," said Yasuhiro Kato, a 31-year-old office worker. "Things won't change."

From Reuters, 21 September 2000

EUROPE

WORLDWIDE CORRUPTION TAKES VARIED FORMS

Analysts have offered different explanations for the pervasive corruption in post-communist countries. Some blame the weakness of lax state laws that allows corruption to breed. Others say that, because the state imposes too many rules and bureaucratic layers, the scope for corruption increases and people find the easiest way to circumvent rules is a bribe. A former U.S. ambassador to Hungary in the 1980s, Mark Palmer, had first-hand experience of doing business in post-Communist countries some years later. In his words: "There is a problem in all of these countries. There is corruption and it is a significant impediment to economic growth in all of these countries. Not to say that in England or the United States we don't have corruption too - of course, we do. But I think that even in the best of these countries, it's more than - generally speaking - in the EU (European Union) or the United States." Corruption among officials in the former communist nations thrives on the petty level. In the Soviet Union and its satellites, it was an accepted fact of life that a small gift was needed to smooth the path in most official transactions. In those days, the difference in wealth between the bureaucrats and those they were dealing with was small and usually in the bureaucrats' favor. A bottle of cognac, some tea or chocolates was generally sufficient to get a bureaucrat to stamp the necessary pieces of paper. But in the last decade, these bureaucrats have seen some of their countrymen grow rich while they are still poorly paid. They are envious, reasoning that, since businesses need permission that only the bureaucrat can provide, they ought to pay for it. Celeste Wallender of the Council on Foreign Relations, a U.S. organization, says that one of the reasons for rampant corruption in the post-communist countries is that those in the police and security services who are supposed to fight fraud are actually the same people who served during communist times. That's why, she says, they're not trusted. "They [the bureaucrats] don't have the proper respect, professionalism, and they're not given a reason to commit to their profession - including a financial reason, that is, good salaries." Public-opinion polls in post-Communist countries show that the general public, as well as the domestic and foreign business community, overwhelmingly believe that official corruption is widespread - and that many of those polled have had direct experience of it. Recent polls show that in Russia 93 percent of people thought corruption was rife, in Kazakhstan 87 percent. In Estonia, the first former Soviet republic to become a candidate for entry into the EU, 75 percent of the population consider corruption a serious threat. In the Czech Republic 82 percent of those polled believe corruption is a big threat to their society. Researchers from international monitoring organizations like the U.S.' Freedom House and Transparency International have ranked corruption around the world. They broadly agreed on findings that place at or near the top of the list Albania, Armenia, Azerbaijan, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, Turkmenistan, Ukraine, Uzbekistan and the former Yugoslavia. In all these former communist states, the level of corruption is comparable to some Latin American or African countries long notorious for inveterate corruption. The least corrupt post-communist countries include Estonia, Hungary, the Czech Republic, Poland, Lithuania and Slovenia. All of them have levels of official misbehavior comparable to Italy or Greece - which certainly doesn't make them pristine, either. Latvia is often ranked as a high-corruption country, although it usually scores well on progress towards democracy. French financial expert Philippe Gelin, who has organized conferences on corruption in the CIS, says Latvia's proximity to Russia is largely to blame for the country's high corruption level, because Russian criminals like to take advantage of Latvia's modern banking system. "There are very, very strong links with Russia and the financial center in Riga is much more developed than in neighboring countries.

And for some Russians [Latvia is] a friendly place because they speak the same language, there's quite a sophisticated banking system and it's quite a modern country. So that's why you have lots of business which would not necessarily be legitimate, which at some stage would go through Latvia." The most prevalent form of petty corruption in post-communist societies usually involves the payment of bribes to low-level officials. It consists of such things as traffic policemen stopping drivers for imaginary misdeeds and taking bribe in order to waive an official fine. Or it can involve a bureaucrat demanding a bribe to issue a license for a business to be registered or to import goods. Sometimes, too, low-paid teachers or doctors demand unofficial payments for good examination results or medical treatment. Lucrative opportunities for corruption - in an area that straddles petty and big-time fraud - are often open to tax inspectors who constitute extremely powerful, and sometimes armed, groups. The complex, frequently contradictory laws on taxes in many post-communist nations leave ample room for negotiating an agreement where the state gets some tax money, the tax inspector lines his pockets and the businessman is not bankrupted by a crippling tax demand. Tax fraud is usually the most important way that a government is cheated of money. Russia's biggest auto maker, Avtovaz - linked to its most famous business oligarch, Boris Berezovsky - is currently under investigation for allegedly avoiding paying tax by registering 280,000 vehicles under one number - and thereby paying tax for only one vehicle. It is difficult to believe that no Russian official spotted the ruse. Gelin notes that, as long as those who are supposed to enforce the laws are poorly paid, corruption will flourish. "The moment you have people who are paid a very low salary to do a job which consists of stopping people who have a very high salary, there's got to be a deal between them to be done - and that's what's happening." The tax inspector, like the traffic policeman, and the low-level bureaucrat, is expected to pass a share of his earnings on to his boss. So it actually is in the interest of state officials to retain the status quo and resist reforms. Sometimes, more regulations provide more scope for demanding bribes. In Ukraine for example, registering a business can take three months. Paying a bribe is much simpler. Once registered, the business can be

inspected by 26 different government bodies that can impose fines for violating the many muddled business laws. That offers another 26 excellent opportunities for corruption. But the biggest profits from corruption are made when senior members of government and high officials - including those from security services - combine with favored businessmen or with criminal gangs in what has been termed a "criminal-syndicalist state." That is the form of corruption we will examine in the next part of this series.

From Hungary Today, 5 September 2000

TURKEY GOVERNMENT RESOLVED ON REGIONAL DEVELOPMENT

Addressing the Regional Development Meeting in Diyarbakir, Nationalist Movement Party (MHP) leader Deputy Prime Minister Devlet Bahçeli said that the government was determined to support efforts and initiatives by Turkish entrepreneurs to invest in the areas where they were born and grew up and who had not done so in the past because the conditions had not been considered productive enough, the Anatolia news agency reported yesterday. Bahçeli was chairing this, the second regional development meeting, after an earlier one in Erzurum held by the State Planning Organization (DPT). The meeting was also attended by other ministers and regional governors. In his opening address, Bahçeli said the eighth Five-Year Regional Development Plan gives special value to development activities planned at regional and provincial levels and that it was equally important to make constructive proposals on how to solve the region's problems and to do so with a view to contributing to their resolution. He added that eight separate groups comprising 70 experts from relevant public institutions had been formed with this aim in mind and had been working under DPT coordination. Bahçeli also stated it was impossible to say that any efforts had been made in the past to make use of the country's potential, either at national or regional level, but that the current 57th Government was setting a powerful example in how to work as a coalition and was aiming to use the country's potential to the best of its ability in order to open up the way ahead for Turkey. Bahçeli also praised the economic develop program initiated by the coalition as the best way of rearranging all the points that were adversely affecting the economic development of the country and of doing away with the imbalances and discrepancies that existed at the very foundations of the Turkish economy. Bahçeli talked about the importance of regional development and said this particular five-year plan was part of a long-term strategy aimed at 2023. "Turkey, which finds itself in a troubled but important region, has to accelerate both regional development efforts and macro-economic measures in order to attain its rightful place both in the region and in the world," said Bahçeli, adding that Turkey has the potential to become one of the world's top 10 economies. Bahçeli maintained he believed it was necessary for the DPT to set up regional institutions by giving priority to those areas where the regional development plan was being applied and that it had been decided to establish such institutions first off in the South and Southeast. He also talked about the incredible streak of bad luck these areas had faced with terrorism and migration when these were factored into the region's economic and social underdevelopment. "For this reason we must never lose our resolve to eradicate all the obstacles that hinder the development of the region. ... The most important thing is to do away with the socio-economic imbalances in the region and to accelerate development programs in the region and for the passion shown by local entrepreneurs to invest here not to die away," he added and repeated the call he made at Erzurum for local entrepreneurs to invest in the region. Bahçeli also touched on the achievements made to date in the Southeastern Anatolia Project (GAP) - a network of dams constructed to provide hydroelectric power and irrigation. He said that eight irrigation projects and 10 combined irrigation and hydroelectricity projects had so far been completed and that to date some \$14 billion had been spent on GAP. Southeast report submitted to Bahçeli Chairman of the Diyarbakir Chamber of Trade and Industry Kutbettin Arzu had prepared a report on the Southeast to submit to Bahçeli at a meeting in the afternoon. Among the recommendations in the report was one that pupils and students be given advantage marks in exams until the standard of education in the region is raised sufficiently. Another recommendation was that public bodies and institutions operating in the region be given more funding as a 6 percent development rate was not going to be able to solve any of the region's problems. The report also calls for the necessary funding for GAP to be found. Adding to this, the report said that instead of providing separate funding for these public institutions, the funding should be provided in one packet and that meant declaring the region a disaster area. The report also called for the ban on grazing to be lifted which would help with rearing animals.

From Turkish Daily News, 6 September 2000

CORRUPTION DESTROYS PEOPLE'S FAITH IN DEMOCRACY IN EAST EUROPE

The sixth in our series of reports on pervasive corruption in the post-communist states focuses on the effects both petty and high-level fraud have had on the societies where it has taken hold. RFE/RL correspondent Askold Krushelnycky examines the problems involved. Some of those who have made money corruptly in the former communist countries try to justify their actions by comparing their practices to what was called the U.S. "robber-baron" capitalism of the 19th century. But Stanley Kober, a foreign-policy analyst at the U.S.' Cato Institute, says there are strong differences that undermine any such comparison. Many of those who amassed great wealth and built powerful business corporations in 19th century America frequently did use unfair, dishonest and brutal means. But they also built railroads that opened up the country, founded new communities, created businesses, built factories, dug valuable mines and provided a dynamic environment which encouraged new ideas and inventions. "Robber barons were actually creating things. I mean, the problem there, as people point out, is that they were sort of like monopolies. But here [in Russia] what do you see is being created? Also, you don't see a lot of investment going in. You see a lot of capital flight." In Russia and other post-communist societies, a well-connected few have created very little. They use their privileged positions to take control of former state property, or to loot their countries of natural resources or anything else that can be sold abroad. What's more, the old-style U.S. cavalier capitalist reinvested most of his profits in his country. Post-communist rich businessmen prefer to keep their money in foreign accounts and do little to stimulate the development of their countries' economies. Corruption is a major inhibitor of

democratic development when it is prevalent at the highest levels of government. Bribery is used to neutralize parliamentarians and other leading politicians who are elected to represent ordinary people and to act on their behalf. Intimidation, violence and murder suppress many of those who want to act in an honorable way and raise their voices against corruption. Such phenomena, common in many post-communist societies, not only rupture the democratic process. They actually destroy people's faith in democracy because they equate democracy and capitalism with the sort of ruthlessness and massive dishonesty that are the hallmarks of their corrupt leaders and businessmen. Don Jensen, a former U.S. diplomat in Moscow who is now RFE/RL's associate broadcast director, says corruption has bred cynicism among ordinary people in the former Soviet bloc. "There is a growing cynicism by the average person watching the corruption take place. There's growing cynicism about so-called democratic change. Across the board, we've seen in the past 10 years a universal decline in so-called democratic processes and institutions." Jensen says that in many post-communist countries voters turn away from liberal and democratic politicians because they associate democracy with the corruption and impoverishment which has befallen them since the collapse of communism. "Even in places like the Czech Republic, people say they still believe in communism of some sort -- about 20 to 25 percent - and it's not because they really believe in communism, they're [simply] disenchanted with the outcome of some of the reforms we've seen in the past 10 years. This has been largely due to corruption." In many of the post-communist states, branches of government, powerful business interests and organized crime groups -- which often resort to murder - are often tightly intertwined. Sometimes, they are even indistinguishable from one another. "There was always organized crime in these countries but the problem of course is what's crime and what's the state -- and the distinction is very blurred." In these societies, criminals can become so strong that it is difficult to say who is the junior partner in the relationship between them and those heading a political power structure riddled by corruption. The forces at the state's disposal (the courts, police and intelligence system) work repressively to protect the interests of a corrupt state and stifle individuals who oppose it. They themselves become corrupt beneficiaries of the system. Those who try to be honest are fired from their jobs, or worse. Because there is a widespread popular perception that those with money or in positions of power do not heed the law and can bribe their way out of trouble, confidence in the rule of law has eroded and been replaced by contempt for the justice system. Viktor Gitiin, a former member of the State Duma from the democratic Yabloko Party, says that an independent, honest court system is badly needed in Russia. "It's because our court-system doesn't work that many crimes and legal chaos are possible. In this situation, no one carries any responsibility [for their acts], and when people know that they won't have to assume that responsibility, bureaucrats, deputies, or ordinary citizens stop thinking that breaking the law can have undesirable results." Corruption also hinders political and economic transparency, necessary in a democracy. Key decisions are taken secretly by a few people for their own benefit. The majority is excluded from the political mechanisms that govern their lives and they are subject to legislation they play little part in formulating -- the opposite of democracy. Corruption also holds back economic reforms and the development of a true market economy from which the majority can benefit because the status quo is the one convenient to those reaping the profits of corruption. Jensen says: "Corruption distorts the market, it corrodes the rule of law, it undermines the confidence in normal people in the ability of their leaders to deliver on promises of social welfare that leaders always talk about." Although some Western companies have undoubtedly taken part in corrupt activities in the post-communist countries, most have been dismayed by the adverse business environment fostered by corruption. Many Western firms and investors have withdrawn or reduced their activities because they are fed up with becoming the targets of corrupt officials demanding bribes, of being cheated by corrupt businessmen, of being at the mercy of a corrupt legal system. They feel the competition is unfair when they are competing against rivals who pay bribes and receive favored treatment. International lending institutions such as the International Monetary Fund have also become reluctant to throw good money after bad following revelations of how Russia and Ukraine deceived or misused funds totaling thousands of millions of dollars. In sum, corruption corrodes a society. When nepotism replaces merit, when cunning and cheating replace trust and honesty, when force and murder triumph over the law and a sense of decency -- then the threads binding together a civil society are weakened and eventually destroyed.

From Radio Free Europe, 6 September 2000

IN RUSSIA, FORMER SOVIET BLOC, THE RULING CLIQUE HEADS CORRUPTION

Our series on the widespread corruption in post-communist societies today examines the relation between political power and high-level government fraud. RFE/RL correspondent Askold Krushelnicky reports that perhaps the most insidious form of corruption in transition countries occurs when those who govern are themselves deeply involved in corruption. The states, which emerged from the former Soviet bloc, have shed their Communist characters in varying degrees. In each country's case, its communist - and pre-communist -- history has done much to determine how quickly it is able to implement true democratic and free-market reforms. Those with a shorter experience of Communist rule are doing better, especially when dealing with the problem of corruption. Asked by our correspondent how he would explain the differences between the former republics of the Soviet Union and the former Soviet satellite states, one-time U.S. Ambassador to Hungary Mark Palmer said: "Why is it different? Well, I think it's partly that these countries have had different stages of development. The Czechs, of course, before the Second World War -- the Bohemians -- had the highest per capita income in the world, higher even than Germany or the United States." Palmer, who was ambassador to Budapest in the 1980s, said post-communist nations that had previous acquaintance with democracy and a market economy were finding it easier to rebuild those institutions. "So, there was a different tradition, and it was easier to restore in countries like the Czech Republic, Hungary, Poland, Estonia, Slovenia. It was easier to get back to civil society somewhat more quickly than for Ukraine and Russia, which didn't have large middle classes before and didn't have established legal and political systems." Palmer said that, although bureaucratic corruption existed to different degrees in every post-Communist country, the level of corruption involving the top political strata varied. "If you look at Ukraine and Russia, there is more evidence of it (corruption) going to the ministerial and prime ministerial level than in places like Hungary and the Czech Republic and Poland." In most of the former Soviet

republics, with the exception of the Baltic states, there is no history of deeply rooted democratic institutions. In Belarus and the Central Asian states, parliaments are largely sycophantic or toothless bodies with little or no power. In Russia and Ukraine, many seek to become deputies because of the parliamentary immunity it affords them from prosecution for questionable business dealings. Some of these corrupt parliamentarians have enriched themselves by selling their votes and loyalty to the highest bidder. Former Russian Interior Minister Anatoly Kulikov said that, after last December's parliamentary elections, deputies were offered \$50,000 plus \$5,000 per month "salary" as a bribe to join other parties. A former long-time Russian deputy from the democratic Yabloko Party, Viktor Gitin, described to RFERL how he was offered a \$500,000 bribe in 1998 by associates of then Deputy Finance Minister [and now Prime Minister] Mikhail Kasyanov. Gitin, who was then a member of the State Duma's powerful budget and finance committee, said the person offering the bribe wanted Gitin's support over a critical decision involving thousands of millions of dollars. "It's very easy to do. It's not that difficult to get into the Duma. It's always possible to arrange for a deputy or for a deputy's aide to write out a pass. So I was in my office in the Duma when a man came to see me, introduced himself -- saying that he had been working with Mikhail Mikhailovitch [Kasyanov] for a long time, not at the ministry, but that they had business affairs together -- and explained that what I was doing really upset their affairs. He didn't know how I would react. He offered to work out this problem and wrote down a number on a piece of paper, it's not the kind of thing you say out loud -- walls can have ears. So he wrote down the sum. And he said, "This is the price of the problem." Gitin said he refused the offer but, out of fear of what might happen, had to appear to agree not to obstruct the scheme. "There's only one way out of this situation. I said thank you for the tempting offer, I said that I don't want to meddle in all of these affairs, and that I'm stepping back. That is, that I don't need the money but wouldn't meddle anymore in these affairs. But you can say one thing and do something completely different. There are ways of not openly but covertly hampering processes. In this situation it was necessary that I act not alone but with the help of my [Duma] colleagues to -- let's say, impede -- the credit. And they helped me, and that credit was not handed out." Gitin's allegations of widespread corruption in the Russian parliament have not been independently confirmed. Nor have legal proceedings been initiated against Kasyanov or his associates, or against any Duma deputy suspected of taking bribes. While Russia and Ukraine say they have thoroughly democratic parliaments, many Central Asian leaders encourage the belief that they are the source of all power. Last month, for example, President Saparmurat Niyazov of Turkmenistan, who calls himself Turkmenbashi -- or Father of all Turkmen -- announced that the mayor of the capital, Ashgabat, and eight other senior officials, would not get their pay that month because they had not fulfilled their duties properly. The decisions of this new type of oriental despots go unchallenged and, particularly in the oil-rich states, the potential for corrupt enrichment is enormous. In Kazakhstan, President Nursultan Nazarbaev recently (August) launched an anti-corruption drive. He publicly named local companies involved in oil, metals and banking, which he accused of exporting goods to their own foreign accounts at deflated prices in order to cheat the country of at least \$1 billion in taxes. But Nazarbaev's critics asked why it has taken so long for the Kazakh strongman, who has led his country since independence, to recognize that all is not right. One Kazakh political analyst said that everyone in the ruling clique was linked with what he called "financial-industrial groups." Opposition politician Amirzhan Kosanov suggested that the true reason for the Nazarbaev's campaign was that some of his friends want to redistribute ownership of the most lucrative companies to get a bigger share for themselves. While living standards for ordinary Kazakhs have been plunging, the country's elite has benefited from thousands of millions of dollars invested by foreign firms, including major oil companies. The foreign companies are seeking a share of profits when Kazakhstan's huge oil production potential is finally realized. Swiss authorities, recently joined by their U.S. counterparts, are now investigating whether payments of tens of millions of dollars to Nazarbayev and close associates constituted corrupt payments for favors. But Nazarbaev is aided by the fact that the clan system in his country -- and other Central Asian states -- is so deeply entrenched that the kind of nepotism and favoritism regarded as corrupt by Westerners is often viewed as a natural fact of life by local people. Ukraine also figures high on most lists of the world's most corrupt countries and its inhabitants, according to opinion polls, perceive their country and its government as riddled with corruption.

