

GOVERNANCE WORLD WATCH

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

Compiled by Information and Networking Unit October 2001

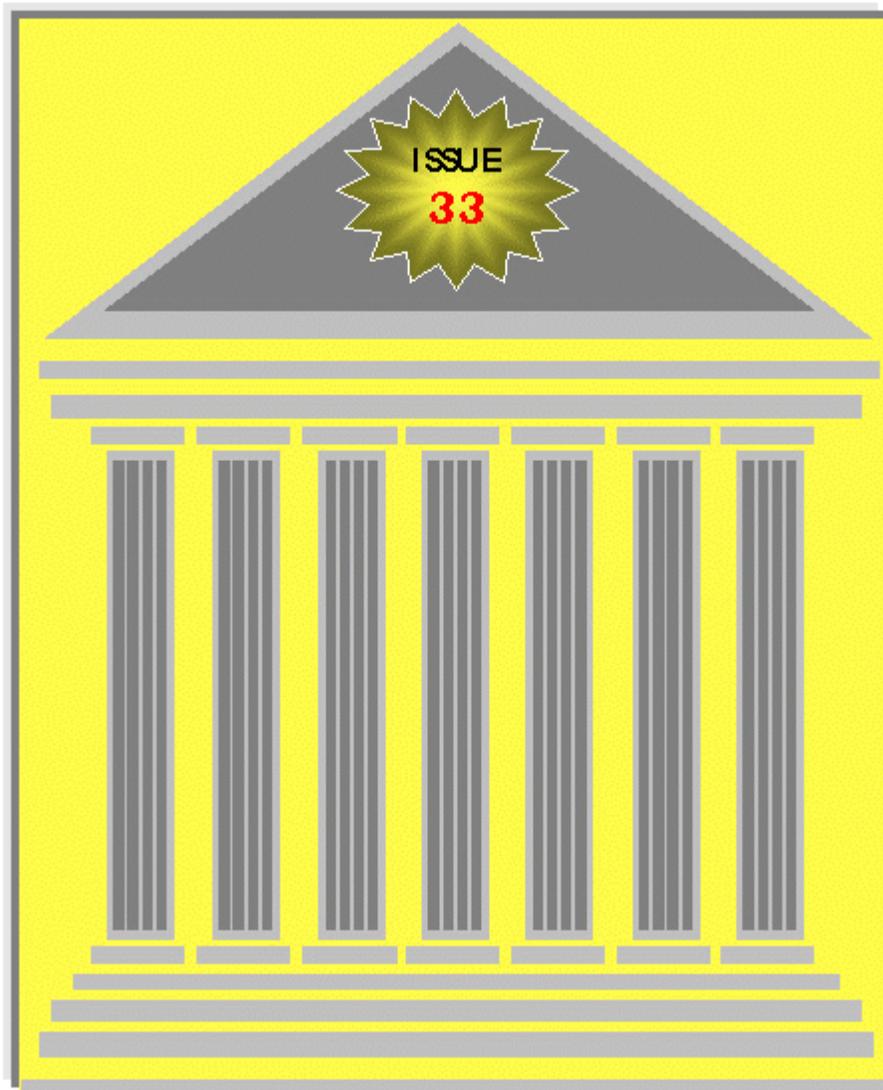


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Ex-Soldier Dying for Their Reward

Been to military pensions office in Lagos recently? The plight of ex-soldiers will draw your tears as they face hurdles to collect what's due to them. After 11 years of service, Agir Taaji was forced to retire from the army in 1979, on medical grounds. He was injured during the civil war in Onitsha. Bomb particles injured him in the eyes. By 1979, his sight became poor. Now he is blind. Taaji was paid his gratuity almost immediately in Ibadan. But he has never received his monthly pension. Taaji is one of the hundreds of ex-service men camping at the premises of the directorate of military pensions, DMP, Lagos. He travelled down from Makurdi, Benue State, when his two wives could no longer take care of him and his 15 children. Taaji told Newswatch he was advised by the DMP officials to go home and obtain papers from where he was discharged to prove that he was a genuine retiree. "How do I go about that when I cannot see, or feed or even transport myself back home?" Taaji asked. Tandadi Bello, a Borno State indigene, is another blind retiree who is struggling to collect his pension. He received his pension until last January when he was directed to collect it from Chartered Bank, Lagos. But on getting there, he was told that the money had been collected by another person. Bello reported the matter to DMP, which advised him to get clearance from his last place of service in Ibadan, Oyo State. He got it and took the clearance to the bank. But the bank told him to get a note from the DMP for it to effect payment. According to Bello, the DMP has not been forthcoming with the note. He has been camping with other retired soldiers, trying to get his pension. Alice Agbo, the widow of Sylvester Agbo, who died during a peace-keeping mission in Liberia in 1994 said that she has only received her husband's two entitlements of N1,500 and N15,000 usually paid to relations of the dead. No other money has been paid her. Alice has been a constant guest at DMP asking to be paid her husband's gratuity. Three weeks ago, she travelled down to Lagos from Lokoja, Kogi State, to ask for the money. She squats in front of DMP office with her children. Military pensioners tell stories that touch the heart. Their sight on Alexander Avenue, Lagos, is pathetic. Forty of them have slumped and died after weeks of endless wait for their money in the last eight months. Life has been unbearable for more than 2,000 ex-soldiers who hardly find food to eat, especially the elderly ones who have either lost their sight, sense of hearing, an arm or leg. The DMP premises now stinks. Many of the ex-soldiers have had no bath for weeks. "Many of us would have died of hunger if not for the sake of humanitarian efforts of both individuals and corporate bodies, such as the Christian Association of Nigeria, CAN, Redeemed Christian Church of God, RCCG, and other several public-spirited Nigerians, who have been providing us with food and drugs," one of them told Newswatch. A.O. Adeleye, director, DMP, however, denied that the ex-soldiers are dying daily. She claimed unknown people usually come to drop corpses to give a false impression of what is happening to the military pensioners. Peter Ebhaleme, a rear admiral and chief of administration, defense headquarters, Abuja traced the problem regarding payment to the influx of pensioners who left the service between 1979 and 1989. He said the sudden increment in military pensions within the last two years enticed most of them who were not interested before now to come back. According to him, before now, the pension was not very attractive and as such, a lot of them were not interested but as soon as they learnt of the increase, both those who were entitled to it and those who were not came forward for their money. He gave an instance of somebody who had a medical disability and left since 1979 but now wants to be recategorised for pension benefit. He said for this to be verified, such a person must explain the medical problem and why he had not been paid all these years. "This can only be confirmed from the service which he belonged. The pension board cannot give you government money without the polity," he said. Ebhaleme agreed that the government was owing the pensioners their arrears as a result of the increase. But he denied payments being stopped. He advised anybody whose pay was stopped at any point in time to go to the office of DMP or come to his office at Abuja to present his case and it would be addressed. The chief of administration said that there were plans to improve the organisational structure considering the increase in the number of pensioners. "We are going into organisation structure. We find that there is a sudden expansion. The government is coming out with a re-organisation, which we just recommended. We prefer you to wait for the release of the decision on the pension," he said. So far, the pensioners are collecting their money from three banks, namely: Oceanic, Chartered and Gulf Banks. According to Ebhaleme, the names of about eight banks have been sent to the office of the accountant-general for clearance and once the approval was given by the federal government, payment system would be more efficient. He denied that there were problems of duplications of numbers and missing files in spite of the computerised pension

payroll. Ebhaleme said there was nothing like that and that the problem arose when the service decided to change the service numbers, after which it was computerised. He explained that as at the time they changed the numbers, both the old and the new numbers were published in most of the dailies to show that the old numbers have been changed. But most pensioners did not take it into consideration until now that they would need the pension. "Now that they need the pension, they had to rush down but with the old number which they are given, and we say no. Your paper read "x" number but what we have is "y" number, so go back to your service and regularise it," he said. Ebhaleme blamed the bank for a situation whereby a soldier's money was paid to another person. He said if the bank made the mistake of paying somebody's money into another person's account, the affected person should ask the bank to effect the correction and not to blame the DMP. He further stressed that if such mistake was not rectified, the pensioner could take his case back to DMP. As a way of decongesting the premises of DMP at Ikoyi, Ebhaleme said he had requested for the 2,500 retirees' files. He said his office had been going through the files and treating each on its merit. "I told you that I brought the files, I am challenging you, those who claim to be human rights activists or those who think they are more sympathetic, because I do not know why you think that you as a journalist or whatever religious group, think you should care for the problem of the pensioners more than myself. And am I not going to be a pensioner myself? Nobody wants to die in uniform, so I don't really know why you think so and that is why I am challenging you that they should bring the document. By the time they bring the document, we shall announce to the world, the result at a press conference. "We are taking them on their merit individually. If there are 10,000 soldiers lying in that place, we say bring their files to the state headquarters. Because we have asked you to go to the service headquarters and you have refused, so we are now going further to help you by taking the files from you and would give you the result and then it would be made public," he said. According to Ebhaleme, the military has 94,000 pensioners. DMP has 6,719 out of which 4,219 have been cleared, while 2,500 are the problematic ones. Mike Uyi, president-general of the Global Peace Movement, said at a press release that a meeting was held with the ministry of defense headquarters in Abuja on August 21, 2001 to discuss the issues relating to the payment of pensions and gratuities. At the end of that meeting, it was agreed that the nominal roll of the pensioners be compiled along with their discharge certificate to be sent to the defence headquarters for verification and prompt payment.

From AllAfrica.com, by Annette Edo, 1 October 2001

Land Reform Ruling in Zimbabwe

Zimbabwe's Supreme Court has allowed the government to proceed with its controversial land reform programme, pending a ruling on the legality of the plan. The government had appealed against a Supreme Court order which prevented the state acquiring white-owned farmland for black resettlement until it produced a "workable programme of land reform." In a written judgement issued on Tuesday, carried by Reuters news agency, the court said: "Pending determination of this matter and without in any way pre-judging any of the preliminary issues the applicant is hereby granted leave to proceed ...with applications for confirmation (of land acquisition) orders." Zimbabwe has been isolated by the international community over Mugabe's endorsement of the invasion of more than 1,000 white owned farms since February 2000. At the beginning of last month, Mugabe supported a Nigerian-brokered agreement to end the land seizures in exchange for funds from former colonial ruler Britain to implement a fair land reform programme. But recent media reports have said pro-government militants were still trying to seize property illegally. President Robert Mugabe, who is on a visit to Thailand, told the country's board of trade on Tuesday that Britain was trying to sabotage his country's foreign trade relations. He said Britain was using the issue of land reform to put pressure on Zimbabwe's trade partners. "They (Britain) have even gone to the extent of going to Arab countries where we import oil, to persuade them not to sell to Zimbabwe."

From CNN, 2 October 2001

World Bank Report Highlights Media's Role

Lusaka - The media can expose corruption and increase pressure for better governance even in a country with regulatory and informal controls on the press, the World Bank has observed in its World Development report for the year 2002. Highlighting the importance of the media in development, the report which was launched last evening stated that by providing information to the public, the media increases transparency of government action. "The media also help build the public consensus required to fight corruption - creating the public disapproval that presses corrupt agents to resign - raising the penalties for corruption," the report states. The report further states that by providing information to the public, the media increases transparency of government action. It further cites an example in Peru where a local

broadcasting station televised a video that showed a national security chief bribing an opposition member of Congress in return for voting for the incumbent government. "The revelations led to his dismissal and in November 2000 to the resignation of the president," the report read in part. The just released report focuses on enhancing opportunities for poor people in markets and empowering them. According to the summary of the World Development Report, markets were only effective and beneficial to facilitate development with sound rules, enforcement mechanisms and organisations promoting market transactions. These include effective government systems with sound policies free of corruption, an efficient judiciary, including an effective and independent media.

From AllAfrica.com, by Joe Kaunda, 12 October 2001

Majority of African Women Illiterate

More than 60 percent of African women were illiterate, and discrimination was the cause, an Organisation of African Unity (OAU) official was quoted as saying in news reports on Thursday. "The discrimination, of which the women are the victims, concerns access to education," said Julienne Ondziel, rapporteur on women rights for the OAU and the African Commission on Human and People's Rights. "The amount of participation from women in public decision-making is tiny, although they represent more than half the African population", Ondziel was quoted as telling delegates at the opening of a consultative meeting of central African nations. Ondziel said that civil wars had "reduced African women to a state of extreme poverty". The consultative exercise, to continue in Brazzaville, Congo, until Friday, was aimed at boosting the charter's defence of African women's rights, the report said. Among those taking part are central African ministers presiding over human rights, social affairs and the promotion of women, it added.

From Africa Online, 12 October 2001

Gambia Struggles with Economic Reform



Most of the population relies on the groundnut industry - Presidential elections this week in the Gambia will push the small West African nation into the international limelight. Already there are mutterings of electoral fraud and possible human right abuses - charges that may discourage the IMF from providing the country with a new loan facility. The Gambian economy is still very much a work in progress, with much of the government's efforts spent on reducing poverty. President Yahya Jammeh is not known for his disciplined approach and has exasperated international donors by issuing decrees without

consulting his administration. "He has a habit of mandating the construction of hospitals without taking into account the impact on the budget of the government," says one economist, who preferred not to be named. The government has also committed a series of policy mistakes which have dented its economic progress. [Click here to view the Gambia's Gross Domestic Product](#) Peanuts - To date, the country has survived largely on its groundnut industry, which provides a livelihood for 70% of the population. Most of the groundnut crop is processed into peanuts and sold on the international markets. Last year the country had a bumper year because of good rains, and the Food and Agriculture Organisation expects another good season this year. Agriculture contributes a third of the country's gross domestic product, generating much of its foreign exchange. Government dispute - Until recently, however, the Gambia was plagued by problems with marketing its groundnuts to buyers. A dispute between the government and a Swiss-based company called Alimenta, which controlled groundnut processing and marketing in the Gambia, disrupted harvests between 1998 and 2000. A crisis arose in February 1999 after the government alleged that Alimenta had been involved in money laundering and seized processing plants belonging to the company. Alimenta challenged the action in international courts, and Gambia has been forced to pay Alimenta \$11.4m for lost earnings and investment. Despite grants from the European Union, the Alimenta payout was one reason why the Gambian government missed IMF performance criteria earlier this year. Failed scheme - The country's services sector - mainly trade - makes up 54% of GDP. Like the groundnuts, trade has also had its fair share of problems. A new scheme in October 1999 to monitor imports into the country and boost customs revenues failed spectacularly. "It made imports more expensive and changed trade routes," says John Arthur, an economist at the Economist Intelligence Unit. Delays and prohibitive

charges merely prompted traders to avoid the Gambian Port of Banjul and ship goods direct to neighbouring Senegal. As a result, port traffic dropped by 22.5% between December 1999 and January 2000, adds Mr. Arthur. Transit trade, which once thrived before the introduction of the scheme, is only just beginning to recover following the cancellation of the scheme in July. The Gambia's dependence on these two sectors has left the economy vulnerable to one-off shocks like the Alimenta affair. Tourism - Efforts to boost other areas such as tourism, horticulture and the export of exotic fruits have been constrained by under-investment, corruption and government red tape. In the aftermath of the terrorist attacks on New York last month, tourism is expected to suffer, with the EIU predicting that "it could take time before it returns to pre-2000 levels". In 1999-2000, 77,488 air charter tourists visited the country - 60-70% of which were British. The numbers were down from 119,983 in 1998-99 and 90,810 in 1997-1998. This has been attributed to yet another policy blunder when the Gambia banned all-inclusive holidays over fears that foreign tour operators were taking all the profits. The ban has since been lifted. "We have put this behind us now," says Saye Drameh, a senior tourism officer at The Gambia National Tourist Office in London. Ms. Drameh also says that the government plans to give the Office more funds to promote the industry. She is, however, cautious about the impact of the attacks in the US. "These events do have a knock-on effect, but we are still having enquiries about holidays in the Gambia. "Hopefully, things won't turn out drastically because the industry is quite fragile." Corruption - The uncertain political climate since President Jammeh took power in 1994 with a military coup has kept investors and entrepreneurs at bay. "Corruption is rife and government is significant issue," says the unnamed economist. "Many economic activities are held by a clique close to the government." This week's elections are not expected to bring any radical changes - most observers believe the current president "already has it in his pocket". The question will be whether the IMF holds back on its funding for 2002-2005 if human rights abuses are manifest. Currently, the government is planning to publish a poverty reduction strategy paper at the end of the year, as part of the bid to win the money. One of its goals is to improve tax collection and control government expenditure - leaving more money in the budget to combat poverty. Growth targets - The country's GDP growth rates have been over 5% a year since 1999, according to estimates. The government is forecasting growth nearer to 6% in 2002 and 2003, but whether it achieves this will depend upon the success of its poverty reduction plan. A weak administration and the threat of more political instability do not bode well.

From BBC, by Emma Clark, 18 October 2001

Asia/Pacific

Pension Scheme to Be Abolished

Islamabad: The government intends to abolish the existing pension and commutation scheme altogether by initiating non-pensionable service to public servants recruited in the future. A government proposal likely to be implemented from next financial year, envisages an amendment in section 19 of the civil servants act 1973 to provide for non-pensionable service to new entrants in the civil service. The pension scheme, which has already been reformed and rationalised for the serving employees through a finance ministry's recent notification, is recommended to be withdrawn to reduce the government's pension bill that has increased enormously during the last several years. The government is considering introducing contributory provident fund (CPF) scheme replacing the present pension and commutation system. This CPF with payment of gratuity may be provided for new entrants in government service, a finance ministry proposal says. The CPF's contribution is recommended to be restricted to 8.33 per cent of pay with matching contribution by the government. Gratuity would be paid equal to one month's gross salary for each completed year of service. The government would be required to create a fund for the deposit of CPF contribution. The federal and provincial governments, which pay over Rs 47 billion per year on account of pension to retired military and civil personnel, are said to be exposed to an unquantified and a continuing liability of pension. The government is also considering the setting up of a post retirement care office (PRECO), as recommended by the pay and pension committee, headed by a qualified actuary within the finance ministry to create a reliable database for use in developing and implementing a strategic plan for reducing government's pension liability and ultimately managing the entire post retirement benefits portfolios. The pay and pension committee (PPC) whose report is yet to be made public, also proposed full-scale investigation to identify and plug leakages in the present system of pension payments. It is suspected that ineligible payments are being made on account of deceased pensioners and widows. The PPC report includes a recommendation suggesting that the pension scheme in its present form should be abandoned and replaced either by a restructured affordable scheme or by a gratuity scheme. In the context of first option, the PPC suggested that old retired employees should continue to be paid under the old rules till such time as more feasible arrangements could be made. It also asked for an immediate actuarial exercise to ascertain the government's liability

over the next 20 years. To reduce the eventual cost under the first option, it spelled out measures for government's evaluation like change in pension formula, introduction of early retirement reduction factors, reduction in commutation factor, discontinuation of the additional benefits given on occupation related disability, discontinuing the policy of indexing the pension, introduction of 100 per cent commutation of pensions, etc. In the context of the second option of replacing the pension scheme by a gratuity scheme, it was noted by the PPC that the most preferred option, which would substantially reduce the cost, was to replace the pension facility by a gratuity scheme for all existing employees and future employment offers. The committee, however, made a clear-cut recommendation of non-pensionable service to public servants recruited in the future. The PPC agrees that pension payments continue to increase as a proportion of expenditure every year, and, given the pattern of employment over the past decade, are eventually likely to balloon out of control. Despite the realisation of the problem, the PPC observed that no serious attempt had been made to estimate the potential liability and take action now in order to prevent the situation from becoming impossible to manage. Due to political pressures, it is said, there have been cases of employees of semi-government organisations, as well as staff engaged on contract, being brought onto the pension bill thus increasing the pension liability to an unaffordable magnitude. It is regretted that in Pakistan all non-critical/general support jobs are pensionable.