Power in Ukraine, as in Central Asia and Russia, is concentrated in the hands of a relatively small group of people -- mostly former high-ranking Communist apparatchiks, with a strong element as well of former KGB members. Their permission is crucial to operating businesses, thus providing countless opportunities for corrupt abuse of power. There is much circumstantial evidence -- but no firm proof -- suggesting corruption goes all the way to the top in Ukraine. Some of President Leonid Kuchma's closest associates have been implicated in massive corruption schemes. The most lucrative area for corruption in Ukraine has been in the energy sector where natural gas -- mainly imported from Russia - and sometimes oil has been siphoned off and sold privately and secretly. Those in charge of the energy sector are politicians or businessmen with powerful government connections. Earlier this year, the then chief of the majority state-owned Neftegaz oil and gas company, Ihor Bakai, was forced to resign after a welter of accusations and evidence -- including evidence turned up by an RFE/RL investigation-- about his corrupt dealings. RFE/RL possesses documents showing bank transfers of millions of dollars by Bakai to off-shore accounts and two purchases of property he made -- each worth about \$6 million -- in the names of relatives in the U.S. states of Florida and Pennsylvania. When Bakai resigned, President Kuchma defended him and only reluctantly let him go. Another close Kuchma associate is his former prime minister, Pavlo Lazarenko, who is now in an U.S. jail facing charges of illegally laundering \$114 million. He has already been convicted on money laundering charges in Switzerland where investigators believed he was involved in illegal movements of \$880 million looted from the Ukrainian economy. Lazarenko, speaking through his lawyer, has said that Kuchma was aware of all the money movements and benefited from them himself. Kuchma has denied the accusation. Last month (Aug 18), the state prosecutor arrested two senior members of Ukraine's country's powerful United Energy Systems of Ukraine company on corruption charges. One of those arrested is the husband of Deputy Prime Minister Yulia Tymoshenko, who has been getting in the way of some of Kuchma's closest allies. Allegedly, they profit enormously from the notoriously corrupt energy-sector businesses that have brought Ukraine to the brink of bankruptcy. RFE/RL's Ukrainian Service Director Roman Kupchinsky believes that the arrest of

Tymoshenko's husband is the beginning of measures to discredit her and the country's reformist and popular Prime Minister Viktor Yushchenko, who has shown a low tolerance for official corruption. Kupchinsky says: "Kuchma didn't just discover the extent of corruption in the energy sector - he's known about it for years. It was simply convenient to raise it at this time." Kupchinsky also notes that in Ukraine and many other post-communist countries, the political elites -- although corrupt themselves -- use the threat of prosecution for corruption as a weapon to silence former political allies turned critics. He calls this a variation on the old KGB method of gathering "kompromat" -- that is, compromising material on potential opponents - to be used to blackmail them into compliance at an appropriate moment. In the next part in our series, we will look at the effects high-level corruption has on countries ostensibly seeking to implement democratic and free-market reforms.

From Radio Free Europe, 5 September 2000

FINLAND 'LEAST CORRUPT COUNTRY IN THE WORLD'

Finland is perceived as the world's least corrupt country in a new survey that rates Nigeria as the worst offender. Transparency International lists 90 countries in its annual corruption index, and describes corruption as "a universal cancer" which hampers political stability and foreign investment in developing countries. Nine of the 12 "cleanest" nations are in Europe - in descending order: Finland (1), Denmark (2), Sweden (4), Iceland (6), Norway (7), Netherlands (9), United Kingdom (10), Luxembourg (11) and Switzerland (12). Germany, hit by the party financing scandal surrounding former Chancellor Helmut Kohl, slipped in the rankings, from 14th cleanest in 1999 to 17th this year. "Germany is much more corrupt than previously thought. It's something we should be taking very seriously," TI's Chairman Peter Eigen told a news conference in Berlin. Spain, ranked 20, and Belgium, at 25, are cited as among the most improved countries. Former Soviet republics emerge badly, occupying six of the last 16 places. Russia is ranked 83, slightly better than Azerbaijan, at 87, and Ukraine, 88. Moldova, Armenia and Uzbekistan are put at 75, 76 and 79 respectively. Yugoslavia is in 89th position, just ahead of Nigeria. But TI Vice Chairman Frank Vogl urged caution in declaring the West African country the most corrupt in the world, noting that some states were not included in the list because of insufficient data. Pakistan, for example, ranked 87 out of 99 countries last year but is omitted this time around. Honduras, the lowest-ranked Latin American country in 1999, is also missing. Transparency International -- a non-governmental organisation, based in Berlin -- was founded in 1993 to fight corruption. Its survey questioned members of the business community, risk analysts and the general public. Countries are given a mark between zero ("highly corrupt") and 10 ("completely clean"). Finland earned a maximum 10. Each of the 90 countries on the list has been surveyed at least three times between 1998 and 2000. The rolling index is used so that neither recent scandals nor recent anti-corruption drives affect the ratings. "The results of the index are sometimes unjust because they show up countries which are fighting against corruption at this moment," Eigen said, praising the new Nigerian Government. "Valiant efforts are being made by President Olusegun Obasanjo to promote large-scale changes in a country which has been robbed by the grand corruption of their past leaders." Obasanjo was elected president following the death in June 1998 of General Sani Abacha, who ruled for five years.

From Time Daily, 13 September 2000

OSCE LAUNCHES ANTI-CORRUPTION DRIVE IN BOSNIA

Officials of the OSCE appealed to Bosnian citizens to expose corruption, particularly in the run up to the November local elections, "Oslobodjenje" reported on 18 September. Robert Barry, who is the OSCE's chief of mission in Bosnia, stressed that it is important that citizens remember which incumbents are corrupt when they cast their votes.

From Bosnia Today, 21 September 2000

FRENCH LEFT ENGULFED IN CORRUPTION SCANDAL

The scandal surrounding President Jacques Chirac swept across the political divide in France yesterday to embroil the Socialist Party and the world of Paris haute couture. Dominique Strauss-Kahn, the former Finance Minister, and Karl Lagerfeld, the fashion designer, are the latest big names dragged into the controversy after publication of the posthumous confessions of a political fixer. An episode starting as just another chapter in the murky history of illicit party funding in the Eighties has become an "affair of state". The revelations of Jean-Claude Méry, recorded on video before his death last year, threaten to taint M Chirac's reputation and raise doubts about the ethics of a political generation, Right and Left. M Méry, a property developer, exposed illegal fundraising in which building companies paid a premium in return for contracts. The money was divided between the political parties with most going to the conservative RPR led by M Chirac. M Méry recorded his testimony in 1996, saying that was doing so "in case anything happens to me". A transcript of the tape was published in the Le Monde newspaper last week. In the latest twist, according to L'Express, M Méry's lawyer, Alain Belot, gave a copy of the tape to M Strauss-Kahn in 1998. The magazine says that in April last year M Belot offered the then Finance Minister the original, in return for him using his influence with tax authorities on behalf of his client, Mr Lagerfeld. The lawyer, who worked for M Strauss-Kahn from 1988 to 1991, wanted to cut Mr Lagerfeld's £30 million tax bill. M Strauss-Kahn admitted yesterday that he received a copy of the tape, but added: "I didn't think it was a good idea to watch it." He denied any deal over Mr. Lagerfeld's tax bill and threatened legal action. The plans for a comeback of M Strauss-Kahn, who resigned last year to fight corruption charges, have been dealt a huge blow. But the charges have put almost the entire political establishment of the Eighties in the dock. Hitherto the RPR, Socialists and Communists, who also benefited from the system, have held back from exploiting each others' difficulties with the law. Only the Green Party has sufficiently clean hands to speak frankly. Yesterday Yves Contassot, the Greens' mayoral candidate for Paris next year, said: "We're coming to the end of the life of a whole

system. Like all final stages, things are speeding up. In the next few weeks we're going to see many developments. We have to clean out the Augean stables, on the Right as on the Left, whatever the price for certain individuals." In the lowest referendum turnout in its history, at 30.2 per cent, France voted to reduce the presidential term from seven years to five, official results showed yesterday. 73.2 per cent voted for and 26.8 per cent against.

From UK-Electronic Telegraph, 25 September 2000

THE AMERICAS

BIG U.S. GOVERNMENT REVIVAL

If you thought that the era of big government was over, take a look at the big spending plans being proposed by George W. Bush and Al Gore. Mr. Bush has proposed new federal spending initiatives totaling \$760 billion over the next 10 years — everything from health care for the needy to prescription-drug benefits for the elderly. The Texas governor's domestic spending proposals — aimed at showing he is a compassionate conservative who would not throw the poor out into the cold — would consume one-third of the government's \$2.3 trillion on-budget surplus. But Mr. Bush is a penny-pinching piker compared to Mr. Gore, who has proposed more than \$2.7 trillion in new spending over the coming decade — and he is just getting started. Mr. Gore's record-breaking spending spree would not only squander all of the projected non-Social Security budget surplus, it would also leave taxpayers with a \$500 billion deficit, according to a detailed budget tally by the National Taxpayers Union. The differences between the two candidates are breathtaking. While Mr. Bush would spend \$138 billion more on federal aid to education, Mr. Gore would spend \$412 billion. Where Mr. Bush would spend \$86 billion on health care, Mr. Gore would spend \$780 billion. Mr. Bush proposes spending \$258 billion to reform and strengthen Medicare and offer prescription coverage to those who need it. Mr. Gore would spend \$850 billion for near-universal coverage. The question that begs to be answered is why the Bush campaign has not gone after Mr. Gore tooth and nail as an irresponsible big spender. These are spending proposals that would make the Great Society's War on Poverty spending binge look conservative by comparison. Mr. Bush, on the other hand, had been relatively tight-fisted with most of his spending initiatives, with the exception of a few big domestic issues that top the polls: health care, education and Medicare. Until his big drug-prescription proposal, Mr. Bush's spending plans had been somewhat tame. He knows he cannot outbid Mr. Gore and the Democrats, who are willing to promise any amount of money to the special interests to beat him. But clearly Mr. Gore is vulnerable to the charge he proposing a major expansion of government above and beyond anything that has ever been proposed in a presidential campaign. This is the mindset of a 1960s-style liberal who believes government is the answer to every problem. It isn't. Listen to what a Senate Budget Committee study had to say last week about Mr. Gore's big spending plans: "The vice president thinks government should grow. He thinks government should be universal in its reach into the lives of all Americans. And finally he believes future generations should be left to fund Social Security and Medicare." Instead of finding market-oriented ways to lift a crushing \$22 trillion Social Security liability off the shoulders of future taxpayers (as Mr. Bush's investment retirement accounts would do), Mr. Gore wants to boost benefits by \$100 billion to \$180 billion. Moreover, he shoves the long-term solvency problem into the future when the Baby Boomers will have to be paid off with increased debt and taxation by a shrinking ratio of workers to beneficiaries. Instead of finding marketplace ways to offer private health insurance plans that can provide drug prescription coverage and better health care (as Mr. Bush would do), Mr. Gore proposes that Medicare — despite its looming insolvency — take on major new entitlement burdens. The fact of the matter is that the government under Mr. Clinton and Mr. Gore is still spending like there's no tomorrow. The federal budget stood at \$1.4 trillion when the Clinton administration took over in 1993. Since then, the budget has mushroomed to nearly \$1.8 trillion. The Congressional Budget Office projects that over the coming decade the federal budget will climb to nearly \$2.5 trillion just by keeping up with inflation. But under Mr. Gore's big spending proposals, that number is going to go through the roof. At least Mr. Bush includes some big budget savings and bigger tax-cutting proposals that would significantly offset his new spending plans. He would, for example, give back \$1.3 trillion in taxes in the form of lower income-tax rates and by doubling the \$500-per-child tax credit. He has proposed a program of agency consolidation and waste-cutting that would save \$176 billion over 10 years. And his Social Security investment plan would be the equivalent of an \$800 billion tax cut for America's workers. Mr. Gore, on the other hand, likes the higher tax rates right where they are now. And he doesn't mind the trickle-down 1 percent to 2 percent or even negative returns that workers get from their regressive payroll taxes. What he does not like are present government spending levels, which he would boost by trillions of dollars more, betting that today's voters are much more favorably inclined toward bigger social-welfare spending. Liberal, wasteful, big spenders have been a major target of Republican presidential candidates in the past, and with much success. But George W. Bush appears strangely reluctant to go after Al Gore on this score. That may explain why his campaign has been sagging lately and seems to have lost its energy and drive — not to mention a central, galvanizing message.

From Washington (DC) Times-Nation, 11 September 2000

U.S. JUDGE LABELS ETHICS LAW 'UNCONSTITUTIONALLY VAGUE'

A state court judge disarmed Illinois' recently established campaign finance and ethics reform law Sept. 8, declaring the new law unconstitutional and issuing an order barring the state from enforcing it *Flynn v. Ryan*, Ill. Cir. Ct. Will Cty., No. 99 CH 340, 9/8/00. Will County Circuit Court Judge Thomas Ewert found the Illinois Gift Ban Act (Public Act 90-737) to be "unconstitutionally vague," preventing persons of "common intelligence" from understanding its meaning and application. While the law deals with a range of campaign finance issues, Ewert took issue with language banning elected officials and state employees from taking certain types of

gifts. Ewert found that the law leaves even sophisticated officials and state workers with no clear understanding of what types of gifts are permitted or prohibited under the law, rendering PA 90-737 useless from a practical perspective and illegal from a constitutional perspective. Excerpted from an article in The Bureau of National Affairs, Inc.'s Money & Politics Report. This topic is also covered in Daily Report for Executives and United States Law Week.

From Bureau of National Affairs, 13 September 2000

PERU'S FUJIMORI ON WAY OUT AMID CORRUPTION, ABUSE OF POWER

Fifty days into a controversial third term, President Alberto Fujimori called it quits. Or he is trying to. His decision to sack former ally Vladimiro Montesinos, the powerful head of the National Intelligence Service (SIN), and to call for new elections pits him against the man Lima Archbishop Juan Luis Cipriani calls the "hidden power" of a regime gone putrid with corruption. A video smuggled out of SIN headquarters showing Montesinos bribing an opposition congressman to switch party loyalties was the last straw for Fujimori. The president was still smarting from revelations that the SIN, instead of breaking up an arms-for-drugs deal with Colombia's FARC guerrillas as he had announced only weeks before, was in fact part of the deal. "Montesinos has a pathological lust for power," asserts retired Army Gen. Jaime Salinas Sedo, who was jailed after denouncing Montesinos and attempting to undo Fujimori's 1992 "auto-coup"—in which the Congress was dissolved and the Constitution rewritten with the backing of Montesinos and the military. Fujimori wants new elections in March, in which he would not run. The opposition wants the vote sooner. Any transition requires military support. But can Fujimori count on it, with a defiant Montesinos at large and the military high command filled by Montesinos appointees? Many are presumed to be implicated in the human-rights abuses and drug dealing imputed to Montesinos. Clamor for an immediate caretaker government is growing. Peruvians symbolically wash the national flag on Fridays outside the presidential palace, and security experts worry that junior Army officers could rebel against their superiors. Dictatorships turn dangerous when they exit. "My greatest fear is a military rupture that spills into the streets," says political analyst Fernando Rospigliosi.

From Associated Press, 22 September 2000

SOCIALIST SEXOLOGIST CRUSADES TO END SAO PAULO CORRUPTION

Sexologist Marta Suplicy earned the trust of Brazilians with her down-to-earth advice on love and marriage through her "Talking Sex" television show in the 1980s. Now she's ready to parlay that trust into elected office for the second time, vowing to wipe out corruption and crime as the leading candidate for mayor in Sao Paulo, Brazil's biggest city. "I would never have entered politics if not for the support of thousands of women in Brazil who felt that the programs transformed their lives," Suplicy said in an interview. "Today women still come up to me and hug me telling me how important it was for them." Suplicy is among several opposition candidates expected to win Sunday in municipal elections, as voters reject incumbent politicians and ruling parties tainted by corruption. Suplicy, 55, who represents the left-wing Workers Party, enjoys the support of about 35 percent of voters, according to a Data Folha poll. One of her closest rivals -- at 12 percent -- is Paulo Maluf, a former Sao Paulo mayor who supports current mayor Celso Pitta, whose administration has been marred by charges of bribery. Suplicy is campaigning on a pledge to end corruption, and her reputation as a straight-talking counselor to the lovelorn has helped boost her popularity. "She would probably bring a clean and uncorrupt team in if elected mayor," said David Fleischer, a political scientist at the Federal University of Brasilia. The ousting of incumbents Sunday could have repercussions in the National Congress, as federal lawmakers need the support from municipal politicians across Brazil to muster support for re-election in 2002. Allegations that Pitta bribed legislators to end a corruption probe into his administration almost cost him his job earlier this year. Pitta was also tainted by accusations his office received money from trash haulers and contractors to extend government contracts. To purge the city from the "sea of mud" as she called it, Suplicy promised to review all contracts the city has with service firms to close possible loopholes that encourage embezzlement, and to increase transparency by giving voters access to all public accounts over the Internet. "We will have more resources once we revise all of out-sourced contracts in the city," Suplicy said. "It's there where the embezzlement of resources lies." Suplicy is also benefiting from voters looking for fresh faces to reduce crime, in a city of 10 million people that had 5,400 murders last year, and where car theft rose 41 percent last year over 1998. Companies investing in the city face higher costs because of security, said Luis Fernando Lopes, chief Brazilian economist at Chase Manhattan Bank in Sao Paulo. "When meeting clients from abroad, we have to take all kinds of security measures, such as armored cars," Lopes said. Pressured by rival Maluf, Suplicy proposed to double the number of municipal guards to 8,000, but also pleaded for better education to fight the causes of crime. "You can put a policeman in every corner, but the result will be limited," she said. Suplicy's clean record as a federal lawmaker from 1995 to 1998 has also helped impress some voters. "Marta can help Sao Paulo in everything missing here, from education, social matters, housing, health," said Maria de Lourdes dos Santos, a 34 year-old dressmaker. "Marta is the symbol for all that, I'll vote for her." The support of Dos Santos, who said Suplicy's TV advice helped her to be more open with people, is typical of appeal to women and minorities, who also remember her for lobbying for same-sex benefits for gays when she was in Congress. Yet, as the support of women and minorities may not be enough to win, Suplicy has been courting business to gain credibility. The blue-eyed blond has used her talking skills in meetings with Sao Paulo business organizations, such as the federation of industries, though many business leaders are skeptical. "I don't like Marta, I think she's weak," said Marcus Abdo Hadade, executive director at the graphics unit of electronics group Cinerel. "She was a housewife, supported by a rich family. She never managed a company. What could she do for the city?" Many business leaders remain cautious backing a socialist mayor, concerned about rising spending. Alice Show, corporative director at Sao Paulo food and services group Brasfanta, said Suplicy's party is only good in opposition. Marta Suplicy "is a good sociologist, but in a governing position, I don't know," Show said. Another stumbling block could be men, who tend to be more skeptical about Suplicy's ideas. Airton Batista dos Santos, 42, chief doorman at the Othon Palace Hotel, said he thinks Maluf is a

better politician. Yet he can't deny Suplicy was a boon to his sex life. "My wife was always more reserved. She opened up, she loosened up with the advice of Marta," he said.

From Bloomberg, 27 September 2000

Civil Services & Ethics in Public Sector

AFRICA

UGANDA: ANTI-CORRUPTION MINISTER BLASTS GOVERNMENT MINISTERS

Ethics and Integrity minister Miria Matembe has blasted ministers, judges and MPs named in the car loan scam, saying their acts amount to abuse of office, reports Milton Olupot. She said the Attorney General should take legal action against them to secure the money "if they do not pay it with immediate effect." A list of 838 debtors, some of them ministers, MPs and judges who failed or neglected to pay for government vehicles acquired under the co-ownership scheme, was on Tuesday tabled in Parliament by the finance committee chairperson, Beatrice Kiraso. "I am extremely disappointed and embarrassed that senior ministers, some of them who even fought in the bush, deliberately retain government money. What message do they send to the public. They owe an explanation to government and the public. They should be put on their feet to explain why they should not pay the money with interest," Matembe said. Speaking at her Nakasero office last evening, Matembe said the defaulters should be given one month to clear their dues and all recovery avenues sought including deducting it from their allowances, passing their case over to the Non Performing Assets Recovery Trust (NPART) and the courts of law. Asked whether she would not over-step collective responsibility by criticising fellow ministers, she said, "I am here to do a job I was assigned to do. To ensure that public officers conduct their affairs with integrity." She further said, "I will only be a sister to a person assisting me to fight corruption. We have a saying in Runyankole that "Ngu omufu kwaburwa enshoni omuziki tabwerabwera," meaning, if death is not a shamed of killing a person, then those who come to bury can not be ashamed of doing it." Several ministers and judges were named in the scam.

From allAfrica.com-East Africa, 7 September 2000

MOZAMBIQUE LAWYER ACCUSES POLICE OF CORRUPTION

A prominent Mozambican lawyer has accused the police and the public prosecutor's office of usually treating lawyers as "foreign elements" in the justice system. "Our (lawyers) activity is looked upon by the police and the public prosecutors as something foreign, and so they create difficulties for us to gain access to materials contained in the papers under investigation," Albano Silva said. Speaking to reporters during the launch of the "Lawyers' Week," which ends Thursday, he claimed that "those authorities look upon the lawyer as an obstacle to interests that, most times, can be summarised in terms of cash." But he also acknowledged that there were some lawyers who connive with the police to "extort money" from the parties involved in particular cases. He described this attitude as part of a system of corruption that has become "a way of life" for many people connected to criminal investigation in Mozambique. Silva, however, insisted that the defense of an accused person is enshrined in the Constitution. He observed that in many instances, lawyers had been denied access to evidence in cases under investigation, which he described as a violation of the rights of the defense. Silva has handled such high profile cases as the defense of South African foreign ministry official Robert McBride, whose gun-running and espionage charges were quashed.

From Panafrican News Agency, 12 September 2000

ASIA/PACIFIC

CHINA TO REFORM GOVERNMENT STRUCTURE

A total of 13 provinces, municipalities and autonomous regions in China have launched institutional reforms throughout their governments, and another four others have finished half of the job for the reform, the weekly journal Outlook reported Monday. The structural overhaul in ten other provinces and municipalities is underway, while Jiangsu, Guizhou, and Shanxi provinces and Xinjiang Autonomous Region are ready to start, the journal said. The reform is meant to strengthen some departments, such as those in charge of the economy, finance and management. However, redundant departments and employees in government organizations will be eliminated or laid off. In addition, the government administrative functions of professional economic departments including industrial and commercial administrations will be separated and transferred to comprehensive economic departments. Government departments will cut the ties with economic entities affiliated to them and will no longer interfere in the operation and investment policies of enterprises. Through the reform, China will reduce its average number of provincial departments from 55 to 40, a drop of about 20 percent. With a total of 74,000 employees being laid off, not counting employees in political and legal organizations, this year's reform will be the most extensive ever.

From China Daily, 11 September 2000

CORRUPTION IN THAILAND IS ENDEMIC

Is there an effective way to end corruption? This question was raised once again at a recent seminar organized by the Civil Service Commission. One research paper presented dealt with the perception of corruption among family leaders and another two offered the views of business operators and civil servants. Of the 4,016 families surveyed, most said corruption was the third biggest problem in the country. The economic crisis was cited as the biggest problem and the high cost of living next. The three perceived "most corrupt" government agencies are the National Police Office, the Interior Ministry and the Customs Department. Ten percent of family leaders said they had paid bribes to civil servants, and 3% said they had paid bribes to secure places for their children in respected state schools. Thirteen percent of the respondents had paid for services from government agencies. Most of the business operators surveyed said they had to pay "special fees" to win bids for government projects. The payment amount ranges from 1% to 15% of the project's total investment cost. More than 12% of the businessmen said they were willing to pay more tax if that would help end corruption, and 11.3% would pay more if it would cut red tape. Ten percent were willing to pay more tax if that would help reduce crime. These findings may not come as a surprise to most of us. The point is that corruption is widespread and deep-rooted in our society. It takes a concerted effort to eliminate it.

From Thailand-Bangkok Post, 11 September 2000

FUNDING CUT URGED TO REIN IN THAI CORRUPTION

Contractors declared yesterday they were willing to let the government cut the budget of every project by 10% to reduce costs and ensure transparency. Charoon Chanchamratsaeng, president of the Thai Contractors Association, said his group was ready for the change. Contractors reckon 10% of a project's value is made up of payments to officials. If all parties were willing to stop the practice of demanding bribes, jobs could be done for much less. The Government, he said, had allocated some 115 billion baht of the national budget to construction projects in fiscal 2001. Of this, 75 billion baht is carried over and 40 billion baht is for projects in 2001. If the budget for each project was cut by 10%, contractors would lose a total of four billion baht next year. "Despite the 10% cost reduction, I am certain contractors will still be able to carry on with their projects," said Mr. Charoon, who conceded contractors had been paying officials at every step. "If we don't do this, we won't get the jobs. Everybody needs the jobs so that our companies can stay on, and our families can survive," he said. The rot started with state officials and politicians who tried to push their pet projects. Mr. Charoon said corruption-plagued projects usually fail to serve their purposes. Some workmanship was sub-standard. Some buildings, for example, could not be used almost immediately after their completion. Construction, he said, was carried out in haste without careful study. In most cases, the only parties who benefited were project owners such as civil servants or politicians. Funds could be allocated without a detailed construction plan. Even worse, the Budget Bureau was also forced to approve budgets set by politicians. State laws, regulations, and construction contracts should be changed to ensure fair treatment to contractors and all concerned parties. State officials responsible for project inspection found to have demanded tea money or intentionally delayed projects should be punished, he said. Officials who set the median price for a project should do so transparently, he said, and fellow contractors should stop colluding in vying for projects.

From Bangkok Post, 14 September 2000

CHINA'S BIGGEST CORRUPTION SCANDAL

President Jiang Zemin has declared clean government a goal of his rule. A trading company executive and countless others snared in a multibillion-dollar smuggling and payoff scandal went on trial amid deep secrecy today in China's biggest corruption case in 51 years of communist rule. Court officials said hearings began in five cities in the southeastern province of Fujian. But they had little other information. They said most court staff were banned from the courtrooms, and judges and prosecutors kept tight control on the proceedings. It "seems very mysterious," said a duty officer at the Intermediate People's Court in Zhangzhou who declined to give her name. Among the unspecified number of defendants were the general manager of the Fujian-based Orient Group, Cao Xinghai, put on trial in Putian, and two other defendants in Zhangzhou, court officials in the two cities said. They refused to specify the charges against Cao or the other two, identified as Liu Fenghe and Li Lanying. The secrecy illustrates the scandal's troubling scope for China's leaders. President Jiang Zemin, who heads the 61 million-member Communist Party, has declared clean government a goal of his rule. But the Fujian scandal has tainted members of the elite ruling circle, among them one of Jiang's proteges. The Government has used occasional prosecutions of high-level officials to show the party's determination to end rampant corruption that has eroded support for communist rule. State-run newspapers carried reports today about a death sentence given to the deputy head of transport for Sichuan province for taking bribes and amassing wealth beyond his means. The court sentenced Zheng Daofang's wife and son to 15 and 12 years in prison, respectively, and seized property worth \$209,000. By contrast, no mention was made of the Fujian trials. At the center of the trial is the bustling port of Xiamen, opposite Taiwan, and the Yuanhua Group. The company smuggled oil, cars and cigarettes through Xiamen and other ports and spent lavishly to buy official protection or silence. As part of the operation, Cao Xinghai of the Xiamen-based Orient Group and the 11 other defendants provided Yuanhua with certificates, seals and other "conveniences," allowing it to engage illegally in import-export trade, the Hong Kong Commercial Daily reported. For their help, Cao and the others received \$2.4 million annually in rents and payoffs, the Hong Kong newspaper said. Report: \$9.5 Billion Case Officials have called Yuanhua's web of smuggling and payoffs China's biggest corruption scandal, although they put no amount on the value of goods and money that illegally changed hands. Hong Kong media have said the smuggled goods were worth \$9.5 billion. Among those arrested in the investigation were the national police force's immigration chief, the provincial deputy police chief, two deputy Xiamen party secretaries, a vice mayor, the city's customs head and

the official in charge of Xiamen's undercover police. Because of the number of defendants, the cases are being heard in courts in Xiamen, Fuzhou, Quanzhou, Putian and Zhangzhou.

From ABC News, 13 September 2000

KOREAN DEFENSE MINISTRY TO REFORM PROCUREMENTS

The Defense Ministry said yesterday that it will computerize the defense procurement system to reform corruption-ridden processes. The ministry said it is considering transferring most of the commercial purchase affairs of the Defense Procurement Agency (DPA) to the state-run Office of Supply. The DPA has been under fire for making allegedly excessive payments amounting to 123 billion won (\$110 million) in purchasing jet fuel from local refineries in 1998-99. In mid-July, military investigators arrested an Army brigadier general on charges of dereliction of duty related to the agency's overpayment.

From Korea Herald, 10 September 2000

CHINA'S CORRUPTION CRACKDOWN SIFTS OUT SELECT TARGETS

A wide-ranging trial and execution of a top official stop short of bona fide cleanup. China's struggle against corruption reached new levels last week as the country executed one senior official and trials got under way in another major case. On Thursday, Cheng Kejie, former vice chairman of the National People's Congress, was executed. Cheng was accused of amassing more than \$5 million through corruption. The People's Daily, a Communist Party mouthpiece, said the case "shows that corrupt elements have nowhere to hide, [and] before the law, all citizens are equal." Yet academics, legal experts, and even some critics within the party are skeptical that the current anticorruption campaign has the power to cleanse the government. "No matter how high-profile the case, no matter how serious the punishment, they won't be able to do anything about corruption until they begin to introduce institutional reforms," says Merle Goldman, a professor of contemporary Chinese history at Boston University. China must establish "some kind of electoral accountability, freedom of the press, and an opposition party - reforms that would ensure a system of checks and balances the kind of reforms that we associate with democracy," says Dr. Goldman. The Communist Party, though, is trying hard to prove that it can contain corruption without compromising its grasp on power. Although the president and other officials increasingly proclaim the merits of the rule of law, there is never any doubt that the party - along with the politics that justify it - comes first. The anticorruption drive fits squarely in the mold of all centrally planned political campaigns: It makes liberal use of propaganda to rally support for its cause, pick its targets, and control the debate, thereby legitimizing party leadership with each proclaimed success. Aside from the routine exposures of low-level corruption and the occasional toppling of a senior official, the most conspicuous aspects of the anticorruption drive are exhibitions in major cities detailing the ignominious downfalls of hundreds of corrupt cadres - and a new movie called "Life or Death Decision." The film, which first appeared in Beijing in mid-August, and is now required viewing for all party members, tells the story of the upstanding mayor of a fictional city who unravels a web of corruption, only to find that it implicates his own mentor and benefactor and even his wife. He makes the right "decision" and sends them all to jail, though tellingly only with the support of an even more senior party official. By most accounts the movie is a success in its own right. Theater owners say that ticket sales are better than they were for American blockbusters "The Matrix" and "Saving Private Ryan." As one Beijing government administrator said when leaving the theater, "That was really good! We got to sit down and be entertained and fight corruption at the same time!" Few doubt that the Chinese leadership is serious about attacking corruption. As Tsao King Kwun, professor of government at the Chinese University of Hong Kong, puts it, "No political regime can tolerate that level of corruption, so they have to be serious." But many observers suspect that the leadership is willing only to "punish those who need punishing, and protect those who need protecting," as the more liberal Hong Kong media have quoted senior mainland officials as saying in private. A case in point is the trials that began this past Wednesday. They will mete out punishment in what is widely said to be the biggest corruption scandal since the founding of the People's Republic. Being held secretly in several cities in coastal Fujian Province, the trials illustrate limitations of the anticorruption campaign. The Yuanhua Group, a conglomerate based in Xiamen, smuggled an estimated \$9.5 billion worth of goods into the country with the help of political connections that are suspected to reach right up to Jia Qinglin, Politburo member and best man at President Jiang's wedding. Mr. Jia's wife was reportedly under investigation for being involved in the smuggling, but the couple seems to have escaped relatively unscathed. The mainland media, meanwhile, are prohibited from discussing the Xiamen case at all. Chinese authorities cite recent reforms as evidence they are serious. In early 1999, new offices were established to combat smuggling and bring local administrations in line with national laws. New 1999 laws require that large government contracts be bid for openly. And there are laws in place designed to deter corruption by requiring all officials above the county level to disclose their personal incomes. But according to Professor Tsao, "it is clear that this law has not been pursued rigorously. Everything is still under the control of the local party secretary." Nearly all observers agree that this is key. As Goldman says, the party's policies haven't worked because cadres "are reluctant to crack down on their allies and their friends."

From Christian Science Monitor, 18 September 2000

JUDGE IN XIAMEN CORRUPTION CASE QUILTS

Reasons for the judge's resignation are unknown. The People's Congress says he was promoted, but HK press reports say the judiciary is corrupt. The chief judge of the court in which China's biggest smuggling trial is being heard has resigned suddenly, officials said yesterday. But they declined to say whether the absence of Judge Chen Bingfa, the head of the Xiamen Intermediate People's Court, would affect the corruption case which has snared scores of senior officials. A spokesman for the Xiamen People's

Congress said that Mr. Chen resigned because he had been promoted, but she declined to say why he stepped down in the middle of the politically- explosive trial. She also said Xiamen Vice-Mayor Liu Chengye had resigned three years into his five-year term because he held too many official positions and was in poor health. A spokesman for the Xiamen city government insisted that Mr. Liu's resignation was not in any way linked to the smuggling scandal, in which his predecessor Lan Fu is a defendant facing the death penalty. Almost 100 government officials and businessmen have been put on trial in a first phase of trials in Fujian on charges related to the decade-long smuggling racket masterminded by Lai Changxing's Yuanhua Group. But up to 600 officials are reported to be linked to the scam, in which Yuanhua bribed officials to facilitate the smuggling of billions of dollars worth of diesel fuel, rubber, cars, tobacco and other products. The scandal reportedly reaches into the heart of the central government, but so far only middle-ranking officials, such as Fujian's deputy police chief and Xiamen's Vice-Mayor have appeared in court. However, a second wave of trials is expected to take place in November and former deputy Public Security Minister Li Jizhou and head of military intelligence Ji Shengde are facing prosecution. Beijing has sent a Supreme Court judge to monitor proceedings and Hongkong press reports have suggested that the central government was worried the Fujian judiciary was too corrupt to deal with the massive scam. Court officials have said that three of the five trials in Fujian have ended. However the courts at Quanzhou, Putian and Zhangzhou have refused to give any details of their verdicts. Court officials in Xiamen and Fuzhou declined all comment.

From Singapore Straits Times, 26 September 2000

MIDDLE EAST

YISRAEL BA'ALIYA WITHHOLDS SUPPORT OF BARAK'S CIVIL REFORM

Yisrael Ba'aliya accused the government yesterday of abandoning aliya and said it would not back Prime Minister Ehud Barak's civil reform because it is being conducted in a reckless manner. Amid efforts by Barak to attract voters among immigrants from the former Soviet Union, Yisrael Ba'aliya leader Natan Sharansky and its other MKs launched a new campaign at a press conference in Tel Aviv, accusing the government of failing at immigrant absorption. Sharansky said his party's support for the civil reform cannot be taken for granted. Yisrael Ba'aliya had started a slow reform process after the election amid dialogue and efforts to reach a consensus, but Barak ruined its effort by suddenly changing his policy and infuriating religious leaders, Yisrael Ba'aliya MKs alleged. "Barak is drafting half the nation into a holy war against the other half," Sharansky said. "He is disregarding [the religious] when the same reforms can be accomplished through dialogue. He didn't do the reform after the election, because he needed Shas's support to divide Jerusalem. Now, all of a sudden, he completely changes his policy. We can't support this policy of zigzags." Former absorption minister Yuli Edelstein said immigrants should not fall into the same trap as people who voted for Barak because he promised to draft yeshiva students. He added that Barak is mistaken in thinking he can gain the support of Russian immigrants in the next election with civil reforms alone. "I apologize for being cynical, but Barak's answer whenever we bring up anything concrete to help the new immigrants is civil marriages," Edelstein said. "He thinks he can make Russians forget about all the important issues if he makes El Al fly on Shabbat." Immigrant Absorption Minister Yael (Yuli) Tamir responded that the government has succeeded at implementing programs and reforms that Yisrael Ba'aliya, and Sharansky as interior minister, attempted to initiate but failed. "Yisrael Ba'aliya is panicking because all the promises they made to their voters about absorption and the separation of church and state are being implemented by the present government," Tamir said. Tamir called on Yisrael Ba'aliya to join her ministry in a struggle to help immigrants, but said the party was not cooperative when they were in the government. "Yisrael Ba'aliya withdrew from the government because of the Golan and Jerusalem, without even mentioning half a word about immigrants," Tamir said. "Now suddenly they remember to fight for public housing for the poor." The three main issues Yisrael Ba'aliya raised in the press conference were public housing, unemployment and continuing intensive Hebrew language courses. Edelstein said that more than 50,000 immigrant families still require public housing and accused Tamir of decreasing the amount of apartments provided to immigrants from 4,000 two years ago to less than 2,000 this year. Tamir responded that most of Edelstein's apartments were provided illegally and without contracts, causing endless problems and \$39 million in debts for her ministry, while she provided much larger apartments for less money. State Comptroller Eliezer Goldberg criticized Edelstein for the apartments, she said. Yisrael Ba'aliya MK Gennady Rigeur, who heads a Knesset caucus on unemployment, said he requested a meeting with Barak months ago to initiate an inter-ministerial anti-unemployment effort, but was rejected. Edelstein criticized the Education Ministry for eliminating the language courses, which had been operating for the last nine years. "Without the courses, a new immigrant is unable to compete in the professional market," Edelstein said. "The Government is shouting hi-tech, but canceling the courses is cutting the branch they are sitting on."

From Jerusalem Post, 22 September 2000

THE AMERICAS

UTAH DEMOCRATIC LEADERS WANT ETHICS OVERHAUL

Utah Democratic leaders have called for a major overhaul of government ethics and campaign finance. Representative Ralph Becker says legislators should not be able to receive any gifts from lobbyists, should not be allowed to use campaign money for

personal interests, and should be forced to conduct all government business in public. Becker also called for prohibiting legislators from being lobbyists for a period after they leave the legislature.