From Jang Group, by Ansar Abbasi, 3 October 2001

Chey Transplanted Globalization Concept in SK

Long before the word "globalization" became a common noun, late SK chairman Chey Jong-hyon was talking about it, recognizing that devising corporate strategies with globalization in mind would be an essential part of success in the 21st century. By the time that everyone began talking about globalization in the beginning of the 1980s, Chey was telling his employees that there are three important aspect of globalization. They were gaining a proper understanding of globalization, realizing the relationship between globalization and the Uruguay Round and pursuing corporate management in a globalized environment. With these in mind, Chey brought up the issue of globalization again during the Summer Forum for business executives in Cheju-do on July 25, 1991, emphasizing that globalization will take on a much more concrete form in 10 years. Since the shape and form of globalization will be much clearer in 10 years, that is at the beginning of the 21st century, corporate strategies will have to be developed to cope with the changes, he said. In his mind, such strategies involved the adoption of a new corporate identity, focusing harder on customer satisfaction and thus emerging as a world-class enterprise in the new century. More specifically, Chey broke down the two vital elements of corporate growth to securing the hardware, that is an efficient business structure, and software, that is management methodologies. By establishing "from petroleum to fibers" as the main business concept, Chey had a firm idea of where he wanted to take SK in terms of the hardware and he proceeded to develop the management strategies that would be required to run the corporate machine. "No matter how powerful the computer is, it cannot achieve its optimum capacity without the installation of an advanced software. Unfortunately, many companies are not placing the necessary emphasis on the software portion of their business," he said. On his part, Chey moved quickly to develop a new corporate identity, from Sunkyong to SK in 1997, and accelerated the pace of restructuring to challenge the goal of becoming a truly global company within the next few years. There was evidence that such efforts reached fruition in the time frame that Chey had set out to achieve his business objectives. In its New Year's issue, 2001, the Far Eastern Economic Review (FEER) rated the top 200 companies in Asia in a special report and included a list of the top 10 companies in South Korea. The list began with Samsung Electronics and proceeded to rate SK Telecom as the second best, followed by POSCO (Pohang Iron and Steel Co.), Samsung Corp., Hyundai Motor, Samsung Life, Lotte Shopping, LG Electronics, Korea Telecom and Cheiljedang. Conducted in collaboration with AC Nielsen, the review analyzed 302 multinational companies and over 300 local companies in 11 Asian countries in terms of such important segments as the quality of services, long-term management objectives, technological innovation and financial conditions. In the report, FEER said with a total of 15 million subscribers, SK Telecom's presence in the telecommunications market would continue to expand with its projected entry into the third-generation (3G) mobile communications market in 2002. Such achievements came on the basis of unique and innovative standards adopted through the evaluation and adoption of tested corporate theories, theories which included the "3C" concept as presented by Rosabeth Kantor, a professor at the Harvard Business School. According to Kantor, as written in her book on world-class management, any corporation can become world class if they are equipped with the "3Cs" _ concept, competence and connections. Based on the "3C" theory, Chey said there are indeed three aspects of business that are essential for rationalizing management when he became president of Sunkyong Textile on Dec. 30, 1970. First, Chey said, a corporation must exist permanently, virtually forever, and continue to grow by realizing increasing profits and eliminating sources of potential loss. Second, there needs to be proper definition of terminologies

and productivity enhancement since defining terms like full capacity accurately and striving toward achieving such capacity would contribute to better productivity. Providing accurate definitions to terminologies makes it possible for every element within a corporation to understand their ideas and this improves the possibility of striving toward common goals. Third, a high level of cooperation and coordination is needed for a corporation to function properly and efficiently. While both are important, Chey stressed that coordination is more important since it is harder to achieve. With these ideologies, Chey moved ahead with plans to sculpt the SK Management Systems (SKMS) since 1979 with the belief that following the guidelines will make it possible for SK to compete head-on with any corporate entity the world has to offer. By the year 2000, Chey insisted, SK must be positioned to compete with anyone, anywhere in the world and the contents of SKMS, which he groomed with enormous care and devotion, were designed to help attain this ambitious goal. Perhaps of ultimate importance in implementing SKMS was the concept that SKMS would have to be constantly modified and upgraded to adapt to changing environments. This core element of SKMS conforms to such modern concepts as "renewal" as proposed by leading Japanese economists and "digital Darwinism" representing the latest round of evolution. It complies with the proven reality that only corporations that constantly transform themselves can survive in the competitive marketplace. On the cover of SK MANAGEMENT 2000 is written, "Everything must change in the 21st century. But there is something that will not change at SK. This is a commitment that it will strive to attain the highest level of customer satisfaction." Within this commitment to customer satisfaction, which inherently involves innovation and transformation to provide only the best to its customers, lies the basic principles of Chey's SKMS. This series, translated by deputy business editor Nho Joon-hun, is based on a book by the same name. jakenho@koreatimes.co.kr

From Korea Times, by Prof. Han Han-soo, 30 September 2001

APEC Ministers Discuss IT Training

Kumamoto (Kyodo) Members of the Asia-Pacific Economic Cooperation forum should work together to reap the benefits of information technology and achieve regional economic prosperity by fostering IT-capable workers, Japan's labor minister said Saturday. "The latest technological developments are accelerating the globalization of the economy. That will possibly contribute to economic growth in the APEC region," Health, Labor and Welfare Minister Chikara Sakaguchi said in his opening remarks to a two-day APEC labor ministers' meeting in Kumamoto.

From The Japan Times, 30 September 2001

WTO Calls for Transparency, Equity in Tariff Quota Allotment

New Delhi: Taking cognisance of the complaints made by developing countries, including India on the "discriminatory" implementation of tariff rate quotas (TRQs) by developed countries, the World Trade Organisation committee on agriculture (WTO) has asked members to ensure that their TRQs are administered in a transparent, equitable and non-discriminatory manner. To keep a tab on TRQs disbursed by members, the committee has said that the notifications provided to it should contain all relevant information including details on guidelines and procedures on the allotment of TRQs. Under the Agreement on Agriculture (AoA), which was signed as part of the Uruguay Round Agreement for increasing trade in agriculture, developed countries had undertaken commitment to establish TRQs to provide minimum market access opportunities in agriculture. The TRQ implementation issue is part of the preparation for Doha ministerial conference being undertaken by the WTO. The decision on the need to make TRQ administration more transparent was taken by the WTO committee on agriculture in a meeting last week where it agreed on two other implementation issues including export credits & insurance and decision on net food importing countries. In its proposals for negotiations on the WTO Agreement on Agriculture (AoA) submitted earlier this year, India had pointed out that the non-transparent administration of TRQs and preferential trade arrangements had contributed to low quota fill in several commodities.

From Financial Express, by Amiti Sen, 3 October 2001

China Sets Goals for Future Market Rectification

China will examine the building industry, the power price in rural areas, land-use and house-building fees, and the cotton and sugar markets, to try to sort out the chaos in the current market. Wang Yang, vice-minister in charge of the State Development Planning Commission, made the statement on Friday at a teleconference on redressing disorders in the current economic market. He said since the State Council called for market reform, pricing and planning

administrators at all levels have made progress in dealing with violations of the law, unfair prices, charges of unreasonable fees, and important construction projects. Their work has helped relieve people's difficulties, and spurred the growth of domestic demand and economic development, Wang added.

From China People's Daily, 12 October 2001

Seoul Congress to Seek Auditors' Contribution to Government Reform

The Seoul Congress of the world's top auditors will serve as a forum to discuss how supreme audit institutions can contribute to administrative reform and to good governance at international organizations, Korea's top auditor said yesterday. Lee Jong-nam, chairman of the Board of Audit and Inspection (BAI), made the remarks in a welcoming address at the opening ceremony of the 17th Congress of the International Organization of Supreme Audit Institutions (INTOSAI) at the Convention & Exhibition Center (COEX) in southern Seoul. "At this congress we will discuss how supreme audit institutions can contribute more to the success of the administrative and government reforms and better governance in international organizations," he said. "I am sure that this congress will give our governments and international organizations the tools and guidance they need to make themselves better." Lee took over the three-year chairmanship from Guillermo Ramirez, head of Uruguay's supreme audit body. Before handing over the gavel to Lee, Ramirez said in an opening address, "Your presence in this event is the most eloquent evidence of the success achieved by the international community of government auditing throughout its 48-year life. In particular, taking into consideration that at the time of its creation in 1953 it was formed by only 34 countries, at present it has 177 members." In a congratulatory address, National Assembly Speaker Lee Man-sup said that the INTOSAI congresses have provided great opportunities for member countries to share their best audit practices and advanced audit techniques for a clean and better government. "Moreover, a considerable collaboration between supreme audit institutions at the international level is urgently called for as fraud and corruption in the form of bribery and money laundering have increased in international transactions," Lee said. The six-day Seoul congress is the largest-scale event in the organization's history, with more than 500 delegates from 140 countries and 13 international organizations attending. So far, the Cairo conference held in 1995 was the largest with an attendance of 148 countries and international organizations. Since it was founded in Cuba in 1953, INTOSAI has played a role as a forum in which audit professionals from all over the world get together to exchange audit information and experiences, and to discuss themes for the development of audits. The Seoul congress attracted dignitaries from across the world, including: Sergey Stephasin, former Russian prime minister and head of the Russian delegation; David Walker, head of the U.S. delegation; Franz Fledler, head of the Austrian delegation; and Hedda von Wedel, head of the German delegation. It is hoped this Seoul conference will serve as a forum for sharing ideas and common issues and, eventually, in coming up with a new direction for the supreme audit institutions' roles and responsibilities in this new century. The two main themes of this conference are, "the audit of international and supranational institutions," and, "the contribution of supreme audit institutions to administrative and government reforms." Even though there are hundreds of international organizations, including the United Nations, the International Monetary Fund (IMF) and the World Trade Organization (WTO), the INTOSAI members believe that their efforts to ensure transparent and efficient management have not been satisfactory. As this topic is very important for the future credibility of international institutions, INTOSAI members will focus on working out recommendations on the appointment of auditors, their mandate, financial resources and the use of auditing standards. Participants will discuss the role of supreme auditing bodies in terms of planning, implementing and the auditing of administrative and government reforms. On the basis of the discussions, the participants will adopt the, "Seoul Accords," on the final day of the conference, urging governments of member states to reflect them in their policy-making. South Korea, which joined the organization in 1965, was picked as the hosting country of the conference at the last congress held in November 1998 in Uruguay. As Japan and the Philippines have already hosted the conference in 1968 and in 1983, respectively, the Seoul congress was the third event to be hosted in Asia. skyquick@koreatimes.co.kr

From Korea Times, by Son Key-young, 22 October 2001

EBC Report Urges Japan to Promote More Reforms

A report by European Business Community in Japan released Monday urges the government to promote further economic structural reforms in key areas such as the regulatory framework and legal system. While praising the ongoing structural reform efforts under Prime Minister Junichiro Koizumi, the business environment in Japan is not as favorable as that in Europe, EBC Chairwoman Isabelle Hupperts told a seminar in announcing the report. The EBC

consists of 13 European national chambers of commerce and business associations in Japan and represents more than 3,000 companies and individuals. "A great deal has happened in Japan recently," Hupperts said. "In general, the EBC feels that the atmosphere for reform has been quite positive. Having said that, members of the EBC feel that the potential for reform remains to a large extent unfulfilled." In the report, the EBC presents a set of evaluations and recommendations for the country, covering 27 key areas from taxation to the telecom and financial sectors. For instance, as a way to increase transparency and clarity in the regulatory system, Japan should give companies written and legally binding clarification on business transactions or particular regulatory situations, Hupperts said. She also called for increasing the efficiency in the product approval process in such areas as insurance and drugs for animal use. Meanwhile, to promote foreign direct investment and mergers and acquisitions by foreign firms in the Japanese market, Japan should admit share-for-share deals involving foreign companies, which is not allowed under the Japanese Commercial Code, Hupperts said. Concerning tax reform, the EBC supports the existing plan of introducing a consolidated tax system in fiscal 2002. But the report says the proposed reform should not place an additional tax burden on companies.

From The Japan Times, Oct. 23, 2001



Blair Underlines Commitment to PPPs

The prime minister, Tony Blair, has reaffirmed his commitment to push ahead with public-private partnerships to reform public services, rounding on his trade union critics who wanted to put up "dogmatic barriers" to his plans. In his speech to Labour's annual conference, Mr. Blair said there were no plans to privatise the NHS or schools, and no one was saying that the private sector was the best way forward. But he made it clear he would press forward with his programme of reform of public services saying: "It's not reform that is the enemy of public services. It's the status quo." There were good and bad examples of public services and there were areas where the private sector had worked well and others where there had been a "disaster" such as with parts of the railways. "But where the private sector can help lever in vital capital investment, where it helps raise standards, where it improves the public service as a public service, then to set up some dogmatic barrier to using it is to let down the very people who most need our public services to improve." He raised the spectre of the Tories capitalising on a Labour failure to improve public services, arguing that the Tory approach, that of cutting public spending, was "waiting in the wings". He said: "That would be a denial of social justice on a massive scale. This is a battle of values. Let's have that battle but not amongst ourselves. The real fight is between those who believe in strong public services and those who don't." Mr. Blair said that poor education was a "national scandal" and suffering by NHS patients "the ultimate social injustice". The government was putting in the largest ever increases in spending on the NHS, education, transport and police and this year, for the first time in nearly a decade, public sector pay would rise faster than wages in private companies. He added: "Without reform, more money and pay won't succeed." Mr. Blair said: "Just after the election, an old colleague of mine said: 'Come on Tony now we've won again, can't we drop all this New Labour and do what we believe in.' "I said: 'It's worse than you think. I really do believe in it.'" He told union leaders and delegates: "Let's get one thing clear. Nobody is talking about privatising the NHS or schools." Mr. Blair said he regarded reform of public services: "As important for the country as clause IV's reform was for the party."

From Guardian Unlimited Society, 2 October 2001

Lauren Case Prompts Calls for Reform

"Child commissioners" could help monitor the work of social workers in protecting children, according to one of the UK's leading childcare charities. The National Society for the Prevention of Cruelty to Children (NSPCC) has unveiled proposals for reform following the death of Lauren Wright. The six-year-old died at her home in Welney, Norfolk after suffering months of abuse at the hands of her stepmother Tracey Wright, 31, and father Craig Wright, 38. The couple were found guilty of manslaughter and cruelty at Norwich Crown Court on Tuesday. Neighbours' concern - Director of Norfolk County Council social services, David Wright, said that if existing procedures had been followed in Lauren's case she would "in all probability be alive today". Seven weeks before she died, worried neighbours alerted social workers that Lauren was being abused. On Tuesday its director said he would not resign. Mr. Wright said: "I don't think my resignation or that of any of the senior managers will protect any children in Norfolk. "It will make a very difficult situation even less stable and less safe for children." 'Everybody's business' - The NSPCC is now consulting on

proposals for child commissioners to monitor the work of social workers and other child protection agencies. The charity is also urging members of the public to act if they have concerns about a child. Chief executive Mary Marsh said: "Protecting children cannot be left to the professionals alone. "Child protection is everybody's business - it requires a partnership between politicians, professionals and members of the public. "It relies on all of us looking out for children's welfare and acting on any concerns we may have." Staff resignation - Lauren is the third child brought to Norfolk social service's attention to die in the past four years. Four-month-old Kristian Bebbington was on the department's "at risk of neglect" register when he died in 1999. Investigations had already begun into five-year-old Lauren Creed's circumstances when she died in 1997. One member of staff has already resigned as a result of the case. Mr. Wright said staff had done everything that needed to be done when they were first alerted. Mr. Wright said they were misled when a paediatrician, who had seen Lauren on 20 March, concluded that the bruises on her body were compatible with the parents' explanation. He said: "The case was taken from red alert to amber alert and that was wrong. "The bigger mistake was when we had a further inquiry and failed to visit Lauren immediately." Public inquiry - "It was a serious mistake and it has been made clear to staff that every time we get a referral call that a child has been hit, they must go immediately to check it out." Mr. Wright said that 12% of the social services posts in Norfolk were vacant and there was a national shortage of social workers. He added that steps were being taken to recruit social workers from Australia to stem the shortage. Officials from the department of health have ruled out a public inquiry into the case. But West Norfolk MP Gillian Shepherd said she is still hopeful of forcing an official investigation.

From BBC, 2 October 2001

Poland Completes Insurer Stake Sale

Poland's outgoing Solidarity government on Thursday completed the sale of 21 percent of the country's top insurer to Netherlands-based Eureko B.V. and its Polish partner for \$659 million. The sale gives Eureko and BIG Bank Gdanski SA a majority stake in Powszechny Zaklad Ubezpieczen SA, or PZU, which has a 60 percent share of Poland's insurance market. The sale will raise revenue badly needed for a ballooning budget deficit that helped seal the defeat of the Solidarity-led government at the hands of the country's reformed communists in Sept. 23 parliamentary elections. Leaders of the Democratic Left Alliance, who are expected to form a new government later this month, have said they would review all privatization agreements made by the previous Cabinet. They have not voiced particular opposition to the PZU deal. Eureko and BIG Bank, which already own a 30 percent stake in PZU, will now hold a combined 51 percent stake. An additional 29 percent of PZU is to be offered to the public by the end of 2002 under current plans, which would leave the government with 6 percent. Also on Thursday, PZU President Zygmunt Kostkiewicz said PZU and Eureko will bid for a majority stake in Slovakia's largest state-owned insurance company, Slovenska Poistovna. Kostkiewicz said Slovenska Poistovna is attractive because its business profile and market share are similar to PZU's and that PZU's experience could be useful in restructuring the company.

From The Associated Press, 4 October 2001

Italians OK States-Rights Referendum

Italians endorsed a reform yesterday that shifts power from the central government to the regions, early results suggest, in the country's first constitutional referendum in over a half-century. The proposal was backed by two-thirds of voters, while one-third rejected it, according to results from 320 of more than 60,000 precincts, the Interior Ministry said. Final results weren't expected before today. Voter turnout was low, with 24 percent of the 49.4 million eligible voters casting ballots. The referendum concerned a law passed in March in one of the center-left government's final acts before it was ousted by Prime Minister Silvio Berlusconi's conservative coalition. The reform gives Italy's 20 regions any powers not reserved to the central state. That means regions would have more say on issues such as taxes, education and environmental policy. Berlusconi's minister for reforms and devolution, Umberto Bossi, has long pressed to grant more powers to local levels, but he campaigned hard against the referendum, saying the law doesn't go far enough.

From Associated Press, 10/08/01

Plan Tightens Open-Records Law Anti-Terrorism Team Wants Restrictions

Tallahassee - As state and federal authorities fanned out across Florida to search for leads after the Sept. 11 terrorist attacks, newspaper and television reporters launched their own investigations. Reporters used the state's public records to gather information about terrorism suspects and to find potential witnesses. They then detailed Florida's critical role in the attacks to newspaper readers and television viewers across the country. But with authorities arguing that the massive rush for information could have hurt their investigations, a new state anti-terrorism plan calls for blocking reporters and the public from gaining access to some government records. The plan, released Monday by Gov. Jeb Bush and state emergency officials, could lead to police arresting some criminal suspects without having to release jail booking reports. That change, which would prevent the public from temporarily finding out about arrests, could help authorities protect the secrecy of long-running investigations into crimes such as terrorism and drug trafficking. "Who should be the first person knocking at the door [of a witness or suspect]? A newspaper reporter or a law-enforcement officer?" asked Sen. Ginny Brown-Waite, a Brooksville Republican who is chairing a special Senate committee on security and anti-terrorism. But civil liberties groups blasted some of the proposed changes, which they said could prevent the public from adequately monitoring the actions of police. For example, Barbara Petersen, president of the non-profit First Amendment Foundation, said it is crucial that the public have access to jail reports. "We have a right to know who is being arrested and why," Petersen said. "That is absolutely critical to our whole justice system in this country." The changes, which would need approval from state lawmakers, come after years of debate about limiting Florida's so-called Government in the Sunshine Law. The law, which is embedded in the state constitution and is among the most liberal in the country, guarantees public access to most government records and meetings. Government agencies, law enforcement officials and businesses often ask lawmakers to create exemptions that would prevent the release of public records. They have been successful in some instances, such as an effort this year to block the release of autopsy photos after the death of stock-car driver Dale Earnhardt. But the terrorist hijackings and attacks that left thousands of people dead at the World Trade Center, the Pentagon and in western Pennsylvania could lead to a major battle over carving out further exemptions. Already, House leaders have said they might close portions of meetings held by a newly formed security committee, a possibility that has drawn protests from Petersen and the news media. The anti-terrorism plan released this week would go further, limiting access to numerous types of public records. Those records include: □ Jail booking reports and other already-existing public records, such as driver's license records, that, if released, could jeopardize ongoing criminal investigations. □ Documents related to police officers' cell phones and pagers. □ Reports detailing terrorism prevention plans and intelligence operations. □ Documents that show where the state is vulnerable to terrorist attacks. Florida was inundated by news coverage after the attacks because some of the terrorists lived in the state, had driver's licenses and took flight lessons. Tim Moore, commissioner of the Florida Department of Law Enforcement, said reporters met with some witnesses before police could talk with them. Petersen said she does not object to some of the proposed changes, such as limiting the release of terrorism prevention plans. But she said other parts of the plan could be unconstitutional. St. Johns County Sheriff Neil Perry, however, said he thinks it is vital to delay the release of records that could jeopardize long-running investigations. He said the release of records such as jail booking reports can sometimes give crucial information to other criminals who are being investigated. "We've got the most liberal laws in reference to public records anywhere in the world," said Perry, who worked on the anti-terrorism plan. "I just think there are some things while, yes they are government records, there is an overriding responsibility to protect what we [police] are doing that goes far beyond the public's right to know." Brown-Waite and Rep. Dudley Goodlette, a Naples Republican who chairs the new House security committee, said they did not know when their panels would consider the public records issues. They said they hope to find a balance between helping law enforcement and ensuring access to public records. "The challenge is to protect and secure the state while at the same time not tromping on the constitution," Brown-Waite said.