From Salt Lake City (UT) Digital City, 14 September 2000

TECHNOLOGY BOOM TOO TEMPTING FOR MANY U.S. GOVERNMENT SCIENTISTS

Throughout the high-tech era, government research laboratories have been seedbeds for some of the most important advances in computing, detecting nuclear weapons, robotics, gene sequencing and other fields. And for engineers and computer scientists, the laboratories have been havens of job permanence. Now, the technology boom in Silicon Valley and across the nation has changed all that. The lure of the private sector and its many start-up companies is so strong that national research laboratories are losing their best and brightest in growing numbers. Senior scientists making \$90,000 at a government laboratory can go to private companies and increase their salaries by 50 percent. Add a lucrative stock-option package and the appeal can be irresistible. Financial rewards are not the only motivation. At the Los Alamos National Laboratory in New Mexico, the case of Wen Ho Lee, the scientist who admitted mishandling nuclear secrets, has also had an effect. "I used to wake up and think I had the best job in the world," said Pete Beckman, a 36-year-old computer scientist who spent nearly four years at Los Alamos before leaving in April. "It was so much fun, and I was working with absolutely the smartest people in the world. I didn't mind making 30 percent less than if I were at a private company. But you can only put up with so much." He took a job in the Santa Fe, N.M., area with TurboLinux, a software company, for a salary that he said was much higher than the \$100,000 he made at Los Alamos, and stock options. Four others from Los Alamos left at the same time to join him. Many administrators fear such departures could erode the quality of government-sponsored technical and scientific research over the next several years, including some work affecting national security. "If the attrition continues to escalate, at some point you get behind the power curve, no matter what you do," said David Pehrson, deputy associate director of engineering at the Lawrence Livermore National Laboratory in Livermore, Calif. "You ultimately weaken the ability of the lab to do the things we're asked to do. It's a slow, creeping kind of thing." Over all, the annual attrition rate at leading research centers like Los Alamos, Lawrence Livermore and Sandia National Laboratories, which has headquarters in Albuquerque, traditionally around 4 percent, has recently been in double-digit percentages, especially in the growing fields of advanced computation (the application of sophisticated hardware and software to complex problems) and biotechnology, in which expertise is in high demand. That is still less than the turnover in private industry, typically close to 25 percent, but that is of little comfort to the government. "We've had management consultants who've come in and said, 'Your turnover is too low; it's unhealthy,'" said Mim John, vice president of Sandia's California division in Livermore. "Now we can say, 'It's healthy, thank you, and I don't like it.'" The rate of attrition among scientists in the computing division at Los Alamos has more than doubled in two years. Hardest hit is Advanced Computing Laboratory, where 14 of 34 full-time employees, or 41 percent, have left in the last year or are preparing to leave. In some of Sandia's computing groups, the attrition rate has risen to 11 percent, and in some parts of Lawrence Livermore it is 12 percent. The departures have not only caused the usual disruptions that occur when employees leave, but have also affected work related to national security. Dr. Beckman and his colleagues had been working on advanced software for simulating the testing of nuclear weapons. Similarly, six scientists at Sandia in California, who had invented a technology for hand-held sensors to detect chemical and biological agents, left earlier this year to start a new company, called Eksigent, based on their invention. Even departures of scientists not involved in research related to weapons can have an indirect effect on security-related research, and that also causes concern. Robert Dye, 39, a Los Alamos materials scientist who worked on the reduction of global warming, left the laboratory last month to join Technanogy, a company in Newport Beach, Calif., involved in the growing field of nanotechnology, which produces molecular-scale devices. "I'm not a direct weapons guy, but I'm in strategic support," said Dr. Dye, who was at Los Alamos for 11 years. "There's a bunch of weapons people who know they can come consult with me. It's an entangled web, and you're ripping out these entangled webs when people leave." Dave Rakestraw, 39, who had been at Sandia for 12 years and is one of the co-founders of Eksigent, said the prosecution of Wen Ho Lee had an effect at Sandia and other labs. But Dr. Rakestraw pointed to a more general decline in the attractiveness of working at Sandia. "The environment in the lab is not as desirable as it used to be," he said. "In olden days, very large sums of money were poured into national labs, which gave really smart scientists an environment where they could be the best they could be. Now competition for resources has been much more a part of everyone's lives." Dr. Rakestraw also said, "There's always the lure of winning the lottery by joining some start-up, and you get much richer than you ever imagined." In Northern California, the gradual spread of Silicon Valley into less congested cities has compounded the situation. Livermore, 40 miles southeast of San Francisco, used to be considered the far outskirts of Silicon Valley. In the last year or so, a number of high-tech companies have arrived in the area; housing prices have soared; and technical talent of all stripes is highly prized. And the problem is not confined to national security laboratories. NASA Ames Research Center at Moffett Field, Calif., in the heart of Silicon Valley, has been particularly vulnerable to recruitment from the computer industry. In recent years, NASA Ames has lost several high-level engineers who have gone to work for a variety of start-ups and become millionaires. In competing for talent, the laboratories are constrained by budgets determined by Congress and administered by the Department of Energy. Matching a salary offer from a private company can take weeks or months. Before leaving Sandia, Dr. Rakestraw said, he tried to recruit a scientist from an outside company into a management position, but after two months of negotiations, the laboratory could not come up with the \$135,000 the scientist wanted. But the laboratories are trying to find ways to fight back, taking measures to keep people from leaving and make themselves more appealing to recruits. Sandia, Lawrence Livermore and NASA Ames now offer signing bonuses, and Los Alamos is likely to do so. Sandia's California division is also considering housing assistance. Scientists like Dr. Rakestraw and Dr. Beckman said they were torn about leaving their government work, partly because of the sense of civic duty they felt as laboratory employees. "A lot of us felt a lot of pride working at the lab, focused on protecting the country and developing the next generation of technology," Dr. Beckman said. "There's a lot of patriotism

that goes with that." That sense of loyalty has prompted some to seek ways to keep a foot in both worlds, perhaps by continuing to consult part time. Ronald Reisman, 46, an engineer at NASA Ames, has been working for 12 years on improving the nation's ailing air-traffic-control system. But as a government employee, Mr. Reisman was making far less than he could at a private company. He was so dedicated to his work that when he finally agreed to take a high-paying job at an e-commerce software company recently, after months of soul-searching, he insisted on being allowed to continue to work at NASA part time until he finished his project. "I've been a civil servant for a dozen years and I'm not going to throw it away for a few shekels," Mr. Reisman said. "There's honor involved."

From New York Times, 19 September 2000

U.S. VALLEY HONORS PUBLIC SERVICE LEADERS

Los Angeles County prosecutors, a former state assemblywoman and an assistant police commander were among six individuals honored as the finest leaders of public service at the Armand Arabian awards luncheon Wednesday. Local civic and business leaders named the award after former associate justice of the California Supreme Court Armand Arabian, a West Valley resident, who created the first sexual assault victim counselor privilege in 1980. Since then, 18 jurisdictions across the nation have adopted the practice, which protects the confidentiality of discussions between sexual assault victims and their counselors. "Obviously, these are people of the community who have contributed greatly for not only the betterment of the Valley but the entire city and state as well," Arabian said of the honorees. "The true leader survives and endures." The award winners are: Paula L. Boland, former 38th District state Assemblywoman, credited with launching landmark legislation that eventually could make it possible for the Valley to secede from the city. Steve Cooley, head deputy district attorney and challenger of incumbent District Attorney Gil Garcetti in November's election. Cooley oversees Valley branch offices that ranked highest for jury trial convictions and state prison commitment rates among all 12 county branches. Lea Purwin D'Agostino, a deputy district attorney who was the first female prosecutor in Los Angeles to obtain a death penalty verdict. Most recently assigned to the Valley career criminal unit, she has convicted hundreds of murderers, rapists and child molesters. Valentino P. Paniccia, LAPD assistant commanding officer of operations in the Valley Bureau. He established the Jeopardy program, for at-risk youth gang prevention, and The Gray Squad, an elder abuse prevention program, both made up of officers and volunteers. Roberta Weintraub, founder and executive director of the Junior L.A. Police Academy Magnet schools, and writer and host of the Century Cable Television (Adelphia) Education specials. Weintraub also served on the Los Angeles Unified School District board, from 1979 to 1993, and sponsored the landmark 1980 "Consent Decree," allowing women to be promoted to management within the school district. Tyree Wieder, president of Los Angeles Valley College. Among her community activities, Wieder serves as chairwoman of the board of directors for Northridge Hospital Medical Center, and belongs to the board of directors for Catholic Healthcare West.

From Los Angeles (CA) Daily News, 28 September 2000

MISSISSIPPI AUDITOR HOPES MORE SAY NO TO GOVERNMENT CORRUPTION

State Auditor Phil Bryant hopes Mississippi officeholders tempted by corruption will learn from others' mistakes. In the past four years, 55 officeholders or government employees in the state have been indicted, Bryant said. "There's a lot of folks out there stealing taxpayer money," Bryant said Monday at a luncheon sponsored by the Stennis Institute of Government and Capitol Press Corps. Bryant said he envisions a time when "somebody in government will say 'we used to get away with taking a little here and little there, but no more.'" On Monday, Union County was repaid \$100,000 that former Chancery Clerk Larry Koon had embezzled, Bryant said. The Republican's 180-employee agency is in charge of making sure government officials are financially accountable. He said the task will get easier as more local governments computerize their records. Mississippians interested in audit findings can find the information on the Internet, including names of people caught mispending public money. Some lawmakers said there is plenty of work for Bryant, a former legislator appointed to a vacancy in 1996 by then-Gov. Kirk Fordice. Bryant won re-election last year. "I don't think he's near about caught up with all the problems as far as politicians taking advantage of the state," said Sen. Richard White, R-Terry. Bryant's office is taking tips about wrongdoing on the Internet, which he said allows quicker probes. He has also started a monthly Internet conference. People with questions for Bryant can watch a videotaped response on the Internet. The program was launched Monday.

From The Associated Press, 19 September 2000

Management Innovation & Trends

AFRICA

MOROCCO COUNTS TWO MILLION MOBILE PHONES USERS AND 100,000 INTERNET SURFERS

Morocco counts two million mobile phone users and an estimated 100,000 Internet surfers, said Nasri Hajji, Secretary of state for posts and Information and Telecoms technologies. Although he conceded this is still too little, the official pointed out "we are starting to grow", as networks are being established and will reach total maturity by 2010 or 2015. He added that Morocco is targeting to reach the emerging countries' phone penetration rate of 30% and that the Moroccan telecommunications network is fully digitized with a rate exceeding that of several developed countries.

From Morocco-Maghreb Arabe Presse, 25 September 2000

ASIA/PACIFIC

PACIFIC ISLE FINANCES UN MEMBERSHIP VIA THE INTERNET

Forget the dotcom boom. Yesterday Tuvalu became the 189th member of the UN by using a new e-commerce resource: the dotTV connection. Nearly lost in the vast azure waves of the South Pacific is the small archipelago of Tuvalu. It's the size of Manhattan, with the population of Martha's Vineyard, and only one national newspaper - published once every two weeks. Yet Tuvalu is now on equal footing with the major powers of this planet in one category: yesterday it became a full member of the United Nations. Gaining admission to this club of independent nations was no easy feat. For years the admission fees - equalling about 1 percent of Tuvalu's annual budget - and the required annual UN contributions thwarted this tiny tongue of land in its effort. But, ultimately, it was e-commerce that bought Tuvalu a seat at the UN table. In the early days of the web, Tuvalu, like any country, was assigned an internet suffix, such as ".fr" for France or ".uk" for England. Its Internet domain name was bestowed ".tv", probably the most recognizable two letter symbol in the world. Last November, Tuvalu negotiated a contract leasing its internet suffix ".tv" to a Californian company, dotTV, for more than \$50 million in royalties over the next decade. With the money, Tuvalu gained the funds to become the 189th member of the UN. "Membership fees had prohibited Tuvalu from joining the UN," says Koloa Talake, Tuvalu's former minister of finance. "The world's recognition of Tuvalu as an independent country has been made possible by the relationship with dotTV." Island nations, faced with limited resources and long distances to major markets, have always looked for creative ways to generate revenue while reaffirming their independence. Some specialize in issuing stamps, others have become tax-heavens. UN officials say Tuvalu is the first nation to tap the blossoming New Economy to join the world body. With the surge in e-commerce and internet connections, the number of recognizable addresses ending in ".com" or ".net" have become scarce and the race for new addresses has heated up. The suffix ".tv" has an obvious appeal to the television industry. Tuvalu gets \$ 4 million every year from dotTV, which represents half of its annual national production. The deal also provided the nation with a 20 percent stake in the company dotTV, which will ensure steady revenue for its future. "Like Saudi Arabia sitting on a bunch of oil, Tuvalu is sitting on ".tv";" says Lou Kerner, dotTV Chief Executive Officer. "It's a natural resource and Tuvalu wanted to make money out of it." DotTV, now with the exclusive worldwide rights for web addresses ending in ".tv", has already licensed more than 10,000 addresses to companies around the world, like Sega of America or Columbia TriStar International Television. The annual registration fees for an address ending in ".tv" range from \$50 for nongeneric names to around \$100,000 for generic ones like "free.tv," which are auctioned. Already 9 million addresses ending in ".com" have been registered. This year, it is estimated that 16 million new domain names will be registered with different suffixes. This number is expected to grow to 140 million by 2003. Before the deal, Tuvalu's only sources of revenue were fishing and copra - the dried section of the meat of coconut, which is used in oil and soap. As of Aug. 1, dotTV has already paid \$18 million to Tuvalu. This deal, Mr. Talake says, is transforming the nation. "People of Tuvalu are proud of the UN connection," he says. "With this income from dotTV, people from Tuvalu can now go around and see other parts of the world."

From Christian Science Monitor, 5 September 2000

GATES PROMOTES INTERNET TO INDIA'S GOVERNMENT

Microsoft Corporation Chairman Bill Gates Thursday undertook a whirlwind one-day tour of India promoting the Internet as a way of improving overall government efficiency. Gates was in India to mark Microsoft's 25th anniversary which coincided with the 10th anniversary of Microsoft India. Meeting with the chief ministers of 10 Indian states, Gates called for information technology (IT) to be utilized for establishing a system of "e-governance." "I am very impressed with the keenness of Indian politicians to use IT in e-governance and education," he told reporters after a luncheon meeting with the ministers. "This is something you won't find even in the US." Gates also used the occasion to launch the Indian version of his corporation's new Internet portal, "Microsoft.Net", described as new generation software that combines computing and communications. "The fundamental idea behind the software

is that the focus is shifting from individual websites or devices connected to the Internet to constellations of computers, devices and services that work together to deliver broader, richer solutions," a Microsoft statement said. For their part, the chief ministers promoted their respective states as investment opportunities for Microsoft Corp. Microsoft has located its offshore development center in Hyderabad in Andhra Pradesh state. Bangalore, the capital of Karnataka state, is often referred to as India's "IT capital" for its role in the promotion of software development in the country. The chief ministers of those two states were the only ones to have one-on-one meetings with Gates during his visit Andhra Pradesh chief minister, Chandrababu Naidu, said afterwards he had asked for Microsoft's help in guiding his state towards integrating "e-governance" - a move that could be a win-win situation for both parties. Gates also announced \$50 million more in investments over three years for its Hyderabad software center. Earlier in the day, during a meeting with Indian IT Minister Parmod Mahajan, Gates pledged to provide \$5 million over five years to help finance India's rural education program. "Mr. Gates has shown keen interest in the Indian Government's initiatives in taking IT to the masses," Mahajan told reporters after the meeting. Mahajan said he had briefed Gates on the strides India has taken in the fields of IT, telecom and broadcasting, and he told Gates that India was one of the few countries in the world to have cyber laws in place. "If Microsoft is looking for opportunities in India, it must work in languages other than English," he continued. "We have only about 50 million people who can understand English. More people can understand Hindi, Bengali, Tamil, Kannada and Telugu," he said. Microsoft and India's leading software firm, Infosys Technologies, Thursday announced a strategic alliance to develop e-business solutions in areas such as insurance, e-commerce and financial services. While in India, Gates also visited a polio clinic in New Delhi and administered vaccine to 30 children. Gates said the Bill and Melinda Gates Foundation has provided \$750 million for a fund to fight diseases in developing countries. Thursday evening, Gates left for Sydney, where he is to witness the opening ceremony Friday of the 2000 Olympic Games.

From CNS, 15 September 2000

TAIWAN'S INTERNET USERS INCREASE, LIKELY TO REACH 7.5 MILLION IN TWO YEARS

More and more people are logging on in Taiwan. According to the island's Information Industry Association (IIA), Taiwan's number of Internet users rose 16 percent to 5.57 million during the first half of this year—the island's population was estimated at 22,190,000 in July. In addition, according to a report published by Taiwan's local telecommunications service providers, the island's number of Internet users is very likely to reach 7.5 million in two years. The aforementioned figures are very large relative to the mainland, which, according to recent Chinese government statistics, currently has only about 16.9 million Internet users. According to the IIA, between now and 2002, the annual growth of the island's local business-to-business e-commerce market will reach 99 percent, while that of its b-to-b services market will be 68 percent. Meanwhile, the annual growth of Taiwan's local business-to-consumer e-commerce market is estimated to reach 70 percent, the Sept. 7 Jisuanji Shijie Ribao (China Computer World) reported. Taiwan's 5.57 million Internet users include 4.65 million regular dial-up users, 1.74 million academic network users and 15,800 people using leased lines. The growth of these three categories of users has been stable at 7 percent annually. Currently, asymmetric digital subscriber lines (ADSL) and cable are Taiwan's most popular Internet-access methods. The island's number of ADSL users has increased 1.7 times in the past six months, the article said. Along with the opening of fixed-line networks, it is estimated that the island's number of ADSL users will increase 250 percent to 300 percent a year, far exceeding that of leased-line and cable users. Thanks to vigorous promotion by Internet service providers, HiNet and Seednet's ADSL users grew sharply by 100 percent to 250 percent from May to August of this year. By the end of this year, the number of Taiwan's ADSL users is likely to increase to 150,000 to 200,000, according to the story.

From China Online, 12 September 2000

POLICE TO CLOSE 'CORRUPTING' INTERNET CAFES

Chinese police are to shut down more than half of Shanghai's Internet cafes, some of which offer "corrupting" computers to both adults and underaged children, state media said yesterday. The move heralds a national inspection of Internet cafes which will begin next month after the campaign in the eastern city of Shanghai draws to a close on Sept 29, the Shanghai Daily reported. Officials have suspended many cafes which illegally allowed under-18s to enter without supervision from adults, or which permit adults to play the popular computer games Quake or Diablo II. "Playing games is a primitive stage of computer use. We don't want to encourage this," Mr. Ye Hui, a local IT Industry Administration Division official, told the paper. The closing of 525 of the city's 1,000 Internet cafes showcases the government's struggle to speed up the growth of the new economy while containing the resulting social and political changes. Internet cafes have been a hotbed of dissident activity and the government has been using a heavier hand to control Internet use in recent months. According to China's laws, operators of Internet bars must install a "software manager" which can tell the government who is using the computers and for what purpose. Customers must also show identity cards when using Internet cafes. However, with the growth of the Internet moving at breakneck speed authorities are struggling to keep pace with its development. Internet usage in China has nearly doubled since the beginning of the year, rising to 16.9 million users in August. The rise continues a two-year trend which has seen Internet usage doubling every six months, according to the government-run China Internet Network Information Centre.