From Florida Times-Union, by Jim Saunders, 3 October 2001

Globalization Protest Becomes Plea for Peace

Washington - They gathered on a hard carpet stained with instant coffee and lousy cafeteria food. Six college students, four with black markers and green and red cardboard posters, brainstorming for slogans but coming up with little. The annual conference of the World Bank and the International Monetary Fund had brought them together - they planned to protest - but since leaders canceled the meeting after the attacks on the World Trade Center and the Pentagon, the

gang of six found itself making preparations for a march against bombing runs in Afghanistan. A joke was made that if this were still about the IMF, books worth of inspiration would have already been offered. Now peace slogans were in demand. "What slogans?" said Elizabeth Hutcheon, a classics and English major at Georgetown University. "We don't have any for peace." In Washington, D.C. this weekend, the calls for peace were hastily prepared but carried out with zeal. Just as millions of Americans found life changed after Sept. 11, the movement against corporate power and capitalism's humanitarian failures found itself adopting a new anti-war message. Speeches about working conditions overseas were scrapped for ones about the virtues of nonviolence. Demonstration routes and meeting points changed every hour up through Friday night. At Georgetown, members of a worker's rights group called Solidarity took part in the weekend's events, but so far the group hasn't decided on an official position about the upcoming war. Recent protests of IMF and the World Bank have been marked by violence between police and anarchists, who dress in black and advocate vandalism. Saturday's protests were mainly peaceful, but police in riot gear used pepper spray on demonstrators at least once during a morning march led by an anarchist group. Police arrested some protesters at the skirmish, said a police spokeswoman, but she couldn't provide more details. In another incident, District of Columbia Assistant police Chief Terrance Gainer was sprayed in the face with something that brought him to his knees. Two officers helped him behind police barricades and he later returned to work. A group called Anti-Capitalist Convergence organized an unpermitted peace march that would snake through the city and finish in front of the World Bank and the IMF's Washington headquarters. Demonstrators were funneled by police officers carrying tear gas canisters and wearing full riot gear into an outdoor plaza and surrounded for two hours. Many tried to plead with the police, asking why they were being held, but they received no answer.

From St. Petersburg Times, by John Balz, 1 October 2001

Congressmen Want Reform of IT Depreciation Law

A group of U.S. congressmen held a press conference Friday to push for modifying the current tax code regarding depreciation of IT equipment, arguing that such a move could jump-start new technology purchasing and give the IT industry a much needed boost. Noting that the technology industry was in decline before the Sept. 11 terrorist attacks and is now suffering even more, these congressmen are hoping reform to IT depreciation tax code will become part of the multibillion dollar economic-stimulus package currently being crafted in the White House and on Capitol Hill. Rep. Fred Upton, a Republican from Michigan who is chairman of the House Energy and Commerce Committee's Telecommunications and Internet Subcommittee, said he hopes this package will be decided upon by the end of October. Rep. Jerry Weller, a Republican from Illinois who is a member of the House Ways and Means Committee, introduced in April the Expensing Technology Reform Act of 2001 (H.R. 1411). This bill would allow businesses to deduct 100 percent of the price of all IT equipment purchases from their taxable income, instead of having to depreciate the items over a five-year period, as the current law states. This adjustment would better align U.S. tax code with IT purchasing patterns and remove the disincentive to buy new equipment on a more regular basis, Weller said. On average, businesses replace their computers "every 14 months, so the actual life of an office computer is about a year. It doesn't make sense to discourage the replacement of that computer" by forcing companies to carry the purchase on their books for five years, he said. "This is certainly going to bring the tax law more in line with reality; as we all know, computer equipment is outdated so quickly now that putting something on longer than a three-year depreciation [period] doesn't make sense," said Dennis Courtney, president of the Capital PC Users Group in Brookeville, Md. However, Courtney added that he doesn't believe such a modification would necessarily spur technology spending, since most computers are bought on a need basis, not as a depreciable expense. "I think it's going to help businesses write [IT equipment] off faster; it's a tax issue as opposed to a business issue," he said. Upton, along with Rep. Gene Green, a Democrat from Texas, this week proposed legislation called the High Tech Survival Act (H.R. 2981). It calls for shrinking depreciation cycles of IT equipment - defined as computers, peripherals, wireless telecommunication products (with the exception of towers, buildings, and cables), networks, and related hardware -- from five to two years; of computer software from three to two years; and of spectrum licenses purchased via auctions from 15 to seven years. When asked about the differences between his bill and that proposed by Weller, Upton said that details are still being worked out. "The purpose here is to show that there is great bipartisan support" for modifying the tax code, Upton said. Sen. Conrad Burns, a Republican from Montana, was on hand at Friday's press conference to show bicameral support for the reform. The goal of modifying IT depreciation schedules is two-pronged; to give businesses new equipment purchasing incentives in hopes of stimulating the economy and to boost IT vendors' sales, therefore creating more jobs. "The technology industry is so important as the engine of our economy," Upton said. "Here's something we can do without a lot of cost that's going to help maybe millions of people, and keep us No.

1 in the world" among technology manufacturing countries. He added that the current IT depreciation laws are woefully outdated, as they were written in 1981. One software company chief executive officer believes that modifying the tax code could have a direct effect on his business. "This might make it easier for smaller companies to go to Web-based systems, since they'll know with the new equipment they buy it's only two years [of depreciation] instead of five," said Sam Patterson, CEO of Component Source, a developer of software components in Kennesaw, Ga. "And then you could see the trickle down to us, because they may need to buy components to build those Web-based applications." The Association for Competitive Technology (ACT), an advocacy group for the technology industry, lauded the proposed reform. "This is exactly the kind of innovative solution we need to get our economy moving in the right direction," said ACT President Jonathan Zuck in a prepared statement. "Tax policy needs to be brought up to date with the realities of the technology economy, and today's bipartisan push shows that now is the time."

From IDG, by Cara Garretson, 8 October 2001

Election Reform Money Guarded

Tallahassee - Lawmakers and state elections officials say money meant to help counties upgrade voting equipment and better educate voters should be kept out of any budget cutting lawmakers must do. But with a lagging economy shrinking tax receipts and lawmakers hoping to find about \$1 billion to cut out of their spending plan, some elections officials fear the help they got after the 2000 election debacle may get smaller. The Legislature earmarked \$12 million to go to counties this year to help them pay for new equipment, after outlawing the infamous punchcard systems that had elections workers straining to determine the intent of the voter in the weeks after the presidential election. It also set aside \$8 million for databases to check voter rolls and for more voter education, and \$12 million more for counties to use next year for equipment upgrades. "I got my first payment and I wish I'd gotten the second one now," said Pat Hollarn, the elections supervisor in Okaloosa County. "It would appear logical that if everybody else has to cut" elections officials may too. But for lawmakers, the drawn-out recount in Florida that ended up with George Bush defeating Al Gore by 537 votes was an embarrassment, and they're loath to ax the money behind the signature legislation of 2001. "I haven't seen any indication that that would be cut - I would certainly urge that it not be," said Rep. Dudley Goodlette of Naples, a top Republican lawmaker who led the effort to overhaul the state's election laws last spring. Revenue estimates have plummeted since the Sept. 11 terrorist attacks, hitting an already shrinking Florida economy hard. Gov. Jeb Bush has said he plans to call lawmakers into a special session to make cuts in the budget covering the fiscal year that started July 1. Lawmakers asked state agencies to do a "budget exercise" and identify what they might cut if they were asked to pare their budgets by 5 percent, although some budget analysts say privately that many agencies are likely to have to cut much deeper. The Department of State, which oversees elections in Florida, identified the cuts it would make, and didn't include any money earmarked for election reforms. And, notes Rep. Mike Fasano, another top House Republican, the money that went to help counties fix outdated voting machinery won't help much to fix the budget crisis. "It is a lot of money but it is a very small amount compared to the billion plus that may need to be cut," Fasano, R-New Port Richey, said.

From Bradenton Herald, by David Royse, 8 October 2001

Security Economy Replaces New Economy

Washington - Say goodbye to the New Economy. It has been replaced by the Security Economy. Analysts say it will take considerable time to sort out the far-ranging changes brought by the Sept. 11 terrorist attacks. But they are certain that the New Economy, based on information and services, is temporarily giving way to commerce driven by security and confidence. "It is clear that we were living in an unreal environment in which we presumed that we were much more secure than we were," said Robert Reischauer, president of the Urban Institute, a Washington think tank. "Governments, private companies and nonprofit groups will all focus more attention and resources on creating the secure environment that they assumed they had before September 11." It is an economy where the Social Security lockbox has been broken to pay for a variety of urgent disaster and stimulus initiatives. It is an economy that will require huge investments in security. It is an economy that may partially reshape the size and role of government in the nation's commerce. "The real costs will be for internal security issues. For the first time since the Civil War, people do not feel safe at home," said David Wyss, chief economist at Standard & Poor's Inc. in New York. He said the price tag will be up to \$220 billion annually, or about 1 percent to 2 percent of gross domestic product. Economists said the investments in security will cover a wide range of costly upgrades, including building security, creating redundant computer systems and duplicating office, plant, and equipment facilities. Businesses also will be forced to keep more

inventory on hand, knowing supplies can be disrupted as they were after Sept. 11. "This was a huge wake-up call to make sure you have everything in place," said Tara Weiner, a managing director at Deloitte & Touche. Weiner said many of the consulting firm's clients already are studying their ability to deal with a crisis. The security economy is today's version of the war economy. Yet, the current environment differs from World War II or any of the large regional conflicts that followed -- from the Korean War to the most recent Gulf War. No one expects to see civilian production lines swiftly converted to produce war material, as happened with a host of industries in World War II. At the same time, the sense of security afforded by two broad oceans now seems badly eroded. Economists and policymakers alike are struggling to understand the scope of changes. Time and the success of efforts to combat terrorists will determine the depth of economic transformation. To date, [Congress](#) appears ready to add \$150 billion in new spending to the fiscal 2002 budget to pay for military costs, emergency aid, an airline bailout and a stimulus package. All these items are designed to respond to the terrorist attacks and address security issues at home and abroad. They also are seen as essential to dealing with the nation's No. 1 economic priority: Healing the wounds and restoring confidence among consumers, investors and businesses. "We have a lot of uncertainty now, real and perceived," said Lynn Franco, director of the consumer research center at the Conference Board, a New York business group. Early surveys showed that consumer confidence, already waning before Sept. 11, took a beating with the terrorist attacks. The week afterward, the University of Michigan's Surveys of Consumers plunged 16.1 points. But Friday brought encouraging news: The index showed a rebound in mid-October with a reading of 83.4, up from 81.8 in late September. Another measure of how people feel about the future, the Index of Consumer Expectations, initially plunged 20 points. The index has declined by comparable amounts only twice before - reacting to the 1973 oil embargo and the 1990 invasion of Kuwait. Looking at 14 different events - ranging from the 1963 assassination of President John F. Kennedy to the 1998 bombings of U.S. embassies in Africa - the Conference Board found that economic trends under way before the events greatly influenced the perceptions and national responses. Ultimately, economists said, the labor market would drive consumer confidence. And with thousands of workers losing their jobs weekly, analysts said, September's jobless rate of 4.9 percent is expected to rise to 6 percent or higher during the recession. They remain hopeful that the combination of new federal spending, tax cuts, nine interest rate reductions by the Federal Reserve Board and lower energy prices will ultimately spark a recovery. Beyond the short-term downturn, analysts said, worries about security and efforts to fight terrorism will reshape the economy for decades. And they said a two-decade trend of deregulation and a smaller role for the federal government in the economy could be reversed. "It means shifting economic resources from the private to the public sector, and that means our economy will slow down," said Marvin Zonis, a professor at the University of Chicago's Graduate School of Business. Fiscal conservatives already are alarmed at the level of spending proposals circulating on Capitol Hill. In addition to those already likely to be enacted, there are others to assist unemployed workers, increase funding for Amtrak and provide protection to the insurance industry against new terrorist attacks. Last week, a battle over whether to federalize airport check-in security provided a preview of debates to come. "The record of prior wars is that it has centralized the range of powers of the federal government and centralized the powers in the presidency," said William Niskanen, the chairman of the Cato Institute, a libertarian research group. Federal government spending as a percentage of the nation's economy hit a whopping 42 percent in 1945 during World War II. As the nation became engaged in the Vietnam War, government's share of goods and services rose to 20.5 percent. By comparison, last year the federal government was 18 percent of the economy. Even before the Sept. 11 attacks, President Bush was determined to increase defense spending and added another \$18 billion to the Pentagon's 2002 budget. While defense expenditures may be vital, they do increase federal spending. Defense expenditures peaked at \$303.6 billion in 1989 before declining with the fall of communism. The cuts played a role in eliminating the deficit, returning capital to private markets, and fueling the record expansion of the 1990s. Had spending been held constant and adjusted only for inflation, the nation would have spent nearly \$1 trillion more - a savings that became known as the peace dividend. And peace and budget discipline were good for the economy. Now, analysts are concerned that renewed spending will not only increase the size of government but also extract billions of dollars from the private sector for government programs that do not raise productivity. "We have had two decades, between Presidents Carter and Clinton, where the role of government was decreasing," said Greg Valliere, managing director at Schwab Washington Research. "Now the government in so many ways is taking a much bigger role." Slower economic growth would have profound consequences for industry, individuals and government: A smaller national pie means fewer profits, a lower standard of living and fewer revenues to fix the fiscal problems of Social Security and Medicare. Spending on security robs companies of capital needed for investments in new products and technology. In the end, it means that the rising productivity rates that boosted profits and wages during the 1990s will be harder to come by. But Wyss, the economist, noted that companies cannot afford not to make the investments: "What is the cost of not doing this?" Such questions go to the heart of the daunting challenges facing government and

industry. "It could be that we've entered into a new era in which the level of insecurity remains high for decades to come," Reischauer said. "On the other hand, our intelligence and military campaigns may be successful, the threat of terrorism could subside, and three years from now we could be back debating and focusing on all the issues that were front and center before September 11."

From The Dallas Morning News, 15 October 2001

Global

Foreign News Shrinks in Era of Globalization

Journalism: Print and broadcast have severely cut back international coverage. The focus has shifted to 'soft' news. Coverage of international news by the U.S. media has declined significantly in recent years in response to corporate demands for larger profits and an increasingly fragmented audience. Having decided that readers and viewers in post-Cold War America cared more about celebrities, scandals and local news, newspaper editors and television news executives have reduced the space and time devoted to foreign coverage by 70% to 80% during the past 15 to 20 years. Several prominent journalists say these cutbacks might have contributed to the uncertainty and confusion among many Americans about why terrorists committed so heinous an assault on Sept. 11. "I think most Americans are clueless when it comes to the politics and ideology and religion in [the Muslim] world and, in that sense, I think we do bear some responsibility," says Martin Baron, editor of the Boston Globe. James Kelly, managing editor of Time magazine, says even "relatively sophisticated Americans could be forgiven for thinking that the world was becoming more like us. After all, how many stories have we read in recent years about yet another McDonald's opening in Ulan Bator? But much of the world was becoming angry at America and turned off by these exhibitions of American power." This is not to suggest that the U.S. news media completely ignored either the hostility toward the United States in much of the Muslim world or the possibility that these attitudes could lead to terrorist attacks here. Several major news organizations carried substantive stories on both these subjects in the years leading up to Sept. 11. Many of the stories focused on the potential of Iraq, North Korea and Iran to wage nuclear or biological warfare against the United States. Others cited only this country's continuing support for Israel and the movement of U.S. troops on Arab soil during the Gulf War as reasons for harsh Muslim attitudes toward this country. But some stories were both more sophisticated and more precise. In January 2000, Newsweek wrote of the U.S. as "the biggest and softest target for the dangerous resentments of religious fanatics who regard the spread of Western culture as blasphemy." That article asked if "Osama bin Laden has a network ready to strike" and said the FBI and CIA, "after years of feuding," had been cooperating to battle terrorism. The final sentence: "We will find out soon enough if they failed." Early this year, on Page 1 of the New York Times, an Islamic militant trained in Afghanistan and jailed by rebels fighting the Taliban said that if he were released, he would "go to London, Paris or New York and blow up women and children for Islam." In August 1998, "60 Minutes" broadcast a story on "Afghan freedom fighters, armed and trained by the CIA, [who] turned out to be fanatical Muslim fundamentalists who are now using terrorism to make war on the United States." A series of Page 1 stories in The Los Angeles Times in 1996 focused on the "thousands of young men from throughout the Islamic world who flocked to Afghanistan and underwent military training" as terrorists. An Emphasis on Crime, Sex and Scandals But these stories represent only a tiny fraction of overall news coverage in the American media. In recent years in particular, they were overwhelmed--on the air, in print and in the nation's consciousness--by stories on the O.J. Simpson trials, Princess Diana, President Clinton and Monica Lewinsky, and Rep. Gary A. Condit and Chandra Levy. Time's Kelly says the nation's news media will have to change, even if only temporarily, in response to the terrorist attacks. "Coverage of the Mideast and the Muslims over the next few weeks will make the race to cover Rep. Gary Condit look like a lazy police beat," he says. Indeed, CNN Chairman Walter Isaacson says the attacks helped his network rediscover its "true mission and the vital importance of what we do . . . to be reasoned and calm and to cover international news in a serious way." Most media in the U.S.--like most Americans--have historically shown less interest in foreign news than have the media and citizens of many other countries, in part because America has long been strong and secure and relatively isolated. But the amount of time and space devoted to international news here have declined still further in recent years. Time magazine has reduced its foreign correspondent corps from 33 in 1989 to 24 this year. ABC News has decreased its foreign bureaus from 17 to seven in the last 15 years. The other networks also have cut back. Even CNN--the network created to cover all the news, all the time, with a foreign press corps that grew steadily from its founding in 1980--began to shift away from hard news, both at home and abroad, this year. In what Isaacson acknowledges was an effort to "chase ratings" against all-news rivals Fox and MSNBC, CNN was moving toward more entertaining, provocative talk about the news, as well as increased "soft news." Last year, an

industry initiative called the Project on the State of the American Newspaper found that there were only 282 correspondents working abroad as full-time staffers or on exclusive contracts for all the nation's daily newspapers. More than one-third of those work for the Wall Street Journal, which focuses primarily on financial news. The nation's three major metropolitan dailies--the New York Times, Los Angeles Times and Washington Post--each have 20 or more foreign bureaus that provide substantial international coverage. Together, they account for almost another third of the 282 foreign correspondents. The remainder of the almost 1,500 daily U.S. papers have fewer than 100 foreign correspondents among them. Some regional papers in areas with rapidly growing immigrant populations have increased coverage of the countries that provide those immigrants. The Dallas Morning News has done that in Mexico, for example, and the San Jose Mercury News has done it in Vietnam. Many news executives say they don't have to maintain large overseas contingents today because modern transportation and communications technology make it possible for them to cover stories and move staff quickly when a crisis erupts. But as Peter Arnett, the longtime foreign correspondent for CNN and Associated Press, wrote in 1998, that approach means that for most Americans "there is no international news available anywhere unless there is a major crisis. Individual papers that once rightly bragged on their own foreign affairs coverage--Cleveland's Plain Dealer, the Detroit News, the St. Louis Post-Dispatch, to name a few--virtually gave it up." A 1998 study by UC San Diego found that only 2% of total newspaper coverage focused on international news, a drop from 10% in 1983. The amount of time that network television devotes to international news shrank from 45% of total coverage in the 1970s to 13.5% in 1995--a decline of more than 70%--according to a 1997 study by Harvard University. The Tyndall Report, which monitors the content of network news shows, says ABC, CBS and NBC combined carried only 1,382 minutes of news from their foreign bureaus last year, a plunge of more than 65% from 1989. This deterioration has taken place as the U.S. immigrant population is burgeoning--44% of the nation's 30 million foreign-born residents arrived here in the 1990s--and at a time when the globalization of commerce, communications and culture have made the people of once-diverse nations, including this one, increasingly interdependent. "The sad irony is that we've identified globalism as one of the dominant issues in the world today, and yet one of the first things many editors cut back on is foreign news," says Stuart Wilk, managing editor of the Dallas Morning News. Cuts Started After End of Vietnam War Maintaining a foreign staff is expensive. But reductions in foreign coverage cannot be attributed solely to high costs. The Associated Press--with 95 foreign bureaus--the New York Times News Service and the Los Angeles Times-Washington Post News Service, among others, have continued to provide reams of foreign copy daily, at no extra charge, in the package of news and features they provide their media clients. But beginning in the late 1970s, after the Vietnam War ended, and increasingly in the late '80s and into the '90s, after the breakup of the Soviet Union, most news executives decided that Americans weren't interested in international news. And yet, when the Pew Research Center for the People and the Press asked Americans in 1996 what kinds of stories they regularly followed, 15% named international news; that was 1% below Washington politics and just ahead of consumer news (14%) and celebrity news (13%). If Americans really aren't interested in foreign news, that may be because the news media "haven't done a very good job of making foreign news seem relevant," Wilk says. "We have to realize that maybe the problem isn't foreign news so much as we how we cover foreign news." For information about reprinting this article, go to <http://www.iats.com/rights/register.htm>

From Los Angeles Times via Project for Excellence in Jo, by David Shaw, 1 October 2001

Globalization and Terrorism

Terrorism is connected to the principles of globalization and the principles of anti-globalization. Coming to grips with what those connections are and what they mean is crucial for people on both sides of the globalization debate. Globalization - Globalization has many [definitions](#), but at its root it is about the planet getting smaller and the free flow of people, goods, capital, and ideas across borders. Globalization has been sped up by technology (computers, jets, etc.) and it makes traditional notions of sovereign nation-state powers more and more irrelevant. Hendrik Hertzberg wrote in [The New Yorker](#) (9/24/01) that globalization "...relies increasingly on a kind of trust -- the unsentimental expectation that people, individually and collectively, will behave more or less in their rational self-interest.... The terrorists made use of that trust. They rode the flow of the world's aerial circulatory system like lethal viruses." The terrorist network at work today uses the technological tools of globalization, and they ignore (or attempt to transcend) the normal definitions of the nation-state. Furthermore, the extreme Muslim fundamentalists (and others) worry that unbridled globalization can exploit workers and replace ancient cultures with McDonald's and Mickey Mouse. "...leading thinkers have begun to discuss one of the ironies laid bare by the terror attack -- the same technologies that empower our lives turn into double-edged swords in the wrong hands," according to the [San Francisco Chronicle](#). Given all this, globalization cheerleaders need to answer some questions: How can the tools of globalization be kept

out of destructive hands? Are you willing to accept more controls on the flow of goods and capital if it will prevent criminal acts? Can globalization go forward while also protecting the integrity of local cultures and communities? Anti-Globalization - According to a report in [The International Herald Tribune](#), Italian Prime Minister Silvio Berlusconi drew a direct connection between the terrorists and anti-globalization protestors: The terrorists were trying "to stop the corrupting effect of Western civilization on the Islamic world," [Berlusconi] said, while "the anti-globalization movement criticizes, from within Western civilization, the Western way of life, trying to make Western civilization feel guilty." That's why I see a singular coincidence between this action and the anti-globalization movement. In Washington, DC, an anti-globalization protest which was planned for the canceled World Bank meeting morphed easily into an anti-war protest (which some interpreted as sympathetic to the terrorist forces). Sloppy thinkers might even say that since anti-globalization forces are opposed to world trade, taking out the World Trade Center could be seen as a victory for them. The vast majority of the anti-globalizers have denounced all forms of violence (both before and after September 11). But they still have some hard questions to answer as well: Could the more inflammatory rhetoric of the anti-globalization movement inspire some people to violence, even terrorism? Since anti-globalizers themselves use the tools of globalization to organize, shouldn't they be more specific about what they dislike in globalization? Should anti-globalizers give up on street protests as a form of action? The attacks of September 11 have changed many things, but globalization will continue, even if the pace or direction is altered. And when the debate over the pros and cons of globalization begins again it must be more focused, and it must take place in a more civil atmosphere.

From About.com, 1 October 2001

Questioning Globalization

Paul Hirst and Grahame Thompson, *Globalization in Question: The International Economy and the Possibilities of Governance* (2nd edition, Cambridge: Polity Press, 1999), 310 pages, \$29.95, paper. Where, and how, one distinguishes between continuity and change goes to the heart of methodological differences in the social sciences, and in intellectual endeavors more broadly. In the case of globalization, there are those who stress the underlying continuity, while others claim there has been a profound disjuncture in the historical development of capitalism as a mode of production. Political implications always follow from theorization of the social world. But even when there is agreement on the dimensions of a situation there may still be profound differences over what is to be done, and where individual and organizational efforts are best directed. In the case of the overlapping conversations concerning globalization, the topic of the book under review here, this is all certainly true. Analytically, Paul Hirst and Grahame Thompson argue on the side of underlying continuity rather than radical discontinuity. Politically, they argue in favor of middle ground reforms. They are critical of both extreme free-market analysts on the political right, and of Marxists and other critics of capitalism, on the left. Specifically, they argue that: the present highly internationalized economy is not unprecedented; genuinely transnational companies appear to be relatively rare (most are multinationals imbricated in their home countries' political economies); contemporary capital mobility is not producing a massive shift of investment and employment from the advanced to the developing countries; foreign direct investment is actually highly concentrated among the advanced countries and the Third World remains marginal in both investment and trade; the world economy, far from being genuinely global, concentrates investment and trade flows within the economies of the core; and perhaps most importantly, global markets are by no means beyond societal capacity to regulate transnational capital, instead it is elite preferences and power which prevent such measures. They do not deny trends towards increased internationalism, nor that there are important constraints on nationalist industrial policy; their claim is rather that there is still a major role for nation-state level policy measures. These writers suggest that the myths have changed from the claim, circa the 1950s and 1960s, that a capitalism without victims was a clear prospect, to the contemporary and equally wrong-headed myth of the uncontrollable global juggernaut, which requires all individuals, companies, and countries to accommodate to competitive forces at any cost or else become losers. As they see it, globalization is a myth suitable to a world without illusions. It robs us of hope by overstating the extent of dominance of the world market. The book's strengths are in the discussions of the history of the international economy, especially migration and international labor markets, monetary and exchange rate regimes, and integration measures. Hirst and Thompson note the dramatic inequalities of contemporary capitalism in terms of life expectancy, income, wealth, and the exclusion of the vast majority from the benefits to be derived from the present system. By looking at the numbers they show that, to the extent a globalized economy exists, it is oligopolistically organized and hardly the outcome of the perfect market competition of the mythmakers. Their treatment of technological determinants skirts close to a technologist framing at some points but also stresses the unprecedented attack on labor by business interests, especially in the United States and the United Kingdom since the 1970s, which included the deliberate undermining of

the wages of production workers and cutbacks in shop floor employment. They link the increased dominance of finance to the growth of income inequality. Discussing the East Asian financial crisis Hirst and Thompson underline the (now widely accepted point) that although these countries had strong sources of domestic savings, they opened their economies to foreign investors, and permitted reckless lending by banks and other financial intermediaries, under intense Western pressures. International Monetary Fund (IMF) bailouts protected these foreign creditors but brought little benefit to local economies. In their discussion of trade and competitiveness they review the extensive research that clarifies the nature of European unemployment. They demonstrate that the labor market characteristics in Europe, which conventionally appear under the heading of "harmful rigidities," such as protective labor standards, job protections, unionization, and high unemployment benefits, have no observable impact on unemployment. The degree of international exposure per se is not the issue, rather the domestic response to it is what counts. Their discussion of the contrasting experiences of Sweden, which has disappointed social democrats, and the great success in recent decades of the Danish welfare state, and more broadly, the Danish economy in the world economy, is useful as are the analyses of the Dutch and Italian cases. The nature of local politics and policies do matter, as do the struggles over control of the public realm and the extent of freedom of the market. Hirst and Thompson are also helpful in demystifying assertions that the managers of financial institutions have known what they were doing. They suggest that such people have been as dazed and confused as the average citizen concerning how the financial system operates. Hirst and Thompson suggest further that, since the financial crisis which began in Asia in 1997 and the counterproductive interventions by international agencies and the United States that followed, there are clear indications that the project of creating a world economy based solely on market forces is "if not in full retreat, at least in suspension." This seems to me an overly optimistic reading of the current situation. They are surely right, in the present historical moment, that what exists is an international economy in which nation-states matter. However, they implicitly overestimate both the willingness of national elites to take independent action, and the room for them to do so, caught as they are between the demands of their working class, and those of multinational capital, which is supported by powerful host governments and the international institutions they command. By ignoring class relations, and minimizing the power and agenda of imperialism as a political economic force, these authors take an altogether too optimistic view that suggests grounds for optimism concerning the prospects for benevolent international cooperation. For all the virtues of their analysis Hirst and Thompson side with those who frame the core argument in this grossly oversimplified and misleading form: prosperity and growth of the world economy are more likely in an open, liberal trading order; environmental concerns are best addressed by diverting revenues from growth in a prosperous international economy. Their framing of the issue as "protectionism equals stagnation, free trade equals growth" is surely disappointing. They tell us that the lesson of the 1930s is that widespread protectionism is self-defeating. They do not distinguish between policies motivated by the need of the working class for protection from the depredations of capital, and protectionism in which national capitals and their labor allies, attempt to gain at the expense of other national capitals and workers. The choice, according to these authors, is between rule by an economic liberal technocracy pushing its free-market dogmas, which have been discredited by economic crisis, and the progressive governance of capital's reformers, as in the World Bank's push for better public administration and its advocacy of good governance measures for Third World economies. Their policy discussion offers such judgments as "Public development assistance can best be performed by a limited variety of competing agencies...sufficient to embody different development strategies and thus permit alternative routes to the future." What does that mean? It is the coded siding with those who want to end the monopoly control by the IMF and the Washington consensus, which strangles the freedom of developing countries and forces them into the mold of privatization, devaluation, and austerity, which are part and parcel of imperialism's design. However, this is not what these authors, who wish to carefully position themselves in opposition to the free-market right, and the anti-capitalist left, are willing to say outright. Their policy discussion thus remains within the terms of mainstream development discourse, focusing on developing better taxation systems, the orchestration of social consensus, and the emergence of a political culture that "balances collaboration and competition." Hirst and Thompson advocate close coordination between the major capitalist powers to promote employment in the advanced countries. We are told that the European Union can best ensure its security by promoting prosperity in the east and increasing living standards in its own poorer southern states. But little is said about how to do these things. The goal of promoting prosperity in the east can be the rationale for renegeing on former socialist state promises of pension funding at levels which match inflation, closing child care centers, and offering tax incentives to foreign capital with monies taken from education and public health. In this book, the real effects of economic choices are rarely made explicit. This reviewer would like to see would-be capitalist reformers accept a "dare to struggle, dare to win" militancy on such matters as tax havens and dumping pollution, or even as the authors suggest, on agreeing to minimum standards of conduct and relief from such harms. I like the social democratic agenda compared to the

viciousness of neoliberalism. But, which reforms the system is willing to make has something to do with how well organized the antisystemic forces are. Even for good reformists who want modest change, the support of more radical proposals and more militant tactics is a good approach to consider. Of course there is some danger that if people really understood the nature of the system the radical critique of capitalism would spread. There is some evidence in the current period, since the Seattle protests against the WTO in 1999, that a more radical critique of capitalism is gaining strength and that the workers of the world, and increasing numbers of progressive activist participants in demonstrations, are bringing capitalist globalization into question. This book provides important insights for those seeking to understand what is going on—even to those readers who will want to go well beyond its modest appeals to the presumably more enlightened sectors of the ruling class.

From Monthly Review, by William K. Tabb, 2 October 2001

'Evils of Globalization' Contributed to Tragedy

Hamilton - The deepening chasm between rich and poor in the world, fuelled by "the evils of globalization," created the conditions for the horrific attack on New York and Washington, something famed Indian peace advocate Mahatma Gandhi would surely have condemned. And yet those very conditions of poverty and inequality led India's beloved hero to urge the poor and downtrodden decades ago to take action against their oppressors, said Dr. Fatima Meer, who delivered a lecture at McMaster University on Tuesday. Gandhi wrote that the owners of wealth had to voluntarily become trustees of wealth, to use their talents to make money for the benefit of all and to stop exploiting the poor. "But if they fail, I believe we shall have to deprive them of their possessions through the state with the minimum exercise of violence," Meer read from Gandhi's writings. Gandhi, who was internationally esteemed for his adherence to nonviolent protest in achieving political and social progress, would never have advocated violence. And yet he foretold "the soulless mess" the world would find itself in if market forces were permitted to shape our world, Meer told a crowd of about 300. Her talk was the sixth annual Mahatma Gandhi lecture, established by McMaster's Centre for Peace Studies to help develop and debate the 2,500-year-old tradition of nonviolence. The lecture series was named after Gandhi to honour his role in revitalizing nonviolence. Globalization is simply the modern equivalent of colonization, said Meer. Yet its consequences are more dire. Global capitalists do business unchecked by government, "plundering and transferring resources" from the poor to the rich, from south to north: from Africa, Asia and South America, to Europe, the U.K., Japan, Canada and the United States. "The main orchestrator and beneficiary of this process is the U.S.A. which enjoys 50 per cent of the world market in many industries," she said. "Globalization is essentially Americanization." While the world's per capita income tripled in the last 50 years and the world gross domestic product grew tenfold _ to \$30 billion - the world's population has never been as divided in their standards of living in the history of the human race, Meer said. The assets of the U.S., Japan and Germany, the three richest countries in the world today, are greater than the combined gross national product of the 48 least-developed countries, she noted. Gandhi condemned industrialism on moral and economic grounds, Meer said. Machines were no friend to humans if they simply created unemployment and poverty, while urbanization brought alienation. Instead, Gandhi envisioned small, self-sufficient, interdependent communities where values were guided by interpersonal contact. "Take away his chronic poverty and his illiteracy and you have the finest specimen of what a cultured, cultivated free citizen should be," Gandhi wrote. His economic vision was based on his view of humans as creatures of God with sufficient reason "to live in terms of the moral order, God's order." From that flowed his economic theory. No one can own resources because they belong to God, Gandhi believed. Those who acquired riches or property actually held them in trust for God, Meer said, and are obliged to share them with the larger community. While the state should prescribe a minimum wage, it should also impose a maximum income, beyond which earnings would be used to benefit the larger community. "It would be a grave mistake to discuss Gandhi as esoteric, not of this world, impractical," said Meer. "This is the kind of propaganda on which those who reduce us to body and reject our soul I would have us believe." She urged those wishing to address injustice in the world to tackle poverty first, whether on a local, national or international level. "The greatest problem today is poverty. With poverty in the world, we'll never have universal peace. We'll have people resorting to terrorism."

From Torstar News Service, 4 October 2001

Why Globalization, Trade and Protests Matter

As world leaders prepare to gather at the fourth WTO Ministerial Conference in Doha, Qatar on 9-13 November 2001, Mireille Perrin of the WWF Trade and Investment Unit challenges a few preconceived arguments about what

globalization is and why it matters. Gland, Switzerland: In the age of globalization, everybody knows and saw what happened on the streets of Seattle, Prague, Washington, Quebec City, Gothenburg and Genoa. What we tend to remember are images of protesters engulfed in clouds of tear gas, security fences and forces - and not much about what was said, let alone decided. But as pointed out by many editorialists, decisions taken by world leaders are often weak, slim and below even the more modest expectations and desires of their citizens. Much talk but no substance, many promises but no commitment. "An exercise in futility", commented Moises Naim in an editorial in the *Financial Times* on 6 August. We remember the violence but we should also note the repeated failure of world leaders to take effective decisions. Beyond camera shots and vivid photos, what is at stake is the now infamous "globalization" process of the world economy. It can be seen as a concept, an ideology, a movement or a process. However, for the purposes of this article, globalization is defined as a process characterized by major economic, political and socio-cultural changes impacting day-to-day life and the way our societies function. WWF believes it is important to challenge a few preconceived (or misconceived) ideas and arguments about what is globalization and why it matters at all. First, activists and so-called protesters are wrongly portrayed as being "anti-everything": anti-globalization, anti-capitalism, anti-modernity, etc. While some of the groups demonstrating in the streets of Seattle and Genoa would indeed claim that they are against the WTO and against current rules governing trade, investment and financial flows, it is too simplistic to reduce the message to one of opposition. What many fail to see is that these individuals and groups are also fighting "for": for a fairer and more sustainable trading regime, for greater equality between rich and poor nations, and for decision-making that better takes into account the concerns of all citizens. Second, by focusing on the protests, many commentators position the debate in wrong terms. The real question is not whether one is "for" or "against" globalization, but what kind of globalization one wants. Clearly, progress in communications and technology is an improvement for many citizens and communities around the world, because it allows for an easier and quicker access to health, education, food and much needed information about environment, development and politics. The challenge before us is whether we aim to shape globalization so that it benefits the majority, instead of the few, and that it promotes the sustainable use and management of natural resources, instead of increased pollution and biodiversity loss. Third, and as a result of the above, globalization is far more than a question of trade and investment liberalization and free flow of capital. It is very much a political and cultural phenomenon, which cannot and should not be controlled by a few powerful individuals. Unfortunately, the debate today is very much polarized and at a stalemate. We find ourselves at an impasse where world leaders hide behind higher steel fences and security zones while the violence escalates. This surely is not the solution to the world's economic, social and environmental problems. Unless governments come to grips with reality and do recognize that many are simply losing out, we will not be able to get out this vicious circle. The solution resides in a mix of pragmatism and innovation. Pragmatism because rich industrialized governments can do something. Industrialized countries cannot continue to pressure developing countries to open up and liberalize their economies when many developed countries such as the USA and EC maintain protectionist policies. In the OECD countries, agricultural subsidies totalled US\$360 billion in 1999. Provided that a certain political will exists, there are well-known distortions that can be eliminated, which would contribute to increasing economic, environmental and social benefits. The fisheries subsidies issue is a potential "win-win-win" opportunity that WTO members have failed to address despite repeated promises to prioritize such solutions. Innovation, because there needs to be some innovative thinking about alternatives to the current dominant neo-liberal paradigm, and the way global economic relations should be organized. This requires that governments and the international community at large reflect on what have been the true costs and benefits of globalization, from an economic, developmental and environmental perspective. On that basis, they should then examine the range of policies, measures and instruments that need to be implemented to enhance positive effects and address and eliminate negative impacts. Such a process can only start if state and non-state actors are convinced that such an assessment is a logical and necessary step before further deepening the process of liberalization and integration of national economies. We will see whether governments are willing to take on these two challenges at Doha in November. This will be the first test. The second will be when they convene in Johannesburg for Rio+10 in September 2002. While the limits of global summits have been questioned after Genoa, governments cannot afford to fail ten years after Rio and their often repeated commitments to sustainable development.