From Singapore Straits Times, 28 September 2000

EUROPE

INTERNET NEWSPAPERS SPROUTING IN SLOVAKIA

While the Internet has become a major tool of communication in developed countries around the world, much has been made of Slovakia's lacklustre IT prowess. Indeed, a September, 1998 survey conducted by the Slovak Academic Network revealed that only 2.5% of the population used the Internet on a regular basis. But IT insiders and analysts say that the trend is slowly reversing, and that today close to 10% of Slovaks are regularly on-line. With the increased activity, Internet media outlets have begun to sprout up in Slovakia in hopes of cashing in on the heightened use of the World Wide Web. The firms say that profits are still at least a couple years away, and that their survival today is dependent upon wealthy backers willing to wait for their investments to pay off. Despite their current financial woes, Slovakia's Internet news outlets say that by setting up shop now, they will reap the benefits sure to come in the country's brightening IT future. "I believe that this business has a big future, even in such a technologically asleep country as Slovakia," said Pavol Rusko, head of the nation's top-rated television station TV Markíza and one of the co-owners of the newest Internet media outlet, Markíza Portal. "We are investing today because in this kind of business it is important to follow a vision. It is better to invest now than two years from now when the business is expected to boom." Markíza Portal (www.markiza.sk), which is scheduled to begin operations on the Net in October, will join two other Internet media groups already operating in Slovakia. InZine (Internet Lifestyle Magazine, www.inzine.sk) was the first to hit the Web, beginning on February 1, 1999, and was followed by Internetové noviny (Internet newspaper, IN, in.edom.sk/noviny), which launched their site September 9, 1999. Neither of the two existing sites have reported a profit, and all three are backed by IT firms. InZine is financed by the Slovak IT company Gratex, while the American wireless communications firm Corinex is the 100% backer of IN and a 50% partner in Rusko's Markíza Portal. Officials from Corinex were unavailable to comment for this article. "It is absolutely impossible to survive without a strong and stable company behind you in this business," said Peter Piš anek, InZine's editor-in-chief. "The only way to raise any money is through advertising, but as you probably know, the Internet ad market is today not even worth mentioning." While times are tough, the new media outlets are encouraged by the predictions of IT experts that the Internet will soon become more accessible to the general population. The high costs of connection, for example, have been cited as hindering the medium's growth, but the July privatization of state-run fixed line monopoly Slovenské Telekomunikácie (Slovak Telecom - ST) is expected to drag costs down to more affordable levels. "Currently, the lines are too expensive for a private user," said Marián Velsic, a research fellow at the Institute for Public Affairs think-tank in Bratislava. Velsic explained that ST currently connects users by "dial-up connection", or through fixed telephone lines. With expected infrastructure upgrades driven by the new ST majority owner Deutsche Telecom, however, less-expensive "cable connections" will become the norm. "After the market is opened to the less expensive cable connections, prices should fall considerably." When they do, Velsic continued, the core group of Slovak Internet users (young, university-educated, urban dwellers) will boost Internet use to new levels. Markíza Portal's Tomáš Szalay, in fact, predicted that "in three years Slovakia could have 30% of the population as regular Internet users." InZine's Piš anek, who as a noted prose writer has been credited with capturing the gritty realism of Slovak life, agreed that the future of Internet media lay with the younger generations. "University-educated people between 23 and 35, people with a sense of humor who are interested in public affairs - that is a typical InZine reader," he said, adding that the site receives 1,500 to 2,000 hits per day. "We have managed to attract people who either are or in a few years will be representing the elite of this country." InZine's current rival on the scene, IN, is updated around-the-clock and has managed to attract some of the country's most respected reporters. "It wasn't very difficult to attract quality reporters to work at IN," said editor-in-chief Július Gembický, himself a respected journalist with nearly 30 years of experience for the special-interest magazine Svet, and the daily papers Národná Obroda and Sme. "For [reporters], it is a great opportunity to react quickly to political and social events," he added. "The Internet offers one thing which the classical print press is missing - the opportunity to be interactive and more communicative with its audience." But far from trying to compete with traditional printed media, Gembický said IN was striving for "co-existence with the print media. Internet media will never bury the printed paper," he said. "But Internet as a new medium of media offers more than the classical printed paper - it is interactive, it offers sound, and even moving pictures."

From Slovakia Today, 11 September 2000

PM BLAIR UNVEILS INTERNET PLANS

The cost of internet training is being cut by 80%. The UK will become the best country in the world for e-commerce, the prime minister has promised. Tony Blair was setting out a raft of measures to boost internet use in the UK, including a £1bn drive to get all government services online by 2005 and £15m to help businesses make the most of the web. The prime minister also announced the first raft of 600 online centres to give hi-tech access to poorer communities. Mr. Blair said the government's initiative, called UK Online, was aimed at ensuring the country's economy did not fall into two - old and new. "There is no new economy. There is one economy all of it being transformed by information technology," he said. "What is happening is no dot.com fad that will come and go - it is a profound economic revolution." 'Best training' - The economy was all one and what mattered was whether companies mastered the information technology change, he told his audience in Loughborough. The government drive had three aims: to make sure the UK was the best place to do e-commerce, to ensure universal net access for all and to ensure all government services were available on the net. He said ministers were

Mr. Blair said:

90% of workers are now employed in businesses connected to the internet
A third of the UK population is now online
The UK boasts Europe's largest e-commerce market with £2bn spending last year

putting in place training measures, such as:

600 online centres to give hi-tech access to poorer communities piloting internet access in post offices offering discounts of 80% to all adults for online courses, bringing a £200 course down to £40. "This, we believe, is the most comprehensive and affordable IT training programme in the world," he said. The extra £15m given to businesses would be used to provide advice face-to-face or by telephone, he said. And he underlined his determination that by 2005, all government services should be online. From next year, for example, the unemployed would be able to search job vacancies from home or in a JobCentre kiosk. "The whole shape of our economy will be changed by this new technology, that's why UK Online is so vital. If we live up to the challenge of the knowledge economy, we can reverse the decades of decline we suffered in the 20th Century and become one of the world's most successful economies in the 21st Century." Targeting the homeless - The prime minister said Britain now had the best off-peak rates for connection to the internet in the world. The new community-based computer centres are aimed at helping the homeless and jobless rejoin society. Pilot projects have been running up and down the country since January, but critics say care will have to be taken to ensure that the help the centres give is properly targeted and delivers the benefits to the right people.



Tony Blair wants the entire population using the web within five years

From BBC, 11 September 2000

ESTONIA PUTS GOVERNMENT MEETINGS ONLINE

One at a time, with chip card in hand, the ministers of the Estonian government arrive at a meeting. Each government minister puts his or her card into their computer, types in a password, and the session begins. There is still a bit of awkwardness surrounding the new technology, and some of the members of the government have to ask for help. The meeting itself is off limits to outsiders – for now. I sit nearby following the meeting with the help of a computer. I watch in real time to see what decisions the government makes at different stages of the agenda. In a few seconds, the decisions appear in journalists' e-mail, on the government's web site, and they are sent to the news agency BNS. Everything is over in just over half an hour. Previously government meetings had taken about an hour and a half. The government led by Prime Minister Mart Laar claims to be the first in the world to have introduced a "paperless electronic government". "All ministers use computers, the Internet and e-mail at work and at home", says Estonia's information technology expert Linnar Viik. "When they travel, most have a laptop with them. The Minister of Culture, who went to Sydney, is taking part in government work with the help of a computer at the hotel." Viik is the Prime Minister's adviser on information technology and science. Having studied at the Helsinki University of Technology, the 35-year old Viik was named "Estonian of the Year" for 1998. According to the government's press spokesman Jaanus Rankla each government meeting used to consume about 17,000 sheets of paper. Now, the government saves about a million kroon a year in paper and duplicating costs. The new system, using computers assembled in Estonia running on Estonian software, is expected to pay for itself in about two years. The ministers do not have to be present at meetings to take part in the work of the government. They can, if necessary, write their points of view electronically for the others to see. "Digital preparation" has led to greater efficiency in the government's work. When the government moved into the 18th century Stenbock building a month ago, leaving the Toompea Palace to the Parliament, the computers were waiting for them on the tables. "In principle I am satisfied with the system. It is easy to use", says Katrin Saks, Estonia's minister for ethnic relations. "A small problem is that one loses human contact, and what is left is simply a relationship with a machine." "I do still have some papers with me in my briefcase", the minister concedes. More papers will disappear when the law on electronic signatures comes into effect. Then, the electronic version signed by the Prime Minister will be the original document, and the version on paper will be considered copies. Soon it should be possible to follow the work at government meetings "live", with a webcam giving a picture. Prime Minister Laar does not deny that the idea was originally his. He thanks his aides for its rapid implementation. However, Laar's children might also deserve some credit, as they are said to be real computer freaks. The policy of openness suffered a setback last week in connection with the first Internet press conference held by Laar and his party. Some unknown person started to answer questions on Laar's behalf. "It's all part of progress", notes Laar. "We are not shocked. We will continue with the same kind of openness. Even the person involved has apologised. Viik says that the next step will be "direct democracy", in which citizens will be able to use the Internet to make proposals, debate them, and vote. "Supporters of a proposal can give their signature, and the government will take it as seriously as one made by a Member of Parliament." The office of each Estonian Parliamentarian now has a computer, and the voting system that was just taken into use gives the people the possibility to follow events in the chamber. All speeches, old and new, can be seen on the Internet, and when the cameras are installed, it will be possible to watch the sessions live. "We expected all branches of government to benefit from the system. What surprised us was that the greatest interest has come from private companies and foundations. They benefit from the possibility to prepare for meetings electronically", Viik says. There is such a shortage of experts in the field, that Nokia and Ericsson advertise in small provincial newspapers in their effort to recruit local employees. There are positions for at least 1,000 competent IT professionals waiting to be filled in Estonia. A new privately owned IT College, established with the help of Swedish financing, is churning out its first graduates. Viik is the man behind the "tiger's leap" programme, which was financed through private and public funding, which brought computers to Estonian schools. "The goal is to give children the knowledge and ability to live in the 21st century." Now that the machines are there, the focus is on the teachers, and training them in the use of computers in the class.

From Finland-Helsingin Sanomat, 27 September 2000

THE AMERICAS

FROM BARS TO CAR WASHES: INTERNET IS EVERYWHERE

There is no escaping the Web. Kiosks are springing up everywhere to allow consumers to surf the Internet and check e-mail between wash cycles and baseball innings. Amusement parks, ballparks, campgrounds, bars, car washes, shopping centers and sports clubs are all offering Web access as kiosks pop up in unlikely places, hoping to grab the attention of Net addicts, professionals and even first-time users. Only five years ago, Internet cafes where customers grab a cup of java and peruse the Web for a fixed per-minute fee were a novelty. Now Internet access is a common amenity at virtually every major airport and many business hotels. With more than 22 million U.S. households expected to come online by 2005, Internet research firm Jupiter Communications says, companies look to reap the benefits of growing Web use. Jupiter estimates 120 million Americans are online and, as of December 1999, 104.5 million accessed the Web at least once every 30 days. Want to check your e-mail while doing your wash at the coin laundry? Go to Wash Club in San Francisco. How about surfing the Web while you wait for a movie to begin? Go to Marcus Theaters in the Midwest. You can also get Internet access with your burger and fries in some McDonald's restaurant locations. While more and more people are buying Internet-enabled mobile phones that allow them to check e-mail wherever they are, Jupiter analyst Dylan Brooks says kiosks have some advantages, offering faster connectivity and greater capabilities. "The wireless connectivity is generally never going to scale to the same level and speeds of wired connectivity," he told Reuters. That is what Internet kiosk providers such as San Francisco-based STREETSPACE are counting on. STREETSPACE provides retailers with Web stations equipped with free high-speed digital subscriber line (DSL) access. The company, which derives its revenue by selling exclusive sponsorships for its content channels, said its stations help retailers build their Web presence. For one thing, fewer customers will leave without spending a dime if they can get unavailable items through the store's e-commerce site. Some retailers worry that Web access beyond their own sites will take away from the shopping experience, but STREETSPACE disagrees. "To a certain degree you have to limit access because no retailer wants people sitting around surfing the Web for an hour, but you want to give people access to information that is relevant," vice president of marketing Michael Wranovics said. Octopus, a specialty retailer in Berkeley, California, that installed a Web station, said its customers stay on for only about 10 to 15 minutes. Owner Aldrin Deepak said he has more repeat customers now and those who come to use the Web station often end up making purchases. For some companies such as Dallas-based Urban Cool Network Inc., Internet kiosks are the solution to making the Web accessible to people with lower incomes in urban areas. "We think we have the solution to bridging the digital divide," Jacob Miles, UCN founder, chairman and CEO, said. According to Jupiter, households with incomes below \$50,000 represent most of the future new online users, and these households are more likely to prefer access in public areas such as post offices, supermarkets, malls and stores. Miles said UCN deploys broadband Internet access in National Urban League facilities, shopping malls, small businesses, check cashing services, health care facilities and community centers in inner cities across the country. UCN offers information on topics such as health care and employment -- content that it believes is particularly relevant to its target audience. "The response has been great. We're signing up right now seven to 10 locations a week," Miles said. Companies such as STREETSPACE and Darwin Networks, which supplies kiosks to UCN, are scrambling to sign up customers, but Jupiter's Brooks cautions that kiosks need to be strategically placed to be viable. A recent study Brooks led showed consumers generally find Internet access outside of the home and office valuable, but the importance of specific venues differs according to income and Web familiarity. Lower-income consumers expressed more interest in having access at public places within their community, while affluent consumers place more value on access at travel-related venues. Veteran Web surfers also find Internet access most useful at hotels, airports, government offices and libraries. Brooks said he sees most kiosks going into hotel lobbies, commuter train stations and airport terminals but can envision a future where kiosks would replace magazines at waiting rooms of doctors offices and lobbies of post offices and banks.

From ABC News-National-Wire, 11 September 2000

SURVEY FINDS U.S. STATE, FEDERAL GOVERNMENT WEB SITES LACKING

State and federal governments still have a long way to go in exploiting the power of the Internet, with few offering user-friendly Web sites to help people do business with governments online, a survey found. Among the states, Texas ranked first and Rhode Island last in efficient use of the Internet, Brown University researchers said. The White House Web site ranked near the bottom among federal Internet destinations. "Most of these sites are struggling just to get one service online," said Darrell M. West, the Brown political science professor who led the effort. Texas barely edged out the rest of the sites, offering 51 percent of the customer features researchers were looking for, which included government publications and forms, databases, services and disability access. Rhode Island only had 19 percent of those features, on average. Many of the sites also lacked privacy and security statements, and the policies that were posted were so fraught with loopholes and dense speech as to be meaningless, he said. Brown University researchers checked more than 1,800 Web sites, ranking major federal agencies and all 50 states to see how the governments were using the technology. They found that 78 percent of the sites delivered no online services at all, such as allowing citizens to file a complaint, order publications or renew their vehicle registrations. Many sites didn't even offer contact information such as a phone number or mailing address. "Well-run, efficiently organized Web sites that offer useful services to citizens may have a significant positive effect on public spirit and the attitude of citizens toward government," West said. "That potential certainly exists. We found, however, that e-government is still in its early stages." Larger states tended to do better in the 50-state rankings, with Minnesota, New York, Pennsylvania and Illinois leading the list after Texas. States with small populations, such as Nevada, South Dakota, New Hampshire, Delaware and Rhode Island, lacked large enough economies to offer such services and came in

last. West also talked to the state technology heads to see what services they wanted to put on their site. Most wished for vehicle registration renewal, which only seven states offer now. As for federal sites, the Consumer Product Safety Commission, Internal Revenue Service and the Treasury Department had the best sites, and the White House, U.S. Trade Representative and the National Security Council had the worst, according to the survey. West said there were "glaring omissions" in the recently redesigned White House site, which had 42 percent of the features researchers looked for. There's a privacy statement, but no security statement, and there are no databases, services or access for people with disabilities. "It's surprising when they redesigned it they didn't add a lot of features," he said. "The site looks good, but there's not a whole lot there." The survey found that of the federal and state Web sites examined, only 5 percent told users that information sent to the site was secured, and only 7 percent had a privacy policy. A federal Office of Management and Budget directive requires federal sites to disclose their privacy standards, but some still do not. West said many of the privacy statements are deficient too. "There's a lot of weasel language in the statements," he said. "Sometimes even when they're giving lip service to privacy, there's not a lot of substance behind it." Overall, the researchers said the federal government generally is more advanced than the states when it comes to Web sites, with many more federal sites having databases and offering services than the states. Only 39 percent of state sites offered a database of any kind, compared with 94 percent of federal sites. No state site had a consistent or standard design across its Web sites, although three states - Washington, Indiana and Connecticut - had a common navigation system. Many sites lacked the basics, such as how to contact the government agency. Several sites had no phone number or address, and many more had no e-mail address. "This was unacceptable," the report said, "considering that even if the sites provide no services, a constituent could at least contact the agency."

From Nando Times, 15 September 2000

U.S. GOVERNMENT WEB SITES HAVE FEW PRIVACY SAFEGUARDS

Big Brother doesn't live up to its own Web site privacy standards, according to a report issued Tuesday — but some normally paranoid watchdogs say the findings aren't necessarily cause for alarm. The report by the nonpartisan General Accounting Office says most federal Web sites fail to meet the standards for safeguarding private information that the Federal Trade Commission has proposed for e-commerce companies. Just two of 65 surveyed federal Web sites complied with all four of the "fair information principles" proposed by the FTC for electronic commerce, the report says. The FTC standards are designed to protect consumers' personal information — such as address, age and income range — from being sold to third parties. Rep. Dick Arme, R-Texas, requested the study from the GAO, which is Congress' investigative wing. Arme called it a "devastating" assessment of what he said was the Clinton-Gore administration's failure to live by its own privacy standards. "People with glass Web sites should not throw stones," he said in a prepared statement. "Perhaps the government could take a few lessons from the private sector." Arme favors industry self-regulation and is trying to show that if the FTC guidelines aren't followed by the government itself, then no one should have to follow them, his spokesman said. One watchdog group called this faulty logic. Jason Catlett, president of Junkbusters Corp., a privacy advocacy firm, called Arme's point of view "a salacious argument." He said federal agencies are covered by a range of laws, including the Privacy Act of 1974, and that the FTC's proposed rules were not meant to apply to government sites. The Privacy Act does not allow a federal Web site to even consider distributing personal information, Catlett said. The White House dismissed the report for the same reasons. "I think we're comparing apples and oranges here," said spokesman Jake Siewert. "They're comparing it to a policy that was designed for commercial Web sites, which is very different." But another privacy advocate, Dave Banisar of EPIC (epic.org), said the Privacy Act is badly in need of an update because there are now so many loopholes that government agencies can easily circulate private information among themselves. "The Privacy Act these days is largely a paper tiger," he said. Banisar cited the so-called "Deadbeat Dads Database" as a typical Privacy Act problem. The database was created with the understanding that it "only be used to track down these deadbeat dads," he said. "But (now) it's a database of every single new hire in the past three years." Other problems mentioned in the report: 14 percent of the sites allow third parties to deploy tracking devices called "cookies," an e-commerce practice that privacy advocates decry. Cookies are small files a Web site places on a user's computer that often contain personal information. They can be read by the site that put them there — or by any other Web site. The solution? Work to improve data protection on both federal and commercial sites, say the advocates. Junkbusters' Catlett wants strict privacy laws passed that would regulate the commercial sector just like the feds. EPIC's Banisar suggested an independent agency to deal with privacy issues. What seems more clear is what the American people want: An August poll by the Pew Internet Project found 81 percent of respondents favored stricter privacy rules. Only 24 percent, however, said the federal government should be in charge of creating the rules — most said Internet users should make them. "Basically, Internet users want a seat at the table," said Susannah Fox, director of research at Pew. "And at this point they don't have one either with Internet companies or with government Web sites."