From WWF, by Mireille Perrin, 14 October 2001

Corruption Deepens Poverty Around the Globe, Says Transparency International

Corruption deepens poverty around the globe by distorting political, economic and social life, the Global Corruption Report 2001 released yesterday in London, United Kingdom, said. The report is authored by Transparency

International (TI), a non-governmental organisation fighting corruption. "We are publishing the Global Corruption Report 2001 to strengthen public understanding of the pervasiveness of the malaise and the damage the scourge does to building democracy, securing human rights, fighting poverty and building a level playing field in International business transactions," said TI Chairman Peter Eigen. He said even terrorism "thrives on the wings of corruption," but stated that the report contains "rays of hope" as the "secretive web that once shrouded it is fast unravelling." "Corruption is now on the agenda at the highest level of politics," he said, stressing that an increasing number of governments and business organisations were now taking positive steps to curb the scourge, while "citizens' action is beginning to call politicians to account in all corners of the world." He recalled that in the Philippines, "public outrage at corruption forced a leader out of office," while "politicians in Mexico and Nigeria have put the fight against corruption at the centre of their agenda." "From the visible candidates' campaigns by chapters of TI in Ecuador, Argentina, Latvia, and now Germany, which call on politicians to disclose their sources of funding to the waves of protests against corrupt political elite in the Philippines and Peru, there has been a seen change in public attitudes towards corruption. While cronyism persists, an international coalition is emerging around the need to cut off avenues available to corrupt elites for diverting their ill-gotten gains into foreign bank accounts," Eigen said. He stressed the "crucial importance of an independent judiciary and a free press to make governments accountable to the public." When aided by the news media and the power of the vote, civic action had played a key control function in the struggle to stop corrupt, he said, pointing out that the news media had "managed to become more active in places not known for press freedom, such as the Middle-East and North Africa." Eigen said TI plans to publish the global corruption report on an annual basis, noting that this year's report "paints an alarming picture" with detailed regional reports on the latest trends and developments in the World."

From Amebo.com, 17 October 2001

Ghana: Information Will Check Corruption

[Accra Mail](#) - At the two-day forum organised by the Media Foundation for West Africa (MFWA) to deliberate on the Draft Right to Information Bill, Mr. Akoto Ampaw, a legal practitioner, regretted that when it comes to seeking or cross checking information government officials shy away. He said government is subordinate to the people as stipulated in the constitution. Basic principles are in the constitution that give full effect to the right of information. "There is a legal obligation on all public servants exercising public duty to offer information to the public." He stated that the Right to Information Act would ensure that the sovereignty of the country resides in the people. He therefore called on government officials to develop a culture of openness to promote open governance. The Ambassador Designate to Sierra Leone and former Editor of The Independent, Mr. Kabral Blay-Amihere urged the electronic media to use their medium as a platform for public debate on the Act. He emphasised that the Act is not meant for the media alone and therefore called for education on it to benefit the rural folk. The Executive Secretary of the National Media Commission (NMC), Mr. Yaw Ayebofo called on the media to be open, adding that an advertiser for instance has the right to ascertain the circulation of a newspaper and the coverage area.

From Africa Online, 2 October 2001

Who Will Cut Big Government?

The awkwardly lively interaction between donor representatives and Ugandan officials at their recent Consultative Group gathering in Kampala turned out to be partly about national and personal pride. President Museveni was apparently suffocating under the pressure of the conditions the donors were attaching to their aid to Uganda. Political liberalisation was on their agenda. The controversial March 2001 presidential election had made the Movement look like a gangster project. Uganda's more sincere friends wanted promises of a democratic environment they could understand. There was also the question of corruption. So inauspicious was the timing of the conference. The UN report on the plunder of the Congo and the on-going inquiry into the fiasco of the junk military helicopters bought from Belarus did not enhance the President's image. But where the faint-hearted might have caved in under the pressure, the President forged an offensive. He lashed at his benefactors for treating a sovereign country as if it was the province of another... (Never mind the sovereignty of the Congo)... "But you (want to throw) food in the latrine and want us to accept it! It is food all right, but we can reject it." This is vintage Museveni. A donor representative who was either too timid or too appalled to be named reportedly remarked: "He (Museveni) wants the butter, and he wants the money for the butter (as well). He is a person who wants to show that he is very clever. Do you really think he can reject the aid? Really?" (THE MONITOR, May 18.) But some of Museveni's humiliation is self-inflicted. Because he cannot generously separate his person from the State, any donor demand will always appear to be a personal affront, a challenge to his authority. Also, because he is not a natural democrat and is frightened of the risks that he would be exposed to in a scenario of fair competition, he has got entrapped in the idea of "buying" constituencies: tribes, districts, women, workers, the disabled, the youth ... You now have the absurd situation where elderly MPs are being intimidated out of the House by younger people who want some of the gravy, and at the same time elderly people outside the House demanding seats specifically for their representation. If Abubaker Mayanja (arguably one of Uganda's greatest parliamentarians) returns to the House, he should one day find an opportunity to educate the members, AND the President, on the primary function of parliament. Right now, many of the sitting and aspiring members seem to think that parliament is a collection of samples of the different sections in our society, instead of a body assembled to make laws by which all those groups - the citizens - and the State shall avoid anarchy. Parliament is supposed to define how freedom and limitation, opportunities and denial, will be handed out to all. The natural condition of parliament is one of tension and "struggle". Museveni is not helping parliamentary democracy to grow. He believes the function of parliament is to endorse his wishes, because he sees the members essentially as parasites on the gravy train. And since these members are a fairly "inclusive" sampling of the society, there is no reason why society should oppose him! It is a weird logic, but it is roughly the same logic by which he has assembled his gross cabinet and the myriad of advisors and local government officials. Even before a shilling is stolen, the sheer bulk of government can barely be

sustained by the country's tiny economy. A few weeks ago, I speculated in this column that the government had handed out those scandalous housing allowances to Commissioners to soften the ground for the wholesale plunder on the way. The ministers have now awarded themselves a 35 to 40% salary rise, even if it means raiding project funds in the short term in some cases. The forthcoming parliament will duly make its raid. Our highly regarded prime minister, Apollo Nsibambi, should explain the logic behind these increments in the context of other Ugandan workers, tax-payers and the wormy children of Bundibugyo. When a joke like the ministry of Ethics and Integrity is introduced, it starts as a squatter outfit. Very soon it becomes a sizeable folly with the usual trappings; supporting staff, big cars, computers; all of which could have been avoided if Museveni had resisted the itch to call Matembe's bluff. (Mrs. Matembe, once an outspoken critic of the regime's prodigal ways, was reported to have vowed never to accept a ministerial post in Museveni's government.) But how does one cut parliament? In a constitutional reform. You can begin by fusing two constituencies into one across the country. Instead of 214 directly elected members, you now have 107. I have no objection to affirmative action for women. However, instead of special seats for them, women would contest for the same mainstream seats on a "handicap" basis. Simply multiply a woman's votes by a factor of, say, 1.25. So Anne Mugisha would need only 80,001 votes to beat Francis Babu with 100,000. Not a bad omen. This format would also help to restore the principle that a legislator is for all citizens, not for only her gender, his village or his profession. Moreover, the larger constituencies would probably attract more high-calibre candidates. There is perhaps a case, partly a token of our humanity, for the disabled; and, some would insist, for soldiers, etc. In any case, the total number of special interest members should not exceed 10 or so. Cutting cabinet to about 25 should be even easier. But Museveni is not going to champion such dramatic reforms. Like fighting corruption, they require a type of courage which generals are sometimes not endowed with. In the meantime, he will have to live on the food from the donors, no matter how unflatteringly served; and the donors will have to understand that he sometimes threatens to reject the food.

From AllAfrica.com, by Alan Tacca, 8 October 2001

Corruption Worsens African Poverty, Says Obasanjo

Abuja - Nigerian President Olusegun Obasanjo said on Thursday that public sector corruption was deterring much-needed foreign investment and worsening poverty in Africa. "The reckless indulgence of our public officers in bribery and extortion has not only robbed Africa of the much-needed local and foreign investments, but has also attracted a negative reputation around the world," according to a speech by Obasanjo read at the opening of the African Parliamentary Union in Abuja. The speech, read by the Federal Capital Territory Minister, Muhammed Abba Gana, said the high level of corruption was the major cause of internal strife, hunger and low income levels in sub-Saharan Africa. "Indeed, corruption has been the major cause of internal conflicts, wars of attrition and famine as competing interest groups contest for the control of scarce resources," he said. A recent World Bank report estimated that about 70 percent of Nigerians live below poverty level, surviving on less than a dollar a day. Africa's most populous nation of more than 110 million people regularly ranks in the top five in the annual corruption perception index of the Berlin-based anti-corruption organization, Transparency International. The organization has commended Obasanjo's efforts to fight corruption, but warned that the government must move beyond the mere enactment of laws to win the battle. International creditors insist that the West African country must show it has made progress in battling graft to qualify for further credit or debt relief.

From CNN Europe, 22 October 2001

Opposition Leader Accuses President of Corruption

Chiluba is living on stolen funds - President Frederick Chiluba is living on stolen public funds, opposition UPND president Anderson Mazoka has charged. Commenting on reports that President Chiluba had not been using his monthly salary for 16 months, Mazoka challenged President Chiluba to explain to Zambians how he had been surviving during the period. "It is mind boggling that he has not been using his salary for 16 months. Our concern is that President Chiluba is corrupt," Mazoka said. "How has he been surviving? He was not a millionaire when he entered State House in 1991." Mazoka said Zambians should elect a leadership which will live on its monthly emoluments. He said Zambians should not expect President Chiluba to change his corrupt conduct because that would mean demanding too much. "Can he explain to us how he has been supporting two homes? How has he been supporting his unemployed children?" asked Mazoka referring to President Chiluba's maintenance of his private life in Lusaka and supporting his family in Ndola. "This story only confirms that President Chiluba has been stealing from Zambians since

he entered State House." Mazoka said Zambia had a serious problem with President Chiluba's conduct because his leadership had been characterised by corruption and theft. A Ndola businessman and two Barclays Bank employees were arrested for allegedly swindling President Frederick Chiluba out of K82 million meant for his salary. The named bank employees from Ndola's Buteko branch, who were detained together with the businessman on October 11, have since been released. Police spokesman Lemmy Kajoba confirmed the arrest last week but said the suspects have since been released because there was no official complaint from the bank. "We couldn't continue holding them because the matter cannot go to court without a complainant," said Kajoba. Barclays Bank sources in Ndola yesterday revealed that the businessman has similar names with President Chiluba which he used to connive with the Bank employees in transferring President Chiluba's salary from a personal account into his. "The money (K82 million) has been accumulating for the last 16 months because President Chiluba has not been collecting his salary," the source said. "Each time the salary came into the bank, the employees involved in the syndicate would cross out his account number and put it in the name of their friend with similar names to the President. The friend would then withdraw the money and share it amongst themselves. It seems this has been going on for the last 16 months or for sometime now." The source said even President Chiluba was not aware about the syndicate because he had not been asking for his salary for the last one year four months.

From AllAfrica.com, by Brighton Phiri, 23 October 2001

Somali MPs Consider Government Future

Members of the Transitional National Assembly in Somalia are continuing to debate a motion of no-confidence in the transitional government. They say the government of Prime Minister Ali Khalif Galaydh has failed to promote national reconciliation, and has not fought corruption or improved security. Other members of the assembly have accused the speaker, Abdallah Derrow Issak, of plotting to topple the government by allowing the no confidence motion to go ahead. They say the motion is part of a power struggle between the prime minister and the president, Abdulkassim Salat Hassan. The transitional assembly was set up a year ago as a way of ending a 10-year long breakdown of government in Somalia.

From the newsroom of the BBC World Service, 22 October 2001

Asia/Pacific

Australian Government Pushes Economic Credentials

The Prime Minister, John Howard, says the Coalition's sound economic management should help Australians make up their minds on November 10. Mr. Howard says industrial relations and tax reform, and the repayment of Labor's previous debt have helped prepare the economy for bad times ahead. The Opposition leader, Kim Beazley, has contested Mr. Howard's claims, saying the Government is not performing well compared to other OECD countries. He says the Government inherited more than four per cent per annum growth in the economy and turned it backwards. "They inherited the Labor Party's economy which John Howard said was better than good in parts. Quite a confession for a conservative Prime Minister," he said. "What they did was to take that growth economy and turn it backwards. They did it with their goods and services tax and we have not yet recovered fully from that." The Prime Minister maintains Australia economy is performing better than most economies. "The Australian economy would now be succumbing far more readily to the ravages inflicted upon world economies by the unhappy events of recent weeks," he said. "On the strength of our economic record of itself is a very powerful reason why I respectfully ask the Australian people to endorse us again."

From ABC Online, 5 October 2001

Lee Hoi-chang Criticizes Corruption

Grand national Party leader Lee Hoi-chang harshly attacked the series of corruption scandals embroiling the ruling party and government in a keynote speech at the opening of the National Assembly Monday. Lee said the situation was now so bad he was prepared to risk his political career in resolving the crisis gripping the nation. He continued that all incidents of corruption carried out under the protection of the ruling powers should be subject to legal punishment without exception. Lee also called for the police and prosecution to root out all forms of organized crime. Lee said that the prosecution, police, and National Intelligence, Financial Supervisory and National Tax services were under

suspicion of involvement in corruption, as were the core group of the ruling party, and stated that there should be a National Assembly investigation followed by the creation of a Special Prosecutor. He noted that the regional based appointments were the cause of the corruption and so this system needed to be reformed before restructuring the administration. With regards to North Korea, Lee urged Pyongyang to give up its anachronistic unification front strategy and accept peaceful coexistence, while calling for an apology for the bombings of the Ayung San Mausoleum, which killed several South Korean cabinet ministers, and the 1987 Korean Airlines passenger plane. He also demanded a clear renunciation of terrorism by the North. Lee said the government should immediately desist from attempting to control the media and called for the release of detained newspaper owners. He noted that if broadcasting companies siding with the government produced biased reporting then friction within society will never be healed. On the economy Lee urged President Kim Dae-jung to take a serious look at the situation and reshuffle his economic advisers, to come up with mid- to long-term measures to deal with the failure of business operations. He also called for plans to deal with the bankruptcy of the major pension and insurance systems. The GNP leader expressed active support for the anti terrorist attacks by the US and UK, and offered non-partisan support to the governments involvement with the US led coalition.

From Digital Chosun, 8 October 2001

Seoul to Host 2003 Anti-Corruption Confab

The Seoul City government said yesterday that it would host the 11th International Anti-Corruption Conference (IACC) in 2003. The host city for the conference was decided at the closing ceremony of the 10th IACC meeting held in Prague Thursday, where Seoul Mayor Goh Kun represented South Korea, city officials said. It will be the third time since its launch in 1983 that the biennial meeting, established to discuss ways of eradicating corruption, will be held in Asia following similar events in Hong Kong and Beijing. According to city officials, during the Prague meeting Goh said that Seoul city "would make every effort to ensure the 2003 IACC meeting will be productive and useful." He was further quoted as saying that "terrorism is an anti-cultural act threatening social security with violence, and corruption is an immoral act disrupting social trust." He then explained Seoul's ongoing anti-corruption program, which includes measures such as the online civil application system and an integrity pact, the officials said. Held between Oct. 7-11, the Prague meeting was attended by some 1,400 delegates from 140 nations. Seoul City hosted an international anti-corruption symposium in August.

From Korea Times, 15 October 2001

Watchdog Could Get 20-year Probe Remit

Senate and people's group want changes - Officials and politicians could be punished for corrupt deeds stretching 20 years into the past under a change proposed by the Senate and the people's sector. They are proposing legal amendments extending to 20 years from two years the graft agency's right to investigate officials and politicians for corruption. Senator Niran Pithakwatchara said the People's Network against Corruption and the Senate had been working together to plug loopholes weakening the powers of the graft agency. They would seek changes to the 1999 anti-corruption law in 10 areas. One crucial point was Article 75 (2), which bars the National Counter Corruption Commission from filing charges against a state official or a politician who has been out of office for more than two years. The cut-off period should be 20 years, enabling the commission to launch investigations going back that long, and to punish people it found to have acted wrongly. Where the graft agency proved corruption but the suspect had died, the heirs would be held responsible. Assets acquired through corrupt means would be seized by the state. Under Article 34, a suspect would be sacked if the commission found he or she intended to falsely declare assets and debts. Dr Niran said the proposed changes would extend the law's ambit so that a politician or official would have to disclose financial figures and related documents as well. If the commission found someone had intended to withhold the material he or she would be dismissed. Article 16 would be changed to enable a quarter of the Senate to seek the dismissal of a corrupt or inefficient commissioner. Only MPs can seek such a dismissal now. The graft agency's secretary-general has the sole power under Article 19 to appoint a successor to that post, deputy secretaries-general and C-9 officials. Mr. Niran said the network and the Senate wanted that power to belong to the graft commission as a whole. People who came up with false evidence against a politician would no longer be penalised. The provision would be struck out because offenders could already be punished for defamation under the Criminal Code. The changes would go to deputy government chief whip Adisorn Piangket before going to the government and the House.

From Bangkok Post, by Wut Nontharit, 16 October 2001

Turkish President Backs Democratic Reforms

Anakara, Turkey - Turkish President Ahmet Necdet Sezer on Monday called for more democracy as Turkey's parliament prepared to vote on a series of constitutional amendments, including limiting the death penalty. Sezer, a former judge and a frequent advocate of democratic reforms, urged lawmakers to adopt laws to safeguard human rights and press freedoms and to enact measures to fight corruption. "What kind of a Turkey do we want?" Sezer asked in a speech marking the formal opening of parliament following a summer recess. "An enlightened Turkey, which has solved problems such as corruption ... (and) guarantees the rights and freedoms of a person." Although parliament formally opened Monday, deputies convened two weeks ago to discuss 37 amendments to Turkey's freedom-restricting constitution drawn up in 1982 following a military coup. Parliament is expected to hold a final vote on the package this week. If the amendments are approved, the death penalty will only apply to cases involving terrorism and during times of war. It would also allow the use of the Kurdish language in broadcasting. Authorities could still, however, ban Kurdish broadcasts on grounds of national security and public safety. Education in Kurdish would still not be allowed. The European Union, which Turkey hopes to join, is pushing the country to grant greater cultural rights to its estimated 12 million Kurds who are not recognized as a separate ethnic minority. Sezer said parliament should enact EU-inspired laws to guarantee freedoms and to regulate the distribution of state contracts and help combat rampant corruption. Officials are frequently accused of favoring companies in state contracts in return for kickbacks. Many believe that corruption is one of the causes of Turkey's economic crisis which led the currency to lose more than half of its value and left some 600,000 people unemployed.