From Fox News, 12 September 2000

WEST VIRGINIA STATE TO HOST INTERNET SUMMIT

As state officials turn to the Internet to provide services to West Virginians, they are finding that the technology carries pitfalls as well as promise. As more information becomes available online, the state will be faced with balancing the public's right to know against an individual's right to privacy. State officials also must find ways to prevent employees from abusing the Internet without blocking access to needed information. "Once you start making lots of state databases available via the Internet, which is what some parts of the population are very interested in, then you get around the ragged edge in privacy," said Sam Tully, director of the Governor's Office of Technology. For example, if the Division of Motor Vehicles made driver registration information available online, a stalker

could easily find someone's address, Tully said. Privacy and other online issues will be tackled Sept. 26 during an Internet summit. The summit is being held in conjunction with the annual West Virginia Information Technology Conference and Exposition at the Charleston Civic Center. "This whole summit idea is to start getting some of these issues out there so that you don't end up making a decision or preparing to make a decision that has some of these pitfalls," Tully said. The American Civil Liberties Union fears that "there is a potential for a great deal of abuse when an unspecified number of people have access to records that belong to individuals," said Hilary Chiz, executive director of the West Virginia chapter of the ACLU, who will participate in a summit forum on privacy. Chiz said the ACLU also is concerned about the state's effort to control employees' access to the Internet. State officials want to install Internet filters in 35,000 computers at 870 sites to block access to pornography and other objectionable material. Chiz said employees' misuse of the Internet is a personnel matter that should be handled by supervisors, and not software. "What we object to is a wide, sweeping meat cleaver approach to every employee. There have been restrictions placed on people who were doing serious academic research," she said. But a filtered Internet does not necessarily mean a toothless Internet, said Greg Eiler, who also will participate in the privacy forum. Eiler is co-managing director and vice president of CIS Internet, an Internet service provider in Putnam County that markets itself as a filtered service. "A lot of people that are against filtering keep bringing up old-fashioned technologies that use key words," Eiler said. "As the technology continues to change, the filtering systems have gotten better and better." The filtering service that CIS uses "can easily distinguish what is Humana Hospital's breast cancer center as opposed to a pornography site," he said. "We're letting businesses and people know that if your employer says, 'We're going to have a filtered Internet,' that doesn't mean you've totally lost everything." Eiler said the Internet is "full of places that you would not ordinarily want your employees to go." I think that's going to be a legitimate concern for taxpayers, legislators - all the way across the board." Other forums scheduled during the summit will focus on e-commerce, Internet crime, online health initiatives and new technologies. Write a letter to the editor.

From Associate Press, 18 September 2000

U.S. GOVERNMENT LAUNCHES ONE-STOP CUSTOMER SERVICE SITE

Want to track your Social Security benefits? Need to apply for a federal student loan? Having trouble surfing the Internet to find the nearest veterans hospital? Want to reserve a campsite at a national park? Beginning Friday, Americans can do all these things by logging on to a single U.S. Government Web site: <http://firstgov.gov>. President Clinton will explain how the site works in an Internet address Friday afternoon. The one-stop Internet site consolidates 20,000 government Web sites - some 27 million web pages - into one. "Up to this point, the problem has been finding the information" in the maze of government Web sites, said Thomas Kalil, special assistant to the president for economic policy. "It's been like a library without a card catalog." The new site allows Internet users to search for government information by topic, rather than by agency. It also is designed to reduce the time Americans now spend traveling to government offices and waiting in line. The site was developed, at no cost to taxpayers, by a team led by Internet entrepreneur Eric Brewer. He's chief scientist at Inktomi Corp., a software developer and marketer in Foster City, Calif. The Government will pay \$165,000 a month to maintain the site, which can search a half a billion documents in less than one-quarter of a second and handle millions of searches a day, Kalil said. A survey released last week concluded that federal and state governments still have a long way to go in exploiting the power of the Internet, with few offering user-friendly Web sites to help people do business with governments online. The White House Web site ranked near the bottom among federal Internet destinations, Brown University researchers said.

From Nando Times, 22 September 2000

ILLINOIS BUSINESSES HONORED FOR SERVICE, ETHICS

A local auto repair garage and a national computer company share something in common. Dakota-K Auto Repair & Tire Center of Arlington Heights and CDW Computer Centers Inc. of Vernon Hills are two of the four winners of this year's Better Business Bureaus National Torch Award for Marketplace Ethics. "We're very happy about the situation," Dakota-K operations manager Barry Slade said Monday. "We work very hard for this kind of honor. We work very hard on a daily basis and expect to live up to the expectations of the award." The 26-year-old Dakota-K, 3450 N. Old Arlington Heights Road, and 500 E. Northwest Highway, was chosen for actively serving as a positive role model for the auto repair industry. A Better Business Bureau statement released Monday notes Dakota-K "stands behind its work, refusing to sell something that isn't needed and willingly admitting errors if they arise." The company also was cited for its relationships with suppliers, providing a safe working environment, excellent benefits and staff and technician training. Dakota-K owners Joan and Neil Koebnick were in San Juan, Puerto Rico, Monday to receive the award. This isn't Dakota-K's first Torch, either. The company won the local version of the award in 1998, from the BBB of Chicago and Northern Illinois. Sixteen-year-old CDW, which was a National Torch Award finalist last year, was cited for its customer-oriented "CDW Circle of Service" philosophy, generous employee benefits that earned recognition from Fortune Magazine as one of the "100 Best Companies to Work for in America," and close working relationships with its vendors. "Winning this award is a true honor for all of us at CDW," Chairman and CEO Michael Krasny said. "We've found that being ethical and honest is not only the right thing to do, it's simply good business." Presented annually since 1995, the National Torch Award honors businesses that demonstrate exceedingly high standards of behavior toward customers, employees, suppliers, shareholders and communities; adherence to truthful and honorable advertising and sales practices; and an earned reputation for noteworthy contributions to their industries and the communities in which they do business.

From Arlington Heights (IL) Daily Herald, 27 September 2000

Public Finance

AFRICA

SA FINANCE MINISTER APPEALS FOR DEBT RELIEF AT IMF WORLD BANK MEETING

South African Finance Minister Trevor Manuel has told the World Bank and International Monetary Fund (IMF) ministerial meeting in Prague, Czech Republic, that wealthy countries had still not put enough on the table for debt relief. The South African daily, 'Business Day', quoted him as saying he hoped a proposal by the European Union's commission for duty- and quota-free access for poor countries would be accepted. The move at the weekend to extend the highly indebted poor countries initiative by two years may give a number of countries involved in conflicts time to obtain debt relief. In addition, the bank and IMF have said that they would make a special effort to push through debt relief for another 10 countries this year. The Group of Seven industrial countries (G-7) made an earlier commitment for 24 developing countries to obtain relief by the end of the year. The developing country group at the meetings, which includes oil producers, called for measures to stabilise oil prices and IMF help for countries that have been hard hit by the surge in crude prices.

From allAfrica.com-Southern Africa, 27 September 2000

ASIA/PACIFIC

BEIJING TO TIGHTEN COLLECTION OF TAX FROM PERFORMERS

The collection of personal income tax from workers in show business will be tightened on a trial basis beginning Oct. 1, the Beijing Municipal Bureau of Local Taxation recently announced. According to the measures, everyone who earns income from work related to stage, film, and TV performances—including actors, directors, scriptwriters, and video producers—will have to pay income tax, the Sept. 6 *Beijing Chenbao* (Beijing Morning Post) reported. People in show business must file and pay taxes at the local taxation administration where their show is presented, or where their work units are located, within the first seven days the month after they are paid. They must pay their taxes according to the following guidelines: If an employee is paid at two or more places, the tax shall be based on the combined amount of the salary or pay in other forms at all places; the employee will receive several payments for one project; the withholding agent cannot withhold tax according to the law; and the employee will be notified by the tax authority to pay taxes. Show business employees who have obtained permits for performances and those required by tax authorities to voluntarily pay personal income tax should regularly file and pay tax at the tax office. Furthermore, beginning Oct. 1, the municipal authority will levy a fixed amount of personal income tax on some of those working in the entertainment, food and beverage and catering sectors, the article said. If the above-mentioned businesses can provide authentic and accurate data on personal incomes, the authority will levy taxes based on what is provided by the accounting books. Otherwise, the authority will collect a fixed amount of personal income tax, the article said.

From China Online, 8 September 2000

IMF MAY MEET PAKISTAN DEFICIT

It is unlikely that the IMF will deny "oxygen" to Pakistan but the worry now is about the size and form of the financial package. Sources here said the Fund is expected to provide short-term credit facility, and debt relief by Paris Club is to be of similar tenure. Apparently, IMF wants to keep Islamabad under pressure so that it does not drag its feet on stipulated reforms, they added. The review mission led by Ms Sena Eken, assistant director, Middle Eastern Region, is currently evaluating fiscal reforms. It will be joined by Paul Chabrier, director, Middle Eastern Region this week. The Article 1V consultations and a programme enjoying IMF support are to be finalized by the 20th of this month. Financial approval is anticipated at the meeting of the Fund's executive board, expected by the end of this month. Disbursements are likely to start in second quarter of current fiscal. The reported agreement on Hubco power tariff while the crucial talks with IMF are underway, financial analysts say, has significantly improved the prospect of financial assistance. However, the IMF package which will encompass debt relief by Paris Club, sources say, would however be just enough to overcome the balance of payments deficit for one year. Indications are that IMF bail out will be in the shape of 12 to 18 month Standby Arrangement (SBA) that is designed to take care of balance of payments problems which are temporary or cyclical in nature. Payments are made on quarterly basis, on meeting of certain performance criteria and successful completion of programme reviews. Though the general expectation is that IMF would provide one year facility of about a billion dollars, financial analysts at Global Securities (GBS) estimate that "an SBA to the tune of 500-700 million dollars is likely to be approved by the IMF, accompanied by one to two year foreign debt rescheduling." Analysts do not see a large IMF bail out for a variety of reasons. Incorrect reporting of fiscal data has been a major setback and the Fund has to be fully satisfied with the new reporting system, apart from execution of fiscal reforms and achievement of revenue targets. Perhaps more importantly, IMF shareholders are unlikely to approve a large bail out package without making Pakistan more receptive to their political agenda. Whereas short-term

facility will help address immediate balance of payments difficulties, a more long term package accompanied by a four to five year rescheduling will be required to put the external account in order, say financial analysts. The IMF financial approvals would however send a positive signal to both multilateral donors and commercial banks and enhance the country's credit rating. To quote press reports, the World Bank and Asian Development Bank may further strengthen the IMF support by simultaneous announcements of their loans. Ihtashamul Haque adds from Islamabad: The IMF review mission held its first meeting with Finance Minister Shaukat Aziz on Wednesday and he assured the mission that the government would achieve economic indicators set for year 2000-2001 including reduction in budget deficit from 7 per cent to 5 per cent of the GDP. Official sources said finance minister assured the mission that the government was implementing a well-thought out plan to revive the economy during the current financial year. He said it might not be possible to achieve 4.6 per cent GDP budget deficit target due to a number of reasons including the 17-day strike by the traders. He told the review mission that the restructuring of the CBR was underway with a view to have a new tax system in place by January 2001. When contacted, the minister for finance told Dawn that Pakistan was likely to get \$1.5 billion Standby Arrangement (SBA) from the IMF, World Bank and the Asian Development Bank (ADB). "We have successfully negotiated many issues with France, Germany, United Kingdom and Japan and I am sure that we will get this SBA converted later into Poverty Reduction Growth Facility (PRGF)," he said. Mr. Aziz was hopeful that an agreement will be signed with IMF under which loans would be restructured by the London and Paris Clubs.

From Pakistan-Dawn, 13 September 2000

KOREA: PROPOSED BUDGET FORCES PEOPLE TO PAY FOR GOVERNMENT'S MISTAKES, GNP SAYS

The opposition Grand National Party (GNP) yesterday called for the government to revise its budget estimate for 2001, saying the 101 trillion-won (\$90 billion) budget burdens taxpayers with the administration's policy mistakes. It stressed that recent decisions to launch large-scale social infrastructure projects in North Korea and offer 600,000 tons of rice would only aggravate the plight of South Koreans who are suffering from the economic downturn. The new 2001 fiscal budget proposal, agreed on between the governing Millennium Democratic Party (MDP) and the Ministry of Planning and Budget Tuesday, calls for a 6.3-percent increase in spending from this year. Officials from both the government and ruling party emphasized that the increase was based on the government's policy to cut unnecessary spending. Under the new budget, Korean's per capita tax burden is expected to rise to about 2.51 million won (\$2,237) next year from 2.3 million won this year. The GNP, in particular, was highly critical of the growing expenditures related to inter-Korean economic cooperation. The opposition said that allocating an additional 500 billion won to the Inter-Korean Cooperation Fund to assist North Korean ventures completely ignored the current situation in the South. "With so many underprivileged people in the South needing help, it does not make sense that we should continue to pour money into North Korea," said Kwon Chul-hyeon, the GNP spokesman. Another lawmaker added that since large-scale North Korean projects, such as the cross-border rail links and highways, would continue to put a strain on South Koreans, President Kim Dae-jung should receive the full endorsement of the public before proceeding any further. The GNP also raised issues with the government's proposal to increase taxes on fuel consumption and medical insurance fees as classic cases of the government forcing people to pay for its policy mistakes. The opposition party has claimed that the government should have realized and prepared for the possibility that international oil prices would go up. It then said that despite warnings from all sides, government intransigence in going ahead with divisions of labor between doctors and pharmacists was now endangering the lives of patients. "After causing all this mess, the only solution that the Ministry of Health and Welfare could come up with is to propose raising the medical insurance fee by as much as 77 percent," lamented Mok Yo-sang, the GNP chief policymaker. He then pointed to the ballooning state funds that have been used to bolster Korea's troubled banks, and said that though the GNP was not opposed to financial restructuring programs, people had a right to know where the money had been spent. The Ministry of Finance and Economy conceded that over 100 trillion won had been used on financial institutions and that the interest payments for these funds alone was costing taxpayers close to 7 trillion won per year. The GNP said that the additional 40 trillion won being asked for by the government should be closely monitored by parliament. Overall, the GNP said that the new budget should pay more attention to lessening the burden of South Koreans and helping the economic recovery process, instead of trying to shift the troubles onto the taxpayers and giving "unlimited" aid to North Korea.

From New York Times, 26 September 2000

EUROPE

MAJOR BANKS NAMED IN \$3 BILLION NIGERIA FRAUD

Swiss investigators searching for the loot of the late Nigerian dictator General Sani Abacha yesterday launched a scathing attack on their country's banking system, and accused Britain and the United States of being part of a huge money-laundering operation. In a separate aspect of the report, the Swiss arm of one City institution, J Henry Schroder Bank, was among several banks criticised. Switzerland's watchdog, the Federal Banking Commission, spent 10 months trying to find an estimated \$3bn pilfered by General Abacha, Nigeria's President from 1993 to 1998. Switzerland had frozen \$670m and returned \$66m to Nigeria, and Britain has also been asked formally to freeze funds. The main banking regulator in Switzerland was shocked at the ease with which General Abacha and his family were able to move their shady money across frontiers. "The fact alone that significant funds of dubious origin from the close entourage of the former Nigerian President Sani Abacha were deposited in Swiss bank accounts is disturbing and

damaging to the reputation of Switzerland's financial sector," said the report. But the Abacha affair "is not a problem of purely Swiss nature", it added. "The funds came, as well as from Nigeria, also from countries such as the United States, Britain and Austria. Funds were transferred from Swiss banks to banks in the US, Britain, France, Luxembourg and Liechtenstein. The watchdog cited the J Henry Schroder Bank and five others for "minor infractions". Luxembourg has frozen about \$650m, Liechtenstein over \$100m. The Swiss regulators said Britain, Germany and France were dragging their heels finding General Abacha's money, which Nigeria claims was stolen from the country's central bank. But even the Swiss watchdog admits its banks were the worst offenders. "In six banks, violations and organisational shortcomings were serious enough to give rise to countermeasures on the personnel and the organisational level," the report said. Prosecutors in Geneva have begun a criminal investigation. Switzerland has been criticised for providing a haven for the ill-gotten gains of the former president of the Philippines, Ferdinand Marcos, and the Haitian dictator Papa Doc Duvalier. Although the country claims procedures have been tightened up, it is clear from the Swiss watchdog's report that gaps remain. General Abacha died in 1998, allegedly from a heart attack, but a year later his two sons were still depositing large sums in Switzerland. Credit Suisse Private Banking accepted \$214m from General Abacha's sons, accepting an introduction from a long-standing client and failing to note they were "politically exposed" although it should have been alerted by their age, their nationality and the sums involved, the report said. A Geneva judge has indicted two people, including Abacha's son Mohammed, in connection with a money-laundering investigation launched here. He is in jail in Lagos charged with murder.

From UK-Independent, 5 September 2000

TURKISH GOVERNMENT URGED TO CUT ITS OWN SPENDING

Analysts say the Government may look for revenue increasing measures for the 2001 budget but should rather cut its own spending. 'Turkey remains to be one of the countries where people pay the highest taxes in marginal terms, therefore the government should avoid new taxes and even abolish the earthquake taxes' [IMF Turkey desk chief Carlo Cottarelli's call for fine tuning of economy] would mean fiscal measures and could particularly come in the form of raising resource utilization support fund cuts on consumer loans' 'People are presently spending not their savings but their future income through consumer loans. But in any case the measures should not be downreaching and tuning should remain fine, because the pent up demand is gradually being satisfied'. The Turkish Government may choose to take certain fiscal measures in order to cool down the economy, but it must make sure that its tuning remains fine, analysts said yesterday. Analysts also suggested that instead of slapping on new taxes to generate a primary fiscal surplus, the Government must seek to cut its spending within the 2001 budget, as there already is a heavy tax burden on the people. Visiting International Monetary Fund (IMF) Turkey Desk Chief Carlo Cottarelli was quoted as saying on Monday that August consumer price inflation revealed the need for fine-tuning in order to curb the strong domestic demand. Month-on-month consumer inflation in August was seen at 2.2 percent, which analysts blamed mainly on a consumption boom. Cottarelli said that fine-tuning would be considered within the 2001 budget. After meeting with Finance Minister Sumer Oral on Monday, Cottarelli also said the government should introduce revenue-increasing measures in the 2001 budget to make up for one-off taxes that were slapped on last November in order to finance earthquake expenses. Analysts said any measures aimed at cooling down the economy would also serve to contain the current account deficit, although the IMF has not so far proposed measures in that regard. "Rising oil prices have widened the gap between imports and exports but we have to wait a few more months to decide whether this is a lasting trend," Cottarelli said. Turkey's widening current account imbalance has become a worry -- a worry in which the IMF has found further proof of an overheating economy. The deficit reached \$5.6 billion in the first half on the back of surging imports, and economists have warned that it could reach \$10 billion by the end of the year, a fair bit above a critical level of 3 percent of the gross national product (GNP). Yet they do not see a cause for alarm in the face of strong Central Bank reserves and a promising growth in tourism revenues. "The timing and place of Cottarelli's statement shows that the measures in question would be fiscal and aim at slashing the aggregate demand but would not aim at curbing imports," said Yarkin Cebeci, chief economist with Osmanli Bank. "That could be in the form of raising resource utilization support fund (KKDF) cuts on consumer loans, which will not greatly increase the cost of consumers' borrowing but would be more of a signal showing the government's intentions," he added. "Before deciding on a measure, we should first understand whether the consumption boom is short-lived or permanent. And that is not very clear at the moment," said Baturalp Candemir, senior economist with brokerage house Iktisat Yatirim. Candemir suggested that the government further lift indirect taxes on shopping and vehicles. According to yesterday's reports, a proposed measure is to raise taxes on cars with engines with more than 2000 cc capacity. "People are spending not their savings but their future income through consumer loans. But in any case, the measures should not be down-reaching, and tuning should remain fine because the pent-up demand is gradually being satisfied," he added. Bender Securities Chief Economist Atilla Yesilada argued that fine-tuning measures have so far proved largely useless. "Slapping taxes on cars [engines] above 2000 cc would only encourage customs evasion, hence unregistered economy, which is one of Turkey's biggest problems," Yesilada said. "Similarly raising KKDF on consumer loans would lead banks to shift their lending elsewhere. As an effective means, Central Bank Governor Gazi Ercel should call on banks to agree to a gentlemen's deal to cut consumer loans," Yesilada said. Analysts said the government may look for revenue-increasing measures for the 2001 budget but that it should also cut its own spending. Government officials have announced that the budget will be kept constant in real terms in 2001. "If this program works, Turkey will be the first country to achieve stability without actually cutting the government's spending," Yesilada said. "It could do that through phasing out over-staffing, slashing investment allocations or controlling the extravagance of annexed budget institutions. That would both repair public finances as a whole and increase credibility of the program, because one reason for the consumption boom is that people are not confident the Government is behind the disinflation program. Therefore it is critical to at once specify and unfold the contents of the 2001 budget," he added. Analysts were doubtful, however, over what the government would consent to do about its spending.