From CNN, 1 October 2001

World: Head of Transparency International Discusses Solutions to Corruption Issues

Founded in 1993, German-based Transparency International is the only global non-governmental organization (NGO) dedicated to fighting corruption. RFE/RL correspondent Jeremy Bransten talks to its chairman, Peter Eigen, who helped organize the 10th International Anticorruption Conference, which culminates today in Prague. The conference drew hundreds of law-enforcement officials, academics, bankers, and non-governmental representatives from Albania to Zimbabwe, to discuss the phenomenon of corruption and how to combat it. Transparency International describes itself as a civil-society organization dedicated to curbing both international and national corruption. The organization does not investigate individual cases of corruption, but lobbies for legal reforms to strengthen clean governance and uses its local chapters to monitor the implementation of existing agreements by signatory countries. Transparency International publishes regular reports on the state of corruption in the world's countries, the most famous of which are its "Corruption Perception Index," which measures how corrupt citizens feel their states to be, and the "Bribe Payers' Index," which gauges how business and government officials working in a particular country evaluate its corruption climate. Peter Eigen was asked what he hoped to achieve at the Prague conference. When the first International Anticorruption Conference was convened 20 years ago, it included only a handful of law-enforcement officials. Under Transparency International's stewardship, it has grown to encompass representatives from nearly every sector of society. Eigen had this to say: "One can perhaps divide what we expect from this conference into three categories. The first one -- as was the initial intent of the conference, already at the beginning, when a couple of detectives and police officers were meeting - is an attempt to simply improve the tools for fighting corruption, to compare experiences in various parts of the world, various reforms, exchange ideas on success stories but also on mistakes which have been made." In addition to comparing approaches, Eigen hopes participants will form durable bonds. Just as crime, terror, and corruption have gone global, so too must those trying to thwart them: "The second point is the attempt to create networks -- again, this was part of the initial idea. It's very, very important for a prosecutor, say, in one country to be able to call a prosecutor across the world and know them and call them by their first name and say: 'How are you handling this [case]? Can you tell me about so-and-so?' It's the same thing between civil society and law enforcement, the research community, the media. You get to know each other and we create a community of anticorruption fighters who are able to interact in an informal way which is very important in this time of the Internet, when one can then very quickly resolve issues which otherwise might take a lot of correspondence, difficulties and formalities, embassies, consular offices and so on." The third hope, says Eigen, is that participants will develop some solutions to address particular corruption issues. These may be outlined in a final document, to be released after the end of the conference. But Eigen emphasizes that he does not want to see the conference hamstrung by negotiations over the phrasing of a

final declaration, as so often happens at international gatherings. The aim is to discuss approaches, hence the attention given to informal workshops, rather than eloquent statements. The existence of a transnational organization such as Transparency International presupposes that corruption is a worldwide phenomenon. But is there an objective standard for measuring corruption? Or is the occurrence and perception of corruption conditioned by individual societies and the cultural influences which shape them? Eigen says: "In the beginning of our work, we were very much involved in fighting this notion that some societies welcome corruption, that it's part of their value system and that therefore, if one wants to do business in one of these countries, one has to go there and bribe. In fact some people might have said this about Prague, you know. If you come from Dusseldorf to do business here, you might say: 'Well, down there in Prague, if you want to do business, you have to bribe.' This was in my opinion a totally false and hypocritical propaganda which has been destroyed." Eigen points to the adoption in 1997, by the Organization for Economic Cooperation and Development (OECD) states, of a Convention on Combating Bribery of Foreign Public Officials in International Business Transactions as a major victory in curbing this practice: "One of the most striking success stories is the change of the legal system for exporters in the OECD countries. Until two years ago, it was legal for a German company to come here to Prague and bribe a minister or a mayor. They could even deduct this from their taxable income. Now, if a German is caught -- either in Germany or here -- doing this, he will be punished by a German court. He will be sent to jail for five years." Eigen acknowledges that culture does play a part in encouraging certain practices in some countries that might be regarded as unethical in other societies. He says the approach to combating corruption must therefore be nuanced: "It is indeed customary in some traditional societies to make gifts all the time. If you don't make gifts this is construed as a hostile and impolite act. In some societies, solidarity with a wider family or group is not seen as nepotism, as we would see it in some parts of the north here, but it is seen as something that is even more important than the code of ethics of a ministry. And in that sense, yes, the details of corruption - in particular the tools which you need to put in place to protect society against corruption - are different in different societies." But Eigen says when major influence-peddling occurs, the bounds of propriety are usually quite clear: "[There is] one thing one can say all the time, and that is: If you make major gifts secretly to some decision-maker in order to affect their judgment, this is not accepted anywhere. In Africa, if you visit a village chief, you do this openly. You give him something nice, which is not a luxury limousine but it is a beautiful piece of art or something like this and you do it totally openly, because you try to honor that person. You don't give him a slip and say: 'I just paid five million dollars into your bank account in Liechtenstein.'" The postcommunist world's rapid transition to a market economy over the past decade has created opportunities for corruption on a mass scale in many countries, leading some to suggest that capitalism has served ordinary people little better than communism. Eigen says Western governments bear some blame for this in promoting market liberalization as a panacea, when in fact their own societies are a carefully calibrated mix of market and regulation: "Many of the important international organizations, they felt that if only one could get the role of the state reduced, if only one could get all state enterprises privatized very quickly, if only one could eliminate state regulation and so on, then the market would basically take care of everything and corruption would disappear. This was absolutely wrong because if you suddenly, say, liberalize foreign-exchange transactions of the banks and you don't liberalize other things at the same time and you don't put in place safeguards against corruption or against private monopolies or other abuses of private power, then you invite corruption." Eigen says too little emphasis was put on instituting those safeguards before privatization was started: "Privatization is in itself a process which is extremely vulnerable to corruption. In Germany, we have now nearly a thousand cases of corruption pending after the privatization by the Treuhand [the state property holding company charged with privatizing East German enterprises]. So privatization may be eventually the right step to create a system where corruption is not necessary or not as profitable anymore because things are not so much hamstrung by government bureaucrats, but the process itself of transition is extremely vulnerable." But Eigen notes with some optimism that the issue of corruption is finally being addressed in the region, and Transparency International will strive to keep it on local radar screens in years to come.

From Radio Free Europe, by Jeremy Bransten, 11 October 2001

Declaration by the European Union on the Introduction of Democracy in the Federal Republic of Yugoslavia After the Events of 5 October 2000

The EU wishes to congratulate the people and the political leaders of the Federal republic of Yugoslavia for the remarkable progress made in the introduction of democracy. The year after October 5, 2000 has been marked by elections and the establishment of a democratic government, by economic reforms, and by the suspension of repressive laws. This year has also seen the adoption of an amnesty law, and important steps of co-operation with

ICTY. The EU looks back with satisfaction at the successful co-operation it has developed with the FRY. Right after October 5, 2000, the EU came forward with substantial emergency aid. It has strongly supported policies of reform and economic transition. Like other countries in the region the FRY has become a partner of the EU through the SA-process. The EU will support continued democratic, economic and legislative reforms, with particular emphasis on the rule of law and public sector reforms. The EU wishes to recall the importance of reaching an agreement on a new overall federal framework between the two republics Serbia and Montenegro. This would greatly facilitate both the consolidation of reforms and participation in the process of European integration. Together with other international actors, the EU intends to remain a reliable partner of the FRY during the challenging period that lies ahead. It encourages those in positions of responsibility in the FRY to maintain the course of reform. It looks forward to seeing a renewed Federal Republic of Yugoslavia take its place as a beacon of stability in South Eastern Europe. In particular, the EU looks forward to seeing the transfer of all remaining ICTY indictees in the FRY to the ICTY as soon as possible. The EU also calls upon the FRY authorities to work actively for the full participation of all Kosovo Serbs in the November Assembly elections and thus to underline their support for a multi-ethnic future for Kosovo. On this anniversary the EU extends its best wishes for a peaceful, stable and prosperous future to all the people of the FRY.

From Council of the European Union, 12 October 2001

World: Corruption Said to Be Flourishing in Education

Corruption is most often associated with business, government, or the police. But one surprising sector in which corruption flourishes all too easily is education. Experts meeting at an anticorruption conference in Prague have drawn attention to the corrosive effect that corruption in educational institutions can have on societies in transition. Every two years since 1983, the International Anticorruption Conference has brought together politicians, bankers, law enforcement officials, academics, and non-governmental organizations (NGOs) to discuss the phenomenon of corruption -- in all its myriad forms -- and how to combat it. This year's session in Prague was the biggest yet, with hundreds of delegates from countries ranging from Albania to Zimbabwe attending more than 100 workshops and plenary sessions. While most workshops re-examined oft-discussed themes such as how to limit police corruption or how to ensure that privatization laws do not encourage graft, one workshop focused on an overlooked but especially pernicious phenomenon: corruption in education. Teachers, in most countries, make up the largest single segment of the civil service. And as Nicholas Benett, a former World Bank education specialist with more than 40 years' experience working in the developing world, notes: "We who come from the Western developed world assume that the function of a civil servant is in fact to serve the people -- the function of a teacher is to teach the children. But in fact, in the poorer countries, where I've lived and worked, the function of a civil servant or a civil service has not been so much to employ people to serve the people, but to employ as an end in itself." In much of Africa and the poorer parts of Asia, teaching jobs are seen as patronage posts. Teachers must bribe their way into teacher-training college. In Cameroon, the going rate is one goat and \$80. Once students graduate, their teaching positions will allow them to recoup that amount many times over in bribes from students and their parents. Benett listed the various forms of corruption to which teachers resort in much of Africa. The first is absenteeism. Many teachers collect their government salaries and do not show up to teach. When they do, they demand money from students for letting them pass exams or for after-school tutoring programs. On frequent occasions, teachers in rural areas will use students as unpaid labor on their farms. The ministries of education of many countries, meanwhile, are heavily engaged in what Benett terms the "textbook racket." Textbooks in francophone West Africa, for example, sell for more than twice the price at which they are sold in France. Education Ministry staff have themselves written in as textbook co-authors so they can reap "royalties" on sales. And they issue directives forcing schools and parents to buy new textbooks every year, ensuring profits are kept high. The examples cited by Benett are so unbelievable and egregious that they could perhaps be dismissed as another tragic Third World phenomenon. But Teresa Ogradzinska - the director of the Polish Children's and Youth Foundation, an NGO - notes that there are many parallels to the countries of the postcommunist world: "Corruption in education has a very demoralizing impact on the young generation. There exists a growing conviction that money is more important than the individual learning effort and intellectual capacities." In Poland, as a result of the communist legacy, teachers have low salaries but enjoy near-total job protection under special government statute. "This law gives teachers a lot of security - it is a kind of government umbrella over teachers. So, it is very difficult for a school director to throw out a teacher even, for example, if the teacher is an alcoholic and comes, after drinking, to the lessons," Ogradzinska says. Furthermore, teachers are not considered to be "public persons," which means under Polish law they cannot be prosecuted for accepting bribes. This revision of the penal code was adopted to bring Polish law in line with EU norms, under which the definition of "public person" includes only higher-level civil servants and

politicians. "Teachers cannot be prosecuted in Poland for accepting bribes because bribing teachers is not considered to be a crime," says Ogrodzinska. The combination of job security, low pay, and immunity from prosecution is a potent mixture. Ogrodzinska says that under such conditions, corruption in schools flourishes, and in turn, teaches students all of the wrong values: "If teachers take money for passing exams or giving better exams, it is well known in the school. Students pass this information from one to another, so it is a kind of school of corruption." But parents, eager to ensure that their children earn good grades, often willingly participate and pay bribes for their children. Ksenya, a university student from Kazakhstan attending the seminar, confirmed that the practice was widespread in her own postcommunist country: "It is a very big factor in Kazakhstan - we had that discussion yesterday. Basically, you can buy a diploma. It's not a secret. It can cost much, but it's not a secret. You can buy tests for entrance exams and it normally costs about the same as enrolling on a commercial basis at university. Before it was more about connections, and now it's more that people who have money can buy it. Under the Soviet Union, not that many people had money and could buy it. Now, more and more people who are in banking and in the oil business, for instance, in Kazakhstan - they can buy it." Ogrodzinska related the tale of one small-town teacher in Poland who declined to take bribes and refused to promote students who had not legitimately passed their exams: "The whole community in this small town was against him. And in fact they expelled him from the education post. He didn't give up. He created an exhibit on cheating and it has become his own crusade. He just travels from town to town with this exhibit showing how it looks like in Poland and how it should look like according to European standards." The influence of textbook manufacturers, as in Africa, has also led to significant corruption in Polish school administrations. Ogrodzinska notes that under new educational reforms, teachers are now able to select their own textbooks and teaching materials from a broad list approved by the Ministry of Education. The law was meant to decentralize decision-making and provide children with a richer palette of educational aids. The result, however, has been that textbook publishers have begun soliciting teachers directly. "Suddenly, a huge market for textbooks arose in Poland and it works like this: Publishers contact teachers directly, giving them different gifts. Sometimes it's a holiday in the Bahamas, sometimes other gifts, for taking their textbooks," says Ogrodzinska. Nicholas Benett argues that corruption among teachers is among the most serious forms of vice in modern society because teachers play such an important part in molding children's perceptions as natural mentors. "If we're creating heroes who are people who steal and rob and cheat, then these are the kind of people that the young are going to look up to," Benett says. Benett recalls that when he started his career in the West African nation of Ghana 40 years ago, the country boasted a proud and relatively corruption-free education system. Ghana, he says, "looked like it was going to make it." But four decades later, the Ghanaian educational system is in shambles, crippled by corruption like all sectors of the country's civil service. It is a tale of warning for the postcommunist countries of Eastern Europe and the former Soviet Union.

From Radio Free Europe, by Jeremy Bransten, 10 October 2001

The Americas

Latest TI Corruption Report Ready for Release

Washington: The Pakistan chapter of the latest corruption report of Transparency International, to be released on Oct 15, focuses on the period from June 2000 to July this year and speaks about partisan motives of official anti-corruption drives, corruption in the military and the encouraging role of the press and civic groups in combating corruption. The chapter on Pakistan will be part of the global report, published by the world's leading non-governmental organisation, to be launched in London on October 15 and defines three main trends in corruption and the fight against corruption in the South Asian region. The report "echoes a clarion call for a worldwide coalition that will tolerate no safe haven for corruption and money-laundering," says Peter Eigen, Chairman of Transparency International, on the publication of the first edition of this new report on the state of corruption around the world. It includes extensive coverage of money-laundering, corruption in the arms trade and conflict zones, and corruption amidst the international community in post-conflict situations, but also charts key reforms in legislation and anti-corruption agencies around the world, both the progress and the setbacks. Echoing concerns following the Sept 11 terrorist attacks about funding of terrorist networks, the report states: "From the secret bank accounts of military dictators to the murky funds of terrorist networks, corruption threatens human life. In the midst of war, traders in arms, diamonds and oil have exacerbated the ferocity of fighting." Corruption makes it impossible for many people to earn an honest living, the report points out. Worse, for millions of people in developing countries, it costs lives. "Corrupt political elites allocate scarce resources to huge arms deals, combining kickbacks for their cronies with an escalation of conflict, thus worsening the plight of people in some of the world's poorest regions. While in sub-Saharan Africa, as much as 10 per cent of the population of some

countries are infected with the HIV AIDS virus, urgently needed medicines are being diverted by corrupt officials for personal gain. In parts of the former Soviet Union 'free health care' is now only provided to those who pay a bribe." The GCR 2001 includes 12 regional reports, a unique survey of current corruption data and research and four main global issues in corruption. The South Asia chapter of the report has been authored by Aqil Shah, a Pakistani political economist. The News is also publishing his special article today on P-6 on the subject.

From Jang Group, 6 October 2001

Argentines Choose Lawmakers in Test of Unpopular President's Economic Medicine

Argentines weary from years of recession and austerity cast a high number of protest votes Sunday in a congressional election expected to deliver a blow to President Fernando De la Rúa. De la Rúa is not a candidate, but the vote is his party's first major test since his 1999 election and is seen as a referendum on his attempts to drag the South American country out of recession and stave off a default on its \$130 billion public debt. Early exit polls showed that nearly 30 percent of voters in the capital, Buenos Aires, cast blank or nullified ballots in an election shaping up as a public outcry over the policies of the beleaguered De la Rúa. The president's approval ratings have plunged to 18 percent. Up for grabs Sunday are the entire Senate, 127 of the 257 seats in the Chamber of Deputies, at least 11 provincial legislatures, a provincial governorship and many municipal posts. Official election results were expected later Sunday night. Argentines are in a foul mood after 40 months of recession that have raised the jobless rate to above 16 percent and plunged millions into poverty. Corruption scandals and seven unpopular austerity programs in two years have added to the popular discontent. Among the tough economic medicine dished out by De la Rúa and his powerful Economy Minister Domingo Cavallo has been sharp cuts in the education and health budgets, and a 13 percent reduction in state workers' wages. They have also trimmed pensions. Yet despite the pain, the economy remains in crisis and the specter of a debt default looms. De la Rúa urged the 25 million registered voters not to spoil their ballots. "Voting is a step that fortifies the nation," he said as he cast a ballot at a school two hours before polls opened at 8 a.m. "In difficult times like these for our country and the world, we should heed the ballot box." But some, like 62-year-old retiree Jorge Petraglia, doubted the election would make a difference. "There's nothing new out there. Everyone's making promises. In the end, they just fight among themselves," he said. The vote was not expected to drastically alter the balance of power in Argentina. The two largest parties De la Rúa's centrist Radicals and the opposition Peronists are expected to continue to dominate. In the Senate, the Peronists, who currently have 39 of 72 seats, may lose some ground but are expected to maintain their majority. In the Chamber of Deputies, the Peronists have 99 seats to 102 held by De la Rúa's ruling Alliance coalition of the Radicals and the leftist Frepaso party. The opposition was expected to make some gains, but not enough to end the Alliance majority. Those with the most to lose, analysts say, are De la Rúa himself and Cavallo. Many of the new lawmakers elected from De la Rúa's ruling Alliance coalition are expected to be his political foes, weakening his control of the coalition and making it difficult to pass legislation. "The De la Rúa administration will be even weaker after the election," political analyst Rosendo Fraga predicted. "As a result, its big political challenge will be to maintain its ability to govern." In one closely watched race, exit polls showed former Buenos Aires Gov. Eduardo Duhalde far ahead of Raul Alfonsín, a former president, in the race for a key Senate seat in politically powerful Buenos Aires province. Polls showed Duhalde leading Alfonsín 43 percent to 17 percent. If a significant number of Argentines spoil their ballots, the symbolic gesture would undermine De la Rúa's credibility, analysts say. The president also insisted he will keep Cavallo on if he reshuffles his Cabinet after the vote. Cavallo turned around Argentina's inflation-ridden economy in the early 1990s but has since seen his popularity plunge.

From digitalMASS, by Laurence Norman, 15 October 2001

Constitution Reform Meeting Draws Many Supporters

Birmingham - Hundreds turned out for an Alabama Citizens for Constitutional Reform conference Tuesday at the Richard W. Scrushy Center, and if their conviction alone were the currency of change, Alabama would have a new constitution tomorrow. By the roster of those who attended, it appeared the movement won't have much longer to struggle. The nearly 500 participants represented a wide spectrum of Alabama, from Gov. Don Siegelman, Secretary of State Jim Bennett, State Superintendent of Education Dr. Ed Richardson, and University of Alabama Chancellor Tom Meredith, to legislators, department heads, business and civic leaders, teachers and college students. But, the panelists said, as political pressure holds sway over common sense more often than not in Montgomery, the grassroots reform movement must take the next step in building support for their cause - translating the groundswell into action. Several groups seem ripe for targeting the reform message, panelists said. Among them are religious

congregations, students, workers' unions, women's organizations and local municipal leaders. Sarah Savage, director of Leadership Huntsville, said the activists need to hold local events and town hall meetings to explain to the public "what's in it for you, how is this going to affect your life." Siegelman and others spoke of the shortcomings of the current constitution. "This year - 100 years after the document was first written - if a community wants to invest more in their local schools ... they have to come to Montgomery and jump through hoops and play the special interest game," Siegelman told the panel in the opening speech. "It doesn't make sense. It didn't make sense in 1901, and it certainly doesn't make sense today." The constitution bases the lion's share of public education money - the majority of the state's revenue pool - on economically volatile sales and income taxes, and then wholly earmarks those revenues, making them inaccessible for critical needs that arise. It prevents counties from passing local laws, prohibits improvements to infrastructure, and is so inflexible that it has been amended 706 times in the last hundred years, making it the longest constitution in the world, scholars have said. "Is the constitution the reason Alabama's at the bottom?" asked Howard Hawk, a federal district judge for Marshall County and former chairman of the House ways and means education committee, who was the keynote speaker. "Oh yes. Without any doubt about it, and it's going to get worse. And the reason it's going to get worse is technology is changing faster and faster... "Is that the only reason?" Hawk continued. "No. Let's be honest. Let's do a little 'truthing.' With a few rare exceptions, we've elected political leaders who are a little (deprived) of political honesty and political courage ... In a democracy you get no better government than the people who participate in it." Despite the seeming strength of the overall pro-reform argument, the main panelists of the day had some difficulty providing one questioner with specific, concrete examples of especially problematic constitutional provisions. Asked where within the document audience members should look for bad amendments, the panel responded, after several seconds of silence, with the admission that they all needed to study the issues as closely as possible. "ACCR is very much you," said Bill Smith, the director of development for Alabama Citizens for Constitutional Reform. "The level of our effectiveness is the level of your effectiveness." As if to help prepare the group for the difficult political road ahead, Mike Warren, the chief executive officer of Energen and a member of the state's largest business lobby, brought up some questions. "Are we engaging in that popular sport in Alabama: demonizing the special interests?" Warren asked the crowd. "My experience has been politicians not only let those special interests have special interests, they encourage them." The typical reaction of political and business leaders in dealing with Alabama's systemic problems is playing "the blame game," Warren said. It goes something like this: First leaders oversimplify the issues; then they focus on personalities, and finally, serve the public "pabulum and platitudes." Although special interests should not vote on a new constitution, he said, "don't fool yourselves into thinking they will not be involved." For their part, his business lobby, the Business Council of Alabama, would try to focus on the issues, not personalities, he said. Another questioner asked how Alabama Citizens for Constitutional Reform would overcome petty niggling over narrow local issues. Smith his group would work to keep the broad issues in peoples' minds. One of the biggest issues is that the constitution does not value public education, Smith said. "As long as ACCR keeps pressure on politicians and newspapers keep focus on them - and newspapers have been focusing like a laser on this issue - we will have a new constitution."

From Anniston Star, by Matthew Korade, 24 October 2001

Global

Coalition Against Corruption Urged

Echoing concerns following the Sept 11 attacks about funding of terrorist networks, the Global Corruption Report 2001 of Transparency International urges a "worldwide coalition that will tolerate no safe haven for corruption and money-laundering". The report, due to be released on Oct 15, says: "From the secret bank accounts of military dictators to the murky funds of terrorist networks, corruption threatens human life. In the midst of war, traders in arms, diamonds and oil have exacerbated the ferocity of fighting." Corruption makes it impossible for many people to earn an honest living, the report points out. Worse, for millions of people in developing countries, it costs lives. "Corrupt political elites allocate scarce resources to huge arms deals, combining kickbacks for their cronies with an escalation of conflict, thus worsening the plight of people in some of the world's poorest regions. While in sub-Saharan Africa, as much as 10 per cent of the population of some countries are infected with the HIV AIDS virus, urgently needed medicines are being diverted by corrupt officials for personal gain. In parts of the former Soviet Union 'free health care' is now only provided to those who pay a bribe."

From DAWN Group, 4 October 2001

Latest TI Corruption Report Ready for Release Speaks About Partisan Motives of Official Anti-Corruption Drives

Washington: The Pakistan chapter of the latest corruption report of Transparency International, to be released on Oct 15, focuses on the period from June 2000 to July this year and speaks about partisan motives of official anti-corruption drives, corruption in the military and the encouraging role of the press and civic groups in combating corruption. The chapter on Pakistan will be part of the global report, published by the world's leading non-governmental organisation, to be launched in London on October 15 and defines three main trends in corruption and the fight against corruption in the South Asian region. The report "echoes a clarion call for a worldwide coalition that will tolerate no safe haven for corruption and money-laundering," says Peter Eigen, Chairman of Transparency International, on the publication of the first edition of this new report on the state of corruption around the world. It includes extensive coverage of money-laundering, corruption in the arms trade and conflict zones, and corruption amidst the international community in post-conflict situations, but also charts key reforms in legislation and anti-corruption agencies around the world, both the progress and the setbacks. Echoing concerns following the Sept 11 terrorist attacks about funding of terrorist networks, the report states: "From the secret bank accounts of military dictators to the murky funds of terrorist networks, corruption threatens human life. In the midst of war, traders in arms, diamonds and oil have exacerbated the ferocity of fighting." Corruption makes it impossible for many people to earn an honest living, the report points out. Worse, for millions of people in developing countries, it costs lives. "Corrupt political elites allocate scarce resources to huge arms deals, combining kickbacks for their cronies with an escalation of conflict, thus worsening the plight of people in some of the world's poorest regions. While in sub-Saharan Africa, as much as 10 per cent of the population of some countries are infected with the HIV AIDS virus, urgently needed medicines are being diverted by corrupt officials for personal gain. In parts of the former Soviet Union 'free health care' is now only provided to those who pay a bribe." The GCR 2001 includes 12 regional reports, a unique survey of current corruption data and research and four main global issues in corruption. The South Asia chapter of the report has been authored by Aqil Shah, a Pakistani political economist. The News is also publishing his special article today on P-6 on the subject.

From Jang Group, 6 October 2001

New Global Report Showers Hope in Fight Against Corruption

While corruption remains endemic around the world, there are signs that efforts to combat it are starting to bear fruit, a new report released yesterday said. The Global Corruption Report 2001, compiled from the findings of the first such survey ever, paints "an alarming picture" of corruption in businesses and governments around the world, says Transparency International (TI), which spearheaded the study. "Corruption deepens poverty around the globe by distorting political, economic and social life," said Mr. Peter Eigen, TI's chairman. "But the report contains rays of hope. Increasing numbers of governments and business organisations are starting, albeit modestly, to take positive steps to curb bribery. In particular, citizens' action is beginning to call politicians to account in all corners of the world," he added. The report provides an exhaustive list of examples of corruption around the world as well as how they were uncovered and what changes were brought about as a result. Prominent - In the Philippines, it says, public outrage at corruption forced President Joseph Estrada out of office while in places like Mexico and elsewhere, "numerous and prominent elections have centred on the fight against graft". Published in June this year, the report showed Bangladesh as being the most corrupt country, closely followed by Nigeria, Uganda and Indonesia. The document outlines the positive reforms some countries have made, such as legislative breakthroughs and the setting up of independent anti-corruption agencies as well as the setbacks. "The increasing prominence of corruption in public debate has pushed leaders, both new and not so new, to address corruption. But sustained vigilance is required, and much more remains to be done," said Mr. Eigen. He added that while they had been accused of foot-dragging, governments in Japan and Britain had now started bringing national legislation into line with the Organisation of Economic Cooperation and Development's Anti-Bribery Convention. "And Russia's President Vladimir Putin, in his quest to enforce the rule of law, has had to face the reality that corruption is rampant throughout the Russian establishment." The Elf Aquitaine affair in France, which has embroiled some of the country's political elite over the past 18 months, has highlighted the fact that corruption is not just a problem for poor or undemocratic countries. Transparency welcomed the fact that top-level politicians, accused of siphoning funds out of the former state-owned oil giant, were now in court facing criminal charges. The attacks on the World Trade Centre and Pentagon on September 11 had also finally forced the world to wake up to the urgent need to accelerate the pace of anti-money laundering measures. "But it is also essential that we promote a clearer understanding around the world of the crucial importance

of an independent judiciary and a free Press to make governments accountable to the public," said Mr. Eigen. The report says increasing globalisation has raised the profile of the anti-corruption crusade in East Africa, particularly in Kenya, Uganda and Tanzania. It says the creation of anti-corruption bodies has become a trend in the East, Central and Horn of Africa region over the past few years as a key feature of post Cold-war donor conditionalities. "Without such institutional and corruption measures in place, advocates say, economic restructuring programmes will come unstuck," it says. But the external pressure for anti-corruption institutions has been more intense in some countries than in others. Citing the rise and fall of the Kenya Anti Corruption Authority, the report says this pressure may not yield desired results. "Foreign pressure is particularly intense in Kenya, though developments there are a warning note as to the limits of externally driven institutional change". The report says Kaca's prosecution of high profile cases, including that of a Cabinet minister and a permanent secretary generated acute controversy and opposition among the political elite. "From the word go the authorities were opposed to the body's sweeping mandate. Kenyan parliamentarians were also ambivalent, as the organisation was also not answerable to them," it says. The High Court ruled in December 2000, that Kaca, an agency created primarily at the behest of IMF and World Bank, was unconstitutional. A Bill on Kaca, published in May this year was rejected by MPs, who said it was not properly drafted. Kaca's demise - Kaca's independence was an absolute condition for the disbursement of a \$220 million loan. When it fell through, donors promptly froze all lending, sending the economy reeling. The financial institutions also insist on greater transparency in the country's privatisation programme. World Bank president James Wolfensohn pressured President Moi at a meeting in London in July 1999 to appoint a team of private sector technocrats to oversee reform of the civil service. "Headed by prominent palaeontologist and wildlife activist Richard Leakey, the unit motivated Kaca to bring controversial and high profile corruption cases to the fore. "It also tried to speed up the stalled privatisation of Telkom, the country's national telecommunication operator - another of the donors conditionalities for restoration of aid. But in March, the team was disbanded amid the strongest possible indications that it had fallen out with President Moi," it said. Kaca ran into its most serious difficulties following claims that its mandate undermined the Kenyan constitution according to which only the Attorney-General may authorise criminal and civil prosecutions. International pressure to enshrine Kaca's autonomy not just in the statutes but in the country's constitution was seen to circumvent this exclusive authority. "Further accusations of infringement of sovereignty were made. Installing such a prominent figure as Dr Leakey in the post of the chief inquisitor of the entire state bureaucracy was seen as a challenge to the President himself," it says. The document adds that where the civil society is strong, as in Kenya, Tanzania and Uganda, the anti-corruption struggle is more effective. "It is now recognised that the anti-corruption struggle is most effectively waged when its activists are involved," the report says, citing private sector groups like the Kenya Association of Manufacturers which is beginning to take an interest in civic issues. The report says the process of privatisation has been problematic in the region. "Where it has occurred, it has been complicated by limits both to local resources and political commitment to ensuring its transparency," it says. "Retention of control based on strategic concerns may also mask baser reasoning: governments fear the loss of easy sources of political patronage. "This rationale may have stalled the divestiture of Telkom Kenya. The pretext the government gave was that the price offered last year by a consortium led by South African firm Econet Wireless was not high enough," the report says. Econet, the third largest African telecom operator, made the highest bid of \$305 million for the 49 per cent stake being divested from Telkom. "Analysts familiar with the dilapidated state of Telkom's assets are convinced a better offer could not be found," it said. The government said it intended to renegotiate with bidders for a higher price, before announcing in February 2001 its intention to turn to an Egyptian company that had made a lower bid. In a further turnaround, it reopened bidding but insisted that the minimum offer must be \$350 million. "Analysts voiced suspicions that the government's bias against Econet had less to do with price than with the fact that the consortium refused to pay kickbacks. Moreover its local representatives are businessmen from the Kikuyu tribe, which is largely identified with the political opposition," the report said. The report says civil society groups in Kenya, Uganda and Tanzania play an increasingly important role in anti corruption efforts while the media is more vocal. "Large scale, corruption-driven projects such as the Turkwell Gorge Project completed in 1987 in defiance of popular and expert protests would be unlikely to happen in today's climate, precisely because of the influence of civil society and the independent press," it said. The global corruption report is available online at www.globalcorruptionreport.org

From AllAfrica.com, by Eric Orina, The Nation (Nairobi), 15 October 2001

Retrenched Government Staff Go to Court

The Kenya Retrenched Workers Association, through lawyer Juma Kiplenge say the retrenchment was discriminatory, illegal, null and void. They want to be compensated for general damages and payment of their benefits in full. They also want the government to pay the costs of the suit. The suit comes as a deadline for the notice to sue given to the Attorney-General elapsed on Friday. Mr. Kiplenge wrote to the AG on August 28 and gave a notice of 30 days. In the letter copied to all branches of the association, Mr. Kiplenge says the retrenchment had caused untold suffering to his clients. The retrenched, he says, had been forced to service their Sacco loans on a very short notice. "This was in addition to financing other needs like school fees. Worse still, the government evicted our clients from their houses without care." A letter from the AG's office, signed by Deputy Chief Litigation Counsel V. Onyango, to the secretary of the Public Service Commission and copied to Mr. Kiplenge asks for urgent instructions to enable the AG to reply to the note. The letter dated August 30 reads: "You should note that we have 30 days from August 29, 2001, to respond, failing which a suit will be instituted and your department will run the risk of having to pay the sum claimed, plus costs and other consequences arising from the suit." The retrenched have listed circumstances leading to liability as: The criteria used in retrenching was discriminatory and faulty and in absence of a trade union, they were victimized. Payment of safety-net benefits have been delayed or not been paid to date. The timing and notice was short. The process of identification was faulty, traumatic and defamatory. They says that although the Government had undertaken to pay retrenched Sh240,000 as Golden Handshake only Sh40,000 and two-month leave was paid out. The affected people were not provided with transport home, according to Mr. Kiplenge's letter.

From AllAfrica.com, 1 October 2001

Bemba Supports Kinshasa Offer to Pay Civil Servants

Democratic Republic of the Congo (DRC) Information Minister Kikaya Bin Karubi said on Wednesday that Jean-Pierre Bemba, leader of the Gbadolite-based Mouvement pour la liberation du Congo (MLC) armed opposition movement, had no problem with Kinshasa paying salaries to civil servants working in territory under MLC control. In September, the Rwandan-backed Rassemblement congolais pour la democratie (RCD-Goma) refused the same offer, claiming it was an empty promise aimed at either undermining the local economy or currying favour among Congolese in rebel-held territory. Magistrates, civil servants, health workers and teachers in territory controlled by the two rebel movements have not been paid by the state for over three years, since war erupted in August 1998. Meanwhile, Karubi denied reports that Kinshasa had not paid some state employees in its own territory. "All state employees are being paid at the end of each month," he said. "They might complain about the size of their salaries, but that's another question." Congolese teachers are paid about US \$10 per month by the state (plus some allowances), while civil servants earn between \$20 to \$30 per month. A government delegation was scheduled to fly to Gbadolite on Wednesday to discuss specifics as to how the payments can be made.

From AllAfrica.com, 12 October 2001

Wage Deal Averts Public Service Strike

A potentially crippling public service strike was averted yesterday when government and the Congress of SA Trade Unions (Cosatu) signed a controversial wage agreement during a special Co-ordinating Bargaining Council meeting. The signing comes after amendments were made to two contentious clauses of the agreement restructuring of the public service and pay progression. Cosatu wanted the right to strike over retrenchments a result of restructuring while government preferred arbitration. "The issues we objected to have been addressed," said National Education, Health and Allied Workers Union president Vusi Nhlapo. However, the agreement was not signed without reservations and Nhlapo expressed concern over the "alltime low" negotiations reached. The agreement was not signed by the SA Democratic Teachers Union and the Police and Prisons Civil Rights Union. The two unions said that they wanted to seek mandates from their constituencies. However, the deal has been signed and sealed with a 67% majority. The

amended version of the agreement will now include labour's right to strike over retrenchment, the right to negotiate the pay progression system if there is disagreement over the R850 which government has promised to pay public servants as a stop-gap move while a pay progression system was being formulated. Agreement has also been reached on the employer's right to lock out (workers). The new agreement translates into increases ranging from 6,5% to 8% as opposed to an across-the-board imposition of 5%, and will be backdated to July 1. "We have achieved our mandate," said Hospital Personnel Trade Union of SA president Gavin Moultrie. Public Service and Administration Minister Geraldine Fraser-Moleketi said attention should now turn to the restructuring of the public service and conditions of service. She said the restructuring clause "confirms the commitment of the parties to negotiate an agreement by December 12 and if we are not able to agree, we can consider all options provided for within the law".

From Irene Louw Business Day 1st Edition, 15 October 2001

Asia/Pacific

Only Half of 30 Largest Korean Firms Have Ethics Codes

A report released yesterday by an anti-corruption organization found that only about half of the 30 largest firms in South Korea have codes of ethics. According to Transparency International Korea, a non-governmental organization dedicated to curbing corruption, a survey on the "Actual Condition of Businesses with a Code of Ethics," found that 14 of the 28 local firms that responded have codes of ethics for their employees. But seven of the 14 firms either have an inadequate set of ethical principles or are reluctant to share them with the public, TIK said. "A code of ethics reflects the firm's commitment and responsibility to its clients, who therefore have the right to know what its ethical standards are," said Sung Eun-mi, chief director of the policy division at TIK. "A firm's transparency also is important for determining whether or not it is practicing the ethics code." Last year, however, only eight of the 30 firms had adopted codes of ethics, it said. As for those companies providing education on codes of ethics to fight corruption, the report found that Korean Air topped the list by running eight classes a year, followed by Kolon with three classes a year. The top five also include Lotte Trading and Hanwha, which organized two classes a year, and LG Electronics, which organized one. The report also found that only seven firms, among which is Hyundai Motor Company, make a pledge to follow their codes of ethics. "The business environment in Korea needs a lot of improvement," Sung said. "In developed countries like the United States, 90 percent of businesses have implemented codes of ethics; in Japan it's 80 percent."

From Korea Herald, by Yoo Soh-jung, sohjung@koreaherald.co.kr, 1 October 2001

Sports Minister Promises New Constitution in Corruption Fight

Deputy Minister of Urban Development, Housing, Finance and Planning and Sports Mangala Samaraweera said that a new constitution will be introduced for the smooth functioning of activities in the Board of Control for Cricket in Sri Lanka. The Deputy Minister said that the present interim committee will continue but new laws will be introduced to curb bribery and corruption in the future. The Deputy Minister was speaking after having declared open the new headquarters of the Elle Federation of Sri Lanka situated at the Sports Ministry Complex in Torrington Square yesterday. The Deputy Minister further said that the present constitution of the BCCSL is such that even if the President or the Leader of the Opposition contested they will not succeed as the Cricket Board has turned out to be a haven for corrupt businessmen. He added that there are several cricket clubs which are not functioning effectively and are not playing any competitive cricket but still allowed to cast their vote at the AGM which is unlawful. Sports Bodies like the BCCSL and the Amateur Athletic Association of Sri Lanka (AAA) are earning millions but is doubtful whether these funds are used for the development of the game in Sri Lanka said the Deputy Minister. He said that he took over the duties of the Sports Ministry quite happily hoping to create a better environment for the talented sportsmen in this country, Samaraweera said. The Deputy Minister said that earlier he confronted the telecommunication mafia during his office as the Minister of Telecommunication in 1994 and faced the media mafia later victoriously. He said that now it is the sports mafia, which is up against him and hoped to overcome it even more successfully.

From Chris Dhambarage, 3 October 2001

AIS Offers Phones Free to Civil Servants

Cellular operator Advanced Info Service is to open a new front in the mobile telephone war with a new campaign aimed at giving free phones to civil servants and state enterprise employees nationwide. The promotion has raised hackles at rival Total Access Communication, which has said the AIS campaign represents another step in the firm's attempt to dominate the overall market. AIS is also the flagship of the Shin Corporation, the telecommunications giant founded and controlled by Thaksin Shinawatra, the prime minister and head of the Thai Rak Thai Party. Mr. Thaksin yesterday said he had no knowledge of the promotion offer, and added that any programme would have to be in line with government procurement regulations. However, he said if civil servants wanted to purchase or participate in a phone offer on their own accord, it was a personal matter unrelated to the government. Gen Prawat Nikankul, acting director of the Thai Rak Thai Party, denied that the telephone campaign had anything to do with the party itself. AIS had sent a letter last week to party members notifying them of the offer, he said. The campaign would give free handsets to civil servants, state enterprise employees, MP advisers, village headmen and local district administrators. The handsets, Nokia models 434 and 234, are for the analogue 900 system. Users will not have to pay monthly fees, but will be offered services for only 20 months until June 2003. AIS will offer two promotions for users. The first will have users paying 750 baht for 200 minutes of airtime per month, or paying 1,200 baht for 500 minutes. Users who decide to cancel services before the 20-month promotion period face a penalty charge of 500 baht for each remaining month. AIS has asked for assistance from Thai Rak Thai MPs to gather the names of those interested in the programme, after which the company says it will distribute the handsets through its nationwide branch network. Gen Prawat said that the promotion was not related to the Thai Rak Thai Party, and was completely in line with all laws, including regulations set by the Election Commission. DTAC executives warned consumers to study the terms of the promotion carefully. "While they might give the handsets away free, you should think about whether or not there are any hidden costs," one executive said. AIS claims a market share of around 58%, with over 2.3 million post-paid subscribers as of August.