"Other current expenditures could be an item to generate savings, but it is questionable to what extent it would be cut as it includes Turkey's military budget. Budgetary funds could also be disciplined, but there seems to be little room to cut back in the investment and personnel spending departments," said Yarkin Cebeci. "Budget experts would find scores of items to slash, but the problem is finding the will to do it," Yesilada said. Because the sizeable gains from one-off taxes in 2000 will not exist next year, some new taxes may be expected, analysts agreed. Buoyant tax revenue helped generate a primary fiscal surplus of TL 4.96 quadrillion in the first eight months, versus a full year target of TL 7 quadrillion, which is an essential element of the three-year stand-by deal. "But Turkey remains a country where people pay the highest taxes in marginal terms, therefore the Government should avoid new taxes and even abolish the earthquake taxes," Yesilada said. Yet one measure that is reportedly under consideration is to keep one-off earthquake taxes as a permanent source of income. One-off taxes include additional income and corporate tax, additional motor vehicle and property taxes, tax on mobile phone bills and surcharges on certain transactions. The Government has also pledged in its stand-by deal with the IMF to introduce further measures of a permanent nature in 2001. "If the Government is going to slap on extra taxes that will also curb domestic demand, it would work to serve three ends: It would correct the current account imbalance. It would contain the private sector's urge to increase prices, thereby putting a downward pressure on consumer inflation. Lastly, it would contribute to budget revenues, something which will be much needed next year," Candemir said. Osmanli Bank's Cebeci suggested, however, that a primary surplus target of 3.2 percent of the GNP could be achieved next year without resorting to extremely tough measures.

From Turkish Daily News, 6 September 2000

'EUROMONEY' NAMES SLOVAKIA'S SCHMOGNEROVA 'BEST FINANCE MINISTER'

Slovak Finance Minister Brigita Schmognerova has been named "finance minister of the year" by the prestigious British economic magazine "Euromoney," CTK reported. Schmognerova is the first woman ever to be selected by the magazine for the award, which will be presented to her at a ceremony at the annual meeting of the IMF and the World Bank in Prague later this month.

From Radio Free Europe, 7 September 2000

TURKEY FINANCE MINISTER SIGNALS TIGHT 2001 BUDGET

'The ratio of budget deficit to gross national product will drop from 12 percent to 7 percent, and that of interest payments from 16 percent to 10 percent in next year's budget'. A strong fiscal performance in 2000 is no excuse to loosen budget discipline next year, Finance Minister Sumer Oral said yesterday. "We have no right to relax. This year's superior fiscal results will be the driving force for the government to reinforce recovery signs in the economy," said Oral, who was interviewed by the Anatolia news agency. "The budget figures for the first eight months of this year show that public finances are on the path to recovery. The 2000 budget has recorded the best performance of the past decade," he said, adding that next year's budgetary targets will be much easier to achieve given that this year's targets will have been comfortably met. Oral said that work on next year's budget would be concentrated in the first week of October when basic economic aggregates (growth targets, inflation targets) will also be shaped firmly along the same lines as the budget. He added that the 2001 budget will be a healthier one with less interest payments and that it will conform to the fundamental goals of the three-year program. "In next year's budget, the ratio of budget deficit to gross national product [GNP] will drop from 12 percent to 7 percent, and that of interest payments to GNP from 16 percent to 10 percent," Oral said. He added that low inflation and budget deficits and a lasting fiscal discipline are also key in eliminating disparities in income distribution. The minister ruled out the possibility of keeping earthquake taxes in 2001, explaining that the supplementary quake taxes were one-year taxes. "Nothing new has been discussed about them," he said. Meanwhile the Finance Ministry is working on new money laundering legislation which would go into effect in the form of a decree with the power of law. "We will send it to the Prime Ministry after this week," Oral said.

From Turkish Daily News, 27 September 2000

THE AMERICAS

MAKING TAXPAYERS OF TEXAS INMATES

When John left prison two years ago, he had a simple goal: to return to house painting and get his life started again. He thought he had a good chance: He'd gone to job fairs in prison to learn how to behave in interviews and had taken classes to control his anger. But when he applied for a job at a construction site, he had no idea how valuable those skills would be. "I figured I would start at the bottom, and work my way up," says John, a muscular man with steel-gray hair who asked that his name not be used. "But out of the clear blue sky, they said, 'OK, you're going to be our foreman.' I was making \$20.34 an hour." A year and a half later, he'd started his own business. Bootstrap success stories like John's are perhaps unusual, in part because up to two-thirds of former inmates return to prison, and in part because his apparent rehabilitation occurred in Texas, a state renowned for being tough on criminals. But with a lycra-tight job market, companies are searching in unusual places for workers. Some go so far as to hold job fairs in prisons to attract the most qualified inmates. And it is states like Texas, never comfortable with the word "progressive," that are at the forefront of rehabilitation, giving inmates the job and life skills they need to make it in the world of work. "Texas has been one of the most innovative states in its prison job programs, and their job training has been a model for our federal prison programs," says Sylvia McCollum, inmate placement administrator for the U.S. Bureau of Prisons in Washington, adding, "We joke about this being

the ultimate punishment, making every person who comes out of here a taxpayer." Called Project RIO (Re-Integration of Offenders), Texas's prison job program began during the early 1990s, when the state was involved in the largest prison expansion in the state's history. Today, with the largest prison population in America, at 163,190 inmates, Texas also provides job training and life-skills classes in 85 of its 112 facilities, reaching more inmates than any other prison job program in the U.S. Most of these classes are provided through the Windham Independent School District, which operates entirely within the prison system. Project RIO officials estimate that some 30 percent, or 21,000 of the 140,000 inmates in state-run prisons, are participating in job-training classes. Of those RIO graduates who were released in 1997 and 1998, 16 percent have returned to prison within two years, vs. 23 percent of all releasees. Among high-risk offenders (mostly property-crime offenders ages 18 to 35), Project RIO graduates were 5 percent less likely to return to prison, with a 21 percent recidivism rate vs. 26 percent of all high-risk offenders. Statistics aside, Project RIO's biggest impact is felt because it goes beyond teaching the mere nuts and bolts of auto mechanics and furniture upholstery. Like other innovative job programs in New York, North Carolina, and Georgia, Project RIO offers classes that help inmates learn work values, interviewing techniques, how to get along with supervisors, and how to control anger. The toughest thing that RIO graduates have to overcome is "that attitude," says Roberto White, a Project RIO caseworker who helps place former inmates in jobs once they get out of prison. It's an attitude of anger toward society, mixed with a sense of being owed a second chance, that can often turn off employers. "Most of the guys don't have that attitude by the time they get here," says White, noting that most have sanded down their rough edges in "life skills" classes. "They come here because they need help, and want to do what it takes to get going." For Wes Hardman, who hires employees at the Austin-area Sears & Roebuck store, Project RIO has become a valuable source of reliable workers. Hardman says he hired all three of the Project RIO candidates he's seen, and they rank among his best employees. "I think it's been an untapped resource for quite some time," says Hardman. "I get 80 or 90 applications a week, and in doing that I've come across people who have randomly mentioned having done jail time. But the difference is that the people who have come through Project RIO have made a change in their lives. There is some acknowledgment that they have made a mistake but have done something about it to overcome their problem." Programs like Project RIO, which focus on rehabilitation, mark a departure of sorts for American criminal justice, which has recently focused on punishment. Paul Gendreau, a former prison administrator, says the shift is occurring because so-called tough-on-crime approaches have failed in their mission of reducing crime. "We know what doesn't work: it's boot camps, scared-straight programs, electronic monitoring, mandatory drug testing, anything that uses threats," says Gendreau, now a professor of criminal justice at the University of New Brunswick in St. John, Canada. "People who believe in these programs are solidly committed to magical thinking." But even programs that offer a leg up on life will have only a marginal effect on the overall crime rate, Gendreau says, since the sort of people who qualify for job programs are usually self-selecting, nonviolent offenders who wouldn't have returned to crime in the first place. Such programs reduce repeat criminal behavior by an average of 10 to 15 percent. Frank Cullen, a criminal-justice professor at the University of Cincinnati, says that job programs that provide only job skills aren't going after the heart of the problem, which is that many career criminals are simply people who have never learned social skills. "It would be like if you had raised children, but only gave them lessons in math or English, without any focus on values and no means of self-control," says Cullen. "When people return to crime, it's usually not because they don't have a job." But for John, the former felon who runs his own construction company, there is no question that a Project RIO meeting in prison was the turning point in his life. He still remembers the speaker that day, a well-dressed African American man who spoke with the passion of a preacher about the value of work, and the need for better values. "Had I not gone to that meeting, I wouldn't be sitting here talking to you today," says John, sipping soda at a South Austin burger joint. He also wouldn't be in a position to hire employees, a number of whom are themselves graduates of Project RIO. "I was given a fair shake," John says of his hiring policies. "I'd like to be in a position to see more people given a fair shake."

From Nando Times-Nation, 11 September 2000

U.S. FINANCE PANEL OKs \$26 BILLION RETIREMENT SAVINGS, PENSION PACKAGE

The Senate Finance Committee unanimously approved a tax reconciliation bill Sept. 7 that would provide \$26.7 billion in retirement savings incentives and pension reforms, including tax credits for low- and moderate-income taxpayers. The reconciliation package approved by the committee included relatively minor modifications Senate Finance Committee Chairman William Roth (R-Del.) made to the mark he unveiled Sept. 5. Both the underlying mark and the changes were designed as a substitute for a House-passed pension reform bill (H.R. 1102). "This legislation will help small employers and make it easier to transfer funds between plans to better meet employee needs," Roth said.

From Bureau of National Affairs, September, 2000

OLYMPIC GAMES COST U.S. TAXPAYERS MORE THAN EVER

In 1984, Peter V. Ueberroth made it seem possible that the Olympic dream of hosting the perfect Olympic Games — and one that didn't bankrupt a city — could come true. The California investor found a way to meld public money with corporate sponsors to put on the games in a way that actually made money — more than \$100 million — for Los Angeles, the host city. The success of the L.A. games, some say, kicked off an enthusiasm in this country for hosting the games and spending big money to do it, a trend that has increased federal government spending on the Olympics more than tenfold. Since 1904, the United States has hosted the Olympic games eight times, more than any other country. Unlike in other countries, the host cities, not the federal government, are generally responsible for hosting the games. But, according to a report released by the General Accounting Office, the federal government has played an increasingly expensive role. The federal government will pay nearly half of the \$2.7 billion it is expected

to cost to host the 2002 Winter Olympics in Salt Lake City, Utah, according to the report. The \$1.3 billion in federal spending is more than double the amount of federal funds —\$609 million— that supported the 1996 summer Olympics in Atlanta. The Atlanta games cost the city a total of \$2 billion, the report said. In contrast, the federal government spent just \$75 million (in 1999 dollars) to support the 1984 Olympics in L.A. Since the 1984 Olympics, only a quarter of the federal money used to fund the Olympics has gone to projects relating to planning and staging the Olympics, according to the report. The remaining funds have been spent on infrastructure projects such as highway improvements, mass transit and capital improvements. "I think it is a disgrace," said Sen. John McCain, R-Ariz., who, along with U.S. Rep. John Dingell, D-Mich., asked the government agency to investigate the escalating expenditures for hosting the Olympic games in American cities. "But this is a logical extension of what you get when you start pork-barrel spending." But others say that federal spending on the Olympic games is justified because the games help bring together people from many nations. "Recognizing that our government spends billions of dollars to maintain wartime capability, it is entirely appropriate to invest several hundred millions to promote peace," Mitt Romney, the president of the Salt Lake City Organizing Committee, wrote in a letter in August to the GAO. Officials in Utah argue that the largest expense of putting on the Olympic games is the construction of a mass transit system in downtown Salt Lake City and the renovation of one of the state's freeways, I-15. The officials say these two projects were already in the pipeline to receive federal funding. "There is absolutely no question that the money would have been spent even if the Olympics had not come to Salt Lake City," said Sen. Bob Bennett, R-Utah, said in a Senate floor session. "It may not have been spent as wisely or as prudently as if we had not had the pressure of the Olympics." While the government report acknowledges that certain infrastructure projects funded in preparation for the Olympics did or will benefit the host cities, the report says that it was difficult to determine which of the projects would or would not have been funded if the cities did not host the games. The report mentions a federally-funded sewer construction project in Salt Lake City which the Environmental Protection Agency has said would not be necessary without the games. The project became the subject of a bitter political tiff between Sens. Bennett and McCain last year. McCain charged that soft-money political donations had been used to buy Bennett's support for the project, which cost the federal government \$2.2 million. When challenged, McCain was unable to prove his allegations. But the GAO report did find that in two of five Olympic-related projects it reviewed federal funds may not have been spent wisely. In the 1996 Atlanta games, the federal government improperly paid \$2 million on salaries for organizers of the Paralympics, a competition for disabled athletes held in conjunction with the Olympics, the report found. It also said the Department of Veterans Affairs improperly spent \$2 million on equipment and services for the disabled, most of whom were not veterans. It is important to note, McCain says, that the report found that the federal government has no policy that defines its role in financing the Olympics and that there has been no provisions for oversight and monitoring the money spent. A good portion of the funding, he says, was added piecemeal to different appropriation bills passed by Congress. "They just stuck it in there," McCain said. "It's outrageous and it's got to stop." McCain said he would filibuster any unauthorized spending that Sen. Bennett tries to propose. Bennett said on the Senate floor last week that he agrees that federal spending on the Olympics needs to be monitored. But he also said that he believes that the federal government has to play an important role in the Olympics and help support cities faced with dramatically increasing costs of hosting the games. "Somewhere along the line, someone lost track of what happens to all of this," Sen. Bennett said. If Congress decides that it should not help fund the Olympic games, "then no American City will ever host the Olympic games again because no American city can ever afford the kinds of things that are required."

From ABC News, 25 September 2000

GREENS SLAP WORLD BANK WITH FINANCE CHARGES

High in the northern Andes of Peru, at the site of Latin America's largest gold mine, farmers who once worked the land for grazing and medicinal plants don't tell a tale of wealth and opportunity. On the contrary, theirs is a ballad of polluted rivers from mining waste, contaminated drinking water and loss of cultural identity. In 1999, Newmont Mining Corporation, the largest gold producer in North America, received a \$100 million loan from the International Finance Corporation to expand operations in the area. Such is the picture painted by environmental and human rights groups who criticize the private-sector lending arm of the World Bank for catering to corporate interests at the expense of the world's poor. As annual meetings of the World Bank and the International Monetary Fund open in Prague, Friends of the Earth, one of the world's largest environmental organizations, is circulating a scathing report on the bank's lending policies. "Dubious Development: How the World Bank's Private Arm is Failing the Poor and the Environment" cites the IFC's support of several companies whose practices are damaging the environment and communities, according to the environmental group. The IFC is focused on economic growth but not the quality of that growth, the report notes. The study emphasizes that economic growth does not always alleviate poverty. "The IFC has not done its job to promote good development," said Andrea Durbin, lead author of the report. "Private-sector lending is a growing trend within the World Bank. They see the private sector as a partner for development. We don't question that, but the question is: 'Who are the good partners?'" IFC's beneficiaries include some of the world's wealthiest companies, including ExxonMobil, Marriott and Citibank. In some cases, the annual revenue of one such company surpasses the gross domestic product of a developing country, the report notes. The report highlights certain lending sectors, such as oil, gas and mining, that do more environmental and social damage than good. Between 14 and 17 percent of all IFC lending over the past five years has been to extractive industries, from coal mines in India to oil drilling in West Africa, the report notes.

From Environmental News Network, 22 September 2000

GLOBAL

IMF DIRECTOR ADVOCATES REFORM

The International Monetary Fund's new managing director, Horst Koehler, may wear the conservative gray suit of a banker. But he portrays himself as a zealous reformer eager to bring openness to his organization, which is frequently criticized as secretive and unaccountable. Koehler is now in Prague attending the IMF/World Bank series of annual meetings, and he spoke at a press conference at which he put forward some of his ideas. RFE/RL correspondent Breffni O'Rourke was there. Horst Koehler, a German, is not a native English speaker. His English grammar may not be perfect, but his ideas are clear and sharp. And this is his message: the International Monetary Fund, or IMF, is changing. At his Prague press conference yesterday (Wednesday), Koehler referred to what he called his "vision" for the IMF, which he described as meeting two major challenges: First, to adjust the fund to the sweeping changes in global financial markets. Second, to make the fund an active and efficient component in getting the international economic system working for the benefit of all. Koehler said his understanding of the IMF is that it is an open institution, learning from experience and dialogue. He referred frequently to what he called his "listening tour" earlier this year, during which he visited the poorer countries of Africa and Asia and spoke to many segments of society. He said he had learned much about how dialogue can enhance the work of the IMF. He said a further sign of change in the fund is its setting up an external evaluation panel, which will be able to assess the IMF's activities from an independent viewpoint. But at the same time the IMF will not be giving up its core character as a key financial institution which supports and advises member countries on the development of their economies according to free market principles. Koehler says: "I do think that the direction we have to reform the fund must be clearly focused, and this means also to strengthen its monetary character. But on the other hand, it's clear that if the fund does not define its role in the context of this major challenge of a global economy - which is not working up till the present for the benefit of all - the fund would miss its obligations." That's quite an admission -- that the globalized economy is not working for the benefit of all. It corresponds to the perception which is expected to bring tens of thousands of anti-globalization demonstrators on to the streets of Prague in the coming days, when the IMF and World Bank will hold their formal board of governors sessions. On the other side of the fences -- on the opposition side -- are people like Juergen Kaiser, who heads a coalition of debt relief activists called Jubilee 2000. Kaiser says the IMF has been talking a pro-reform language lately, but the results of that have yet to be seen in practice. He says: "What we have seen in the past is that the IMF has had its troika of standard settings that it applies in a kind of 'one size fits all' recipe. And this is the liberalization and privatization approach and the fight against inflation -- these are elements which do have their merits in a process of macroeconomic stabilization, but it has been applied in the past at the cost of the very high vulnerability of the poor sectors." Kaiser says an example of how the IMF's traditional austerity policies hit the underprivileged is the question of getting loan money to the smallest units in society: "For example, if it comes to questions of stabilization, there is credits supply, which especially for small-holders in poor countries is a very crucial issue, a matter of life and death, and in the past IMF programs have been very much to the detriment, have dried out credit supplies for small-holders, for cooperatives, by privatizing the whole banking sector." Kaiser says what is needed in such cases is more than conciliatory rhetoric.