From Bangkok Post, by Suphaphan Plengmaneeapun and Kanchana Pleumjit, 5 October 2001

Ministers, Political Appointees, Senior Civil Servants to Take 10% Pay Cut

With thousands of Singaporeans feeling the impact of the downturn, the Government is leading the way with wage restraint. As part of Friday's S\$11.3 billion relief package, Ministers and senior civil servants will have their salaries cut by 10 percent from next month for one year. Deputy Prime Minister Lee Hsien Loong told Parliament on Friday that the cut in the salaries of political appointment holders and senior civil servants is to send a clear signal that this is a grave situation. He said all other adjustments to their salaries will be frozen during the next 12 months and the allowance of MPs will also be cut by 10 percent. General Lee also reminded MPs that the salaries of political appointment holders and senior public officers contain a GDP bonus component tied to the economy's performance. With negative GDP growth this year, the salaries of ministers will automatically be reduced by 2 months; that is on top of the 10 percent announced on Friday. For the civil service as a whole, there will be the usual 13th month salary, but no year-end bonus. However, those on lower grades will still receive a one time payment of a week's salary. The Government's wage restraint has been expected for sometime; back in May, the National Wages Council had recommended a cautious approach in the light of the economic slowdown. General Lee said, "With conditions much bleaker now than in May, a cautious approach is doubly justified. Workers should be prepared for lower bonuses, wage cuts, or at best minimal wage increases". General Lee said the government decided not to cut CPF contributions right now, but says that may change because in the wake of the September 11 attacks, Singapore is in a totally new situation. He said, "We cannot rule out beforehand any options which may become necessary for us to restore the basis of our growth and prosperity".

From channelnewsasia.com, by S Ramesh, 12 October 2001

Sarawak Public Service Enters Phase 4 of ICT

Sarawak is now embarking on its phase four information and communication technology (ICT) development in the state public service, according to state secretary Datuk Amar Abdul Aziz Husain. Having completed three phases of computerisation of the public service, Aziz said that Sarawak's focus in the next five years would be on electronic government or e-government. "E-government will bring the state civil service closer to achieving its vision of service anytime, anywhere and will help drive Sarawak towards becoming a knowledge-based society," Aziz said in his paper *Public sector ICT development: an experience of the Sarawak public sector* at the second international conference on

information technology (IT) in Asia in Kuching yesterday. The three-day event, organised by Universiti Malaysia Sarawak (Unimas) in collaboration with the Global Information and Telecommunication Institute of Waseda University, Japan, will discuss 45 working papers. Aziz said the state government had recently implemented an electronic bill presentment and payment system, enabling users to view and pay their utility bills through the Internet. "In the immediate future, the state government will develop new systems to enable the public to transact government businesses over the Internet. Similar e-government applications in the future will enable them to submit invoices, job applications and others through the Internet," he said. According to Aziz, Sarawak is the only state which has explicitly identified information resources as a key component of its ICT management infrastructure. Aziz said the new library in Petra Jaya was set up to develop, maintain, manage and disseminate digital contents for the state, whose ICT direction now covered both technology and contents. He said the setting up of an ICT unit in the chief minister's office marked a new approach in the ICT development in the public sector. Aziz said that since 1993, the state government had trained over 22,000 civil servants in using IT as a tool and the majority of them were now IT-literate. During the same period, Sarawak had developed and implemented over 80 IT applications for the public sector. The state has also implemented a state-wide ICT network – SarawakNet – that now extends to all the 28 districts and connects more than 200 local area networks. It is used to deliver various e-government applications within and beyond the state public service. It has spare capacity to cater for the non-governmental and corporate sector. Aziz said that while the state public sector was approaching maturity in the use of ICT, its usage in the rest of the society, especially the rural areas where 60% of the state's 2.1 million people live, was still lagging behind.

From thestar.com.my, by Jack Wong, 18 October 2001

SDP Seeks More Transparency, Accountability from Government

The Singapore Democratic Party wants more transparency and accountability from the Government. The call is contained in the second part of its election manifesto announced on Wednesday by the party's central executive committee member, Gandhi Ambulam, and recently-introduced new candidate, Dr Vincent Yeo. The SDP wants the Government to reduce the cost of HDB flats and CPF contribution rates from both employees and employers. The SDP argues that if flat prices are reduced substantially, there is no need to maintain high CPF contribution rates to enable members to make withdrawals for housing payments. The SDP also wants the Government to undertake a greater share of the responsibility for healthcare costs. Dr Yeo said: "We are not trying to imply that the Government pays 100 percent of all the healthcare. I agree that we've to bear a certain percentage of that. "So we undertake to pay, but of course, we also look at the whole spectrum of people who are well-to-do to people who are very poor." Throughout the news conference, the SDP stressed it has identified the problems, and has the solutions. Mr. Gandhi Ambulam said: "We've been asking the Government for figures, for instance, the costs of HDB flats. But they've not been giving us despite the fact that we've come up with some solutions." But they would not disclose what the solutions are. Mr. Gandhi Ambulam said: "We want to know the figures first so that we can come up with concrete proposals." Other issues raised in the manifesto are the scrapping of the streaming system in schools and making the political process more transparent.

From channelnewsasia.com, by Teo Suan Hwi, 24 October 2001



Investigation into Council Corruption Comes to a Close

A four-year police investigation into alleged corruption within Labour-run Doncaster council has been completed, it was announced today. Twenty-one former councillors have been convicted of expenses fraud since South Yorkshire police launched operation Danum in 1997, which was set up to investigate the so-called "Donnygate" scandal. Police said today they expected to make no further arrests in connection with the investigation, which is believed to have cost tens of thousands of pounds of taxpayers' money. Twelve people are still facing trial at Nottingham crown court in January charged with a variety of offences in relation to an alleged planning scandal at the authority. The police investigation began in March 1997 after the district auditor became concerned about possible financial irregularities and asked South Yorkshire police to examine Doncaster council records relating to expenses claims. Detective chief superintendent John Hudson, the force's crime manager, said: "This has been a protracted, detailed inquiry undertaken by a dedicated team of officers who have been given every assistance by Doncaster council. "The inquiry team's investigations into the alleged false expenses claims are now complete but a few remaining cases have yet to be heard

and considered by the courts. "With this in mind, it would be unwise to go into any more details other than to say that the police operation has now concluded." Doncaster borough council leader Martin Winter said: "This announcement is welcomed as this will help citizens to rebuild confidence and trust with the new leadership team now firmly in place. "Although the council has lived under the shadow of this inquiry we have learned from the past and moved forward." The chief executive of the authority, David Marlow, said: "Since the investigation commenced in 1997, Doncaster council has undergone many changes that allows the local authority to put these events firmly in the past and focus on transforming the borough."

From Guardian Unlimited Society, 1 October 2001

Blair Attacks 'Dogmatic Barriers' to Services Reform

The Prime Minister today made it clear he will reform public services with the help of private companies and warned against "dogmatic barriers" to his plans. The row over increased use of the private sector has raged since the General Election although most unions decided to temper their anger during this week's Labour conference. Mr. Blair told the conference there were no plans to privatise the National Health Service or schools and no-one was saying that the private sector was the best way forward. There were good and bad examples of the public service and there were areas where the private sector had worked well and others where there had been a "disaster" such as with parts of the railways. "But where the private sector can help lever in vital capital investment, where it helps raise standards, where it improves the public service as a public service, then to set up some dogmatic barrier to using it is to let down the very people who most need our public services to improve". Mr. Blair said Labour had a huge programme of reform in the NHS, education, criminal justice and transport. Reform was not the enemy of public services and part of the programme was partnership with the private or voluntary sector, said Mr. Blair. He warned that a different approach of cutting public spending was "waiting in the wings" which could lead to a "sink" public service. "That would be a denial of social justice on a massive scale. This is a battle of values. Let's have that battle but not amongst ourselves. The real fight is between those who believe in strong public services and those who don't." Mr. Blair said that poor education was a "national scandal" and suffering by NHS patients "the ultimate social injustice". The Government was putting in the largest ever increases in spending on the NHS, education, transport and police and this year, for the first time in nearly a decade, public sector pay would rise faster than wages in private companies. He added: "Without reform, more money and pay won't succeed."

From Independent, by Alan Jones, 2 October 2001

Albania: Passport Controversy Raising More Corruption Questions

Controversy over a tender to supply new passports to Albania is raising questions about widespread corruption in the government. Alban Bala of RFE/RL's Albanian Unit reports from Tirana. Tirana, 5 October 2001 (RFE/RL) -- The controversy surrounding an order for new Albanian passports is being seen in the country as further evidence of the widespread corruption long believed to plague the bureaucracies of Tirana. A U.S. firm, Euroget, is suing the Albanian Ministry of Public Order after the ministry last month awarded a contract for printing new passports to the German company Bundesdruckerei. The winning bid was reportedly \$1.8 million in excess of four other offers, including one made by Euroget. Last month, the U.S. Embassy in Tirana publicly protested the deal. And the British Embassy there has asked the Albanian government to improve the transparency of its public procurement processes after it says a British company was disqualified from the same passport bidding without a clear explanation. David Landsman is the British ambassador in Tirana. He says he has spoken about the transparency issue with Albanian Prime Minister Ilir Meta, who he says was sympathetic. "I talked to the prime minister too on occasions, and I know that the prime minister understands very well that one important area for reform and an important objective in the process towards Europeanization is transparency in public procurement. The point which I made to the press on a number of occasions before is that the rule of law is itself an important contributing factor towards economic development, as well as broader democratic development." The chairman of Albania's Department for State Control, Mustafa Kercuku, says the passport scandal reveals the dimension of corruption in the country. "The violation of the tender documentation procedures is not reflected in the documents, so the corruption is made 'underground.' So we cannot state how much money is being misappropriated through corruption. No institution in the country is capable of finding this out, not even the Department for State Control. This is why all state institutions should cooperate. We are looking for a broader cooperation, but so far it has been of a low profile." Even the ruling Socialist Party recognizes the corruption problem. Former Albanian Prime Minister Ylli Bufi, a member of the Socialist Party, currently chairs the parliament's Economy

and Finance Commission. He acknowledges that corruption is the government's biggest challenge. "No doubt in Albania's economic life, dealing with corruption, smuggling [and] fiscal evasion is difficult and challenges the political majority to minimize these problems. We have no need to deny that these phenomena have important dimensions. They certainly require the commitment of all Albanian financial structures." Vili Minarolli, a senior Albanian opposition official, says the Democratic Party has been denouncing corruption in Albania for years but says the opposition lacks the means to stop it. "We are deeply concerned with the ongoing phenomenon of corruption that occurs in Albania, affecting its political status internationally as well as regarding the domestic economic situation, which ranks Albania among the poorest countries in the world. These moods set by the state deter investors and stymie opportunities for economic development. We have denounced several cases, but the opposition's opportunities are narrowing day by day." Regarding the passport procurement scandal, Minister of Public Order Ilir Gjoni has so far refused to answer questions on the matter. No other officials in the ministry appear to be permitted to speak on the record without his permission. The German company Bundesdruckerei has been linked to similar bidding controversies elsewhere in the Balkans. In Romania, the company won a contract to print a first batch of 50,000 passports last August. Its bid was reportedly almost double the next highest. Bundesdruckerei also was barred from Bosnia for not meeting contract terms, especially regarding the quality of new Bosnian passports. No one answered telephone calls or e-mails at Bundesdruckerei's press office today. Passports are one of the most popular items on Albania's black market. An Albanian emigrant living abroad can illegally purchase a new Albanian passport for between \$500 and \$1,000. But a foreigner trying to assume false Albanian citizenship has to pay between \$3,000 and \$5,000. Getting a new passport legally can take several months. Many blank passports were reportedly stolen from police stations during the anarchic unrest in Albania in 1997. (NCA's Jolyon Naegele contributed to this report.)

From Radio Free Europe, by Alban Bala, 5 October 2001

Blair Says Public Will Be Willing to Pay For Good Public Services

London - The public can be persuaded that they have to pay for good public services as part of a wider ranging debate on the role of the private sector in running schools, hospitals and other state bodies, Prime Minister Tony Blair said. In a speech to public sector workers at the British Library, Blair said that despite current events on the international scene, he is continuing to "focus rigorously" on his programme of reform and would not be distracted by the crisis. Blair signalled that higher taxation will be the government's preferred route of funding for improvements. "I don't believe the public is any longer fooled by the notion of short-term tax cuts at the expense of long-term investment," Blair said. "But the issue is: how do they pay? Do they buy the services themselves; or do they pay collectively through taxation?" he said. "For reasons of equity and efficiency... I prefer the latter route. The vast majority in any event can't afford private schools or healthcare." "The key to reform is redesigning the system round the user - the patient, the pupil, the passenger, the victim of crime. This is the orientation behind our programme." Blair said he will defend "our decision to proceed with an agenda of change, and allow no dogma or vested interests to stand in its way". He said the country is being held back by low productivity, the state of its public services and ideological clashes over how reform of public sector responsibilities should be funded. "In developing greater choice of provider, the private and voluntary sectors can play a role. Contrary to myth, no one has ever suggested they are the answer or that they should replace public services," Blair said. "But where use of them can improve public services, nothing should stand in the way of their use. In any event, round the world the barriers between public, private and voluntary are coming down." "The point, very simply, is this: The user comes first; if the service they are offered is failing they should be able to change provider; and if partnership with other sectors can improve a service, the public sector should be able to do it."

From AFX Press, by Robert Dodge, 16 October 2001

Blair: Public Service Reforms Our Toughest Challenge

Prime Minister Tony Blair has promised the international crisis would not divert his Government from tackling the "bread and butter issues" of public service reform. He described his "mission to change and reform public services" as the toughest challenge of the new parliament. Mr. Blair, speaking to an audience of public sector workers, including nurses, firemen, police and transport workers at London's British Library, said: "At the moment, the focus of public concern is rightly on the consequences of the terrible acts of September 11 in the USA." He described the impact they had on Britain but added: "None of this should cause us to lose our focus on the more normal areas of public policy that will, in the end, determine our strengths and success as a nation as much as any international crisis. "The economy, living standards, crime, the welfare state and the public services – schools, the NHS and transport – it is

these bread and butter issues on which the Government will rightly be judged." Mr. Blair went on: "This will be the toughest challenge of this parliament. The legislative programme is dominated by it: major bills on school reform, the NHS, criminal justice and asylum and the railways." Mr. Blair stressed the strength of Britain's economy, adding: "It is not our tax and fiscal positions which are holding us back as a nation. It is productivity and the state of our public services." The premier added: "It is not remotely the case that everything in our public services is weak or substandard. There are many beacons of excellence." But he went on: "The weakness of our public services has not been their inability to achieve excellence, but the fact that it (excellence) is too thinly spread, with opportunities and high quality provision too often restricted to a minority. "It is not just investment that has held back reform, we have also been held back by ideological clashes, going back decades, which have distracted from the real challenge of improving our public services." Mr. Blair cited battles over comprehensive school education, law and order policies, and the battle of "public versus private" in the public sector. Mr. Blair said he began a series of visits across Whitehall yesterday to find out how departments were proposing to meet their reform targets and he will be holding a series of meetings with senior civil servants to drive forward reform of the Civil Service itself. The Prime Minister paid tribute to the "superb work" done by public sector workers but added: "We both know the systems have to change. The investment and reform must go together... We offer a genuine partnership for change. It won't be easy, but it is worth it."

From Independent, by Jon Smith, 16 October 2001

The Americas

Wanted: Public Servants

Thirty-six weeks into the Bush administration, just 288 out of 501 top federal positions have been filled. Given that gap alone, an organization devoted to helping recruit individuals for high-level government jobs makes sense. Thanks to a \$25 million grant from a Connecticut businessman, "The Partnership for Public Service" will launch later this month to do just that. Part of its stated purpose: to "recruit a new generation" of federal executives. The partnership has an impressive board of political, academic, and cultural leaders, who will lobby Congress to get a chief human resources officer at key government agencies and departments, make government work more attractive, and work to eliminate mind-numbing bureaucratic rules. The federal government has gone through downsizing in recent years, and a large crop of government workers are heading for retirement. At the same time, the Sept. 11 attacks have refocused efforts toward increasing government's role. And that means more employees all around. The recent Hart/Rudman security report, for instance, made human capital a centerpiece of its recommendations. Moreover, through the economically booming '90s, the federal workforce was depleted as the private sector aggressively recruited talent. "Now what's needed is more aggressive recruiting *from* the private sector," says the Brookings Institution's Paul Light, one of the partners. "What motivates talented Americans today is the chance to do meaningful work." The partnership should do much to bring highly motivated people to top-level government positions. It comes at a time when the government needs all the qualified help it can get, and when Americans have been awakened to serving their nation.

From Christian Science Monitor, 3 October 2001

Fired Trinidad Attorney General Vows Corruption Fight

Port of Spain - Prolonged bickering among leaders of the governing United National Congress (UNC) has come to a head with the firing of Attorney General Lawrence Maharaj. Prime Minister Basdeo Panday announced Monday that he had advised President A.N.R. Robinson to revoke the appointment of Maharaj, a longtime Panday ally who has been increasingly vocal in assailing the government for alleged corruption. Two other Cabinet members - Food Production Minister Trevor Sudama and Information Technology Minister Ralph Maraj - have threatened to leave the administration in protest against the dismissal. Maharaj, who retains the deputy political leadership of the UNC and a seat in parliament, has vowed to forge alliances with the opposition and civil society organisations in his fight against corruption. "It would be correct to say that I have been losing confidence in the government, in its ability and commitment to deal with corruption," Maharaj told reporters hours after he was dismissed from the post he had held since February 1996. He again accused some "public officials of stealing the public's money." Maharaj was replaced by Education Minister Kamla Persad Bissessar who replaced Maharaj as Attorney General. Bissessar is considered a close Panday loyalist and was Attorney General and Minister of Legal Affairs for three months following the UNC's election victory in 1995. The UNC controls 19 of the 36 seats in Parliament, with the main opposition Peoples National Movement (PNM) holding 16 and the National Alliance for Reconstruction (NAR) the remaining one. Maharaj, along

with Sudama and Maraj had been dubbed the "three Musketeers" for their open rebellion against the ruling party's refusal to investigate allegations of corruption against some government ministers and state agencies running into millions of dollars. Panday had referred to the dissidents as "jackass" but apologised for this last week. Asked whether the two other ministers had submitted their resignation, Maharaj said Monday, "I have no doubt that they will honour their word." The three have held public meeting across the nation challenging the Panday administration to deal with the corruption allegations. Maharaj said he would mobilise the "grass roots" to force the government to deal with the corruption issues. Maharaj, a human rights lawyer, said he also would file "public interest litigation (and) use the Freedom of Information Act to compel the government to produce information to the people especially as it pertains to allegations of corruption." One of his first goals would be to force the government to establish an independent committee of inquiry to investigate graft and ensure "that those who took our money had their assets frozen." Maharaj's dismissal followed a series of closed-door meetings between Robinson, Panday, and PNM leader Patrick Manning to discuss what an official statement termed "the state of the nation." Robinson's office, in a statement, denied media reports that the talks centred on the possibility of forming an interim government. Panday and Manning declined to comment on the talks, although Manning said that his party is prepared to form an interim government at a "moment's notice." The PNM is challenging the outcome of last year's elections, which returned the UNC to power. Its legal complaints - based on assertions that two sitting ministers won election by falsifying their nomination papers - have led Panday to hint at snap polls and have generated debate as to whether the government has the legal standing to dissolve parliament and calls elections when its majority is in question. Manning has argued that if the PNM won in court, then the UNC would have been deemed to have lost the last election. Robinson would then be obliged to call on him to form a new government. Further complicating the outlook, the independent Elections and Boundaries Commission (EBC) has come under fire for using inaccurate voter lists during last year's polls and for meeting with government officials to discuss efforts to update the electoral register. Robinson failed last month to oust EBC member and Chamber of Commerce and Industry President Raoul John on grounds that John's dual positions constitute a conflict of interest. Robinson reportedly is weighing dismissal of the entire commission. The Trinidad Express newspaper, in a weekend editorial, supported the idea of an interim government, saying "it has become clear that the country cannot continue in this ongoing stasis without encouraging further instability and maybe even emboldening and anti-democratic forces."

From Black World Today, by Peter Richards, 3 October 2001

Civil Servants Oppose Library Pay Raise

Jacksonville - City employees here said fairness was their only concern, yet Jacksonville Public Library employees said they felt attacked for doing their homework