From Radio Free Europe, 21 September 2000

PROTESTS DISTRACT GLOBAL FINANCE MEETING

Black-masked protesters hurled cobblestones ripped from Prague's medieval streets and attacked police with homemade gasoline bombs today, trying desperately — but unsuccessfully — to shut down the global finance meeting here. The riot police had to escort government ministers attending the annual conference of the International Monetary Fund and the World Bank into special subways cars to whisk them away from their meeting at the end of the session, though by evening, normal access had been fully restored. The violence, which both police and many protesters said was provoked by squadrons of European anarchists and communists, did not stop the meetings. But it did steal the media spotlight, giving protesters who had vowed to re-create the blockade of the trade talks last year in Seattle. Inside the halls, financial leaders who are here to discuss aid policies tried to show that they are at least as passionate about the poor as the protesters are. Many pledged to rededicate themselves to fighting poverty, even to inspiring a new spirituality. Everyone seemed to cite the statistic that 3 billion people live on \$2 or less a day. "Something is wrong when the richest 20 percent of the global population receive more than 80 percent of the global income," James D. Wolfensohn, the president of the World Bank, said in his keynote address. "Our challenge is to make globalization an instrument of opportunity and inclusion — not fear." The leaders of the World Bank and the I.M.F., and finance ministers from some rich nations that back them, said they would speed up debt relief, allow poor countries to have more say in planning loan programs and consider replacing some loans with grants. But by afternoon, protesters had stolen the show, at least as far as the television cameras were concerned. The demonstrators included Czech anarchists, Italian Communists, British schoolteachers and German truck drivers, many of whom contended that the lending agencies are the problem, not the solution. The Prague police had prepared for a siege, with 11,000 officers around the city. In the end, police estimated there were 6,000 demonstrators. The protesters, who once expected 20,000, claimed they actually had 10,000. Even if they were right, they still failed to match police one for one, and they fell short of the tally in Seattle and at other recent protests. Early in the day, in what has become the signature vandalism, several people smashed the windows and tore up the interior of a McDonald's in Wenceslas Square, the site of the peaceful protests during Czechoslovakia's Velvet Revolution in 1989. Near the hilltop Congress Center, where the meetings were held, a small group of demonstrators provoked the police by hurling fist-sized stones that later littered the street behind police lines. Some protesters wore black masks and carried the red-and-black flag of anarchists. Several threw Molotov cocktails, igniting

the uniforms of officers stretched in a line across the street. The police responded with repeated shots of tear gas. They sprayed water from cannons to disperse the crowd, while armored personnel carriers raced into position to close off the streets. Police said as many as 65 people were taken to hospitals with injuries, most of them officers involved in the melee. There were dozens of arrests. A few demonstrators were hurt by the police who seized them, with one man bleeding from the face after four officers threw him to the ground. The skirmishes spread to the valley below the meeting hall, where demonstrators burned barricades of wood and tires to keep the police back, then smashed windows and destroyed a car. An American flag was burned, while protesters yelled, "No new world order." Tomas, a 19-year-old from the Moravia region of the Czech Republic with orange hair and a rooster cut, was there throwing plastic bottles at the police. "I hate the police and they hate me," he said. "I would like some real fighting to happen." A 23-year-old man from Berlin who refused to give his name carried several cobblestones as he prepared to rush police lines. He removed his black mask to reveal his face, seared red from pepper gas. "To fight them for me is symbolic of fighting the I.M.F., which will never change on its own," he said. Today's protests did succeed in blocking access to the conference center for several hours in the afternoon. But at that time meeting participants had already arrived, and their sessions continued uninterrupted, though delegates surrounded television monitors to get the latest news from the barricades. By late afternoon, some attending the meeting were complaining to guards that they had planes to catch and had to leave the center immediately, prompting authorities to open a subway station to officials only. Protesters had been gathering in Prague for a week, with many of them vowing to turn this session into a repeat of Seattle, when demonstrators briefly kept delegates away from their meetings. Many protesters decried the violence. "We're really disappointed," said Chelsea Mosen, an organizer. "We were really hoping for a nonviolent protest on the basic issues of the I.M.F. and the World Bank, but instead now the focus has shifted to the streets of Prague." Catherine Devon, 38, a teacher who traveled from Birmingham, England, by train for 24 hours to reach Prague this morning, said, "This is not what I came for." She said she decided to join the demonstrations because her son often woke up in the middle of the night, frightened about global warming. "I want to tell him I am doing something about it," she said. "We must show up every time these people meet. Someday, they will get the message." Though they attracted less attention, delegates at the meetings from developing countries also challenged the lending agencies and wealthier governments to improve their policies. Trevor A. Manuel, South Africa's finance minister and the honorary chairman of this year's meetings, scolded the representatives of wealthy nations for pressuring poor nations to embrace free markets while often protecting their own markets from the goods that developing countries produce. "The robust state of the global economy is due in no small measure to the success of the fundamental reforms undertaken by developing countries," Mr. Manuel said. "Their boldness needs to be matched by the richer countries." The United States treasury secretary, Lawrence H. Summers, who addressed the opening ceremonies early in the day, prodded the World Bank to spend more on human development projects, including education. Such proposals have met some resistance on the bank's board. Mr. Summers also called on the bank to provide some grants as well as its traditional loans, echoing a recommendation first made by a Congressional review panel that was highly critical of the bank's practices. Mr. Summers said the grants would go to programs like those that help prevent the spread of AIDS, whose benefits cannot be measured in money. It was left to Vaclav Havel, the Czech president and former dissident, to try to reconcile the demands of protesters with the money controlled by the ministers. He asked whether all the proposals to increase material well-being had obscured the task of improving spiritual health. "We often hear about the need to restructure the economies of the poorer countries and about the wealthier nations being duty bound to help them accomplish this," Mr. Havel said. "But I deem it even more important that we should begin also to think about another restructuring — a restructuring of the entire system of values that forms the basis of our civilization today."

From New York Times, 26 September 2000

Private Sector Development

AFRICA

PRIVATIZATION OF MAROC TELECOM

The Moroccan King chaired last week a special meeting to discuss the partial privatization of the state telecommunications company Maroc Telecom (MT). The meeting ended with the decision to set October 3, 2000 as a deadline to launch the international tender for the sale of up to 35% of MT. The telecommunications companies that have already expressed their interest in MT are France Telecom, Deutsch Telecom, Telecom Italia, and Vivendi. Others foreign operators are also expected to compete for the acquisition of MT's stake. In addition to the sale of stake to foreign operators, some 16% of MT's capital will be floated in the Casablanca Stock Exchange and in an unspecified foreign exchange. The company's valuation has been set for more than \$7 billion.

From North Africa Journal, 18 September 2000

EUROPE

POLISH PRESIDENT VETOES MASS PRIVATIZATION BILL

Aleksander Kwasniewski on 11 September vetoed a controversial mass privatization bill that would have offered every Pole a share of state assets, including ownership rights to state-owned apartments and land, Reuters reported. Last week, the Sejm passed the bill, approving more than 50 amendments proposed by the Senate. "The bill is wrong from the legal point of view, miscalculated economically, and socially unjust," Kwasniewski commented to journalists. Commentators say AWS leader Marian Krzaklewski is actively using the mass privatization bill in his election campaign to boost his low support. Some 1,000 people picketed the presidential palace on 8 September to demand that Kwasniewski sign the bill.

From Radio Free Europe, 11 September 2000

SLOVAK PRIVATIZATION FUND ALLOCATES MONEY TO HEALTH CARE, HOUSING

National Property Fund (FNM) Executive Committee decided to allocate from Slovak Telecommunications (ST) privatization SKK 3.54 billion for health-care on Tuesday [12th September], an FNM spokesperson told TASR news agency on Wednesday. The sum of SKK 54 million will be for the treatment of cardiovascular diseases and for the National Oncological Program and 3 billion for the needs of the health insurance system from which health facilities get SKK 1.5 billion (which will go to health insurance companies), and health insurance companies will directly receive SKK 1.5 billion to pay receivables and to pay their obligations towards state health facilities. The sources will be available according to a prescribed schedule, and the first payments will be realized during upcoming days. FNM also decided to allocate SKK 698.6 million from ST privatization to pay FNM bonds before the stated date to owners of blocks of flats. The bonds were given to them as payment for the transfer of flats to tenants. Up to 31st August FNM had signed contracts with 87 flat owners and 74 of them have today on the account of the Bond Center 53,774 bonds (ed's note: next year the bonds will be worth some SKK 14,000).

From Slovakia Today, 15 September 2000

ROMANIAN WORKERS DEMAND NULLIFICATION OF PRIVATIZATION CONTRACT

Thousands of workers from the Iasi Tepro pipe company demonstrated on 12 September to demand that the contract under which the factory was sold to the Czech Zelezarny Veseli company be annulled, an RFE/RL correspondent reported. State Property Fund chief Radu Sarbu said an attempt will be made to reach an "amicable agreement" with Zelezarny Veseli to nullify the contract, since the company has failed to meet its obligations to modernize Tepro. The Greater Romania Party, to which murdered Tepro trade union leader Virgil Sahleanu belonged, said the authorities are "assassinating [Sahleanu] a second time" by trying to shift the blame for his murder to a private security company. The opposition Party of Social Democracy in Romania said that "political crime" has become "the last weapon of the Emil Constantinescu regime."

From Radio Free Europe, 13 September 2000

RUSSIA: ONAKO PRIVATIZATION TO TEST PUTIN'S PLEDGE OF FAIRNESS

The result of the bidding for Russia's state-owned Onako oil company is to be announced tomorrow. The Onako privatization is seen as the first test of Russian President Vladimir Putin's pledges of fair and transparent bidding, an important part of his economic-reform program. RFE/RL Moscow correspondent Sophie Lambroschini talked with Russian oil-investment analysts about their views of Onako's future. Moscow, 18 September 2000 (RFE/RL) -- Investors are focusing on tomorrow's announcement of the

winner in Russia's first big privatization tender under President Vladimir Putin. At stake is an 85 percent share in Onako, Russia's 11th-largest oil company, which has been open only to Russian bidders. In the past, privatization tenders were seen by many analysts as rigged contests. They said the bidding served merely as a cosmetic cover for behind-the-scenes division of state property among those business tycoons -- the notorious oligarchs -- who managed to cut a deal with the authorities. The Onako decision should show whether the Kremlin's methods have changed. Ivan Mazalov is an analyst for the oil investment firm, Troika Dialog. He told RFE/RL that the result of the Onako tender will show whether the government is willing to act on its own pledges to act independently of the oligarchs: "[The announcement will make] clear what position the government has taken toward the oligarchs. The first privatization tenders [in 1996] -- the so-called loans-for-shares auctions that were held under [former President Boris] Yeltsin -- showed to what extent the Yeltsin Government had a behind-the-scenes deal with a group of oligarchs who bought up the state assets for a very low price." The official State Property Fund did not announce who were the final Onako bidders when it closed the tender last Thursday (Sept 14). But some of Russia's most powerful oil companies had lined up for the tender. And over the weekend, Russians news agencies and newspapers said there were at least four final bids. According to these reports, two major oil companies -- Russia's second biggest, Yukos, and sixth biggest, Sibneft -- have joined forces with the giant Gazprom's subsidiary Stroitransgaz. Together, they are represented by Profit House, which submitted the official bid. Sibneft is controlled by Roman Abramovich, who is considered an influential Kremlin insider by investment analysts. Among others who are said to have expressed the intention of participating in the bidding is Lucile, Russia's top oil company. Tyumen Oil Company, or TNK, and a Russian subsidiary of British Sibir Energy were also thought to be in the competition. Dmitry Avdeyev, an analyst with the Russian investment company United Financial group, says that the major bidders -- Profit House, Lukoil, TNK, and Sibir Energy -- all have good chances. Avdeyev and other oil-investment analysts point out that, in contrast to previous large investment tenders, the main criterion this time will simply be the price offered. The starting bid for Onako was put at \$425 million, but the financial daily "Vedomosti" said today that the price could go as high as \$700 million. In the past, the winner was determined not by how much he offered but largely by the nature of his investment plan. Avdeyev says: "The conditions of this auction are quite straightforward. Whoever offers the highest price should win. So in principle, being close or not close to the Kremlin, should not mean all that much. All the participants have a real chance." Despite the bidders' theoretically equal chances, Abramovich's Sibneft is seen by some experts as the most likely winner - for both good and bad reasons. First of all, Avdeyev points out, number 2 oil giant Yukos and number 6 Sibneft represent a very solid alliance. But there are also worries that the Kremlin may have intervened to increase Sibneft's chances. Analyst Mazalov says that "investors will worry about favoritism if [Sibneft] wins because there are already suspicions that Abramovich [continues to have] influence over the president and his entourage." Mazalov also says investors are unsettled by reports that Lukoil might have been bullied out of the bidding by Abramovich through his contacts in the Kremlin. "Vedomosti" said today that Lukoil had pulled out at the last minute, a report on which Lukoil has not commented. Actually, Mazalov adds, such suspicions have been around for two months, ever since Lukoil became the object of an official investigation into alleged tax evasion. Whatever the result of the Onako privatization, the analysts agree, it will take more than one tender to determine whether bidding has truly become fairer and more transparent under Putin -- or whether Kremlin cronyism has simply grown more sophisticated.

From Radio Free Europe, 18 September 2000

TURKEY PRESIDENT VETOES DECREE ON STATE BANK PRIVATIZATION

President Ahmet Necdet Sezer says that under the Constitution tax issues cannot be regulated through decrees with the power of law. Prime Minister Bulent Ecevit calls this a contradictory decision. Analysts say the President's move is set to cause delays in approval of \$750 million financing which the World Bank pledged to give Turkey for financial sector rehabilitation Deputy Prime Minister Mesut Yilmaz: It is legislation which the government views as critical and is also part of Turkey's letter of intent to the IMF. President Ahmet Necdet Sezer on Monday vetoed a government decree providing for the eventual privatization of state banks for an unforeseen reason, the Prime Ministry's press center announced yesterday. In a written statement the press center said the Prime Ministry would act quickly to put the decree into force. "Cancellation of \$1.5 billion in World Bank and \$750 million in Japanese government loans is out of the question," the statement noted. World Bank officials in Ankara declined to comment on the news. The decree with the power of law was sent to the president last Wednesday and is a precondition for World Bank financial sector adjustment loans (FSAL) and Japanese co-financing. "We will see whether we can bypass the president by amending the decree at the forthcoming Cabinet meeting," Prime Minister Bulent Ecevit told reporters yesterday. The reason why the decree was vetoed, the statement said, is that it is mainly a tax issue, which the president said could not be regulated through decrees with the power of law, according to Article 91 of the Constitution. "The president's justification said the decree brought in tax exemptions for transactions related to the banks' restructuring and stake sales. It also said that bank shareholders are not authorized to issue regulations, according to Article 124 of the Constitution," the Prime Ministry statement noted. But another decree with the power of law, approved and published in the Official Gazette on the same day, contained a tax related provision, said the statement, describing the president's decision as contradictory. "The announcement is not a surprise after Monday's warnings. Now the question is whether the decree will be sent back to the president," ABN Amro economist Ceyla Pazarbasioglu said. State Minister for the Economy Recep Onal said on Monday the president might hand the decree back to the government because he does not favor decrees with the power of law. The president's move is set to cause delays in the approval of \$750 million financing which the World Bank pledged to give Turkey for financial sector rehabilitation, analysts told the Turkish Daily News yesterday. The World Bank had originally urged the government to pass the legislation concerning the Ziraat, Emlak and Halk banks by June 30, but the government failed to do this. In a separate statement to reporters Deputy Prime Minister Mesut Yilmaz said the privatization of state banks was an important element of the government's economic program. President Sezer, formerly chief justice of the

Constitutional Court, revealed his sensitivity about the law beyond all doubt when he twice turned down a controversial decree allowing the dismissal of civil servants on charges of separatism and fundamentalism. Sezer had urged the government to pass the legislation through Parliament, which escalated tensions between the two authorities. Asked whether the issue could evolve into a new crisis between the president and the government, Yilmaz said, "It is legislation which the government views as critical and is also part of the Turkey's letter of intent to the International Monetary Fund (IMF)." "The president's decision will not derail the overall economic program, but the expected delay in World Bank loans is certainly bad news," Osmanli Bank economist Engin Kara said. "Had he approved the decree, it could have been the beginning of long-awaited good news in the market," Kara continued. The Turkish stock market has fallen sharply since the beginning of the year amid a slower than expected decline in inflation and political uncertainties. State Minister Onal also warned on Monday that if the decree needs to be voted on in Parliament, it could be further delayed as Parliament will be facing a busy agenda when it resumes in October. Parliament must elect a new speaker in October and start debating the budget at subcommittee level by mid-October. Osmanli Bank's Kara said there still was a possibility of passing the law this year. "Besides, this legislation would not face parliamentary opposition in the way the one on civil servants will," Kara said. Yesterday's announcement came as no surprise after Onal's warning on Monday, but still it upset markets. Turkish shares lost an average 2.68 percent on the news in the first trading session, while yield on the most active June 20, 2001 bond held firmly above 40 percent. "The delay in World Bank loans means less funds inflow, and that is unfortunate," Pazarbasoglu said. "The fact that such things keep happening in Turkey is annoying. It seems there is a lack of communication within the state which should have been overcome."

From Turkish Daily News, 27 September 2000

MIDDLE EAST

PM BARAK ORDERS ACCELERATION IN PRIVATIZATION OF EL AL

Prime Minister Ehud Barak on Sunday, following a preliminary discussion with Finance Minister Avraham Shohat and Transportation Minister Amnon Lipkin-Shahak, has directed that the privatization process for El Al be accelerated; this is keeping with the current government's policy of privatizing government companies such as Zim, Bezek, El Al, etc. Prime Minister Barak directed that the following specific steps be taken: 1. To fully privatize El Al; 2. To come to an early agreement on the issues of security and the air fleet; 3. To hold negotiations with the employees. Prime Minister Barak pointed out that it is understood that El Al will fly on Shabbat after it is privatized. He added that discussions and dialogue would be held on this point with Minister Rabbi Michael Melchior, Meimad and other elements in the hope of dealing with this point with sensitivity. Prime Minister Barak noted that the decision of when Shabbat flights will begin will be made after consultations in the near future.

From Israel Wire, 18 September 2000

THE AMERICAS

INDIANA PUBLIC PRIVATIZATION

When Ontwa Township residents and businesses begin hooking up to a new sanitary sewer system, Gary Foldenauer's task will be to make sure everything goes smoothly. First day on the job was Friday for Foldenauer, project manager for Severn Trent Environmental Services of South Bend. The company was contracted by the township to operate the \$10.5 million system, which is close to completion and is expected to be operable by late September. So he has about a month to become familiar with 30 miles of sewer lines and the 1,200 to 1,300 customers who will use them. "Initially, it'll just be by my getting around and getting noticed," said Foldenauer, whose office is in a newly constructed building behind the township hall. Doug Ingraham, area manager for Severn Trent, said it's basically a one-man operation. "Our guy does a little bit of everything. He's a laborer, a mechanic and a supervisor. He's the guy who responds to problems, such as sewer backups. He's also a lab technician," said Ingraham. Severn Trent has been making steady progress for about a decade now in partnering with area cities and townships to operate certain municipal services. The company is the fourth-largest provider of utility management services in the world, Ingraham said, and earned some \$500 million in revenues last year. Before Ontwa Township, the company entered into similar agreements in Buchanan, Marcellus and Lawton in southwestern Michigan as well as North Liberty and LaGrange in northern Indiana. In Buchanan, the company's duties also include managing the city's streets, parks and cemetery besides the water plant. The project manager, Don Grady, manages a staff of about two dozen city employees and serves a dual role as public works director and assistant city manager. "Michigan has been a big growing area for the past two years," said Ingraham, who works out of the company's Midwest operations office in South Bend. Yet the idea of a private company taking over public services is met often with skepticism. "It's almost like a dirty word in the communities, especially among the workers, who fear for their jobs," said Ingraham. Those fears are put to rest, he added, once the company shows that it will keep existing staffs, offer worldwide technical support services for its managers and take politics out of the operations. "Their fears go away and they're happier," he said. Ontwa Township Supervisor Wayne Hardin said there was "no question" that the township board needed an outside operator because it lacked the knowledge and expertise to run the system. "It just wouldn't have made sense," said Hardin, adding a sanitary sewer board will be created to help administer the project. Severn Trent was brought to the attention of township officials by project contractors. Last month, it signed a three-year contract with the township to run the system. The company will charge \$98,597 per

year plus \$1.16 for every bill it prepares and sends. Waste will be collected from the village of Edwardsburg, Edwardsburg schools, a local industrial park and Eagle, Garver, Pleasant and Coberts lakes--areas now served by private septic systems. With the help of nine lift stations, the waste will be piped across the state line for treatment by the city of Elkhart and release into the St. Joseph River. A maximum 900,000 gallons can be handled per day. Foldenaurer, who has more than 20 years' experience in the waste water treatment field and used to work in South Bend, will be sending out industrial user surveys to determine what products to handle.

From South Bend (IN) Tribune, 5 September 2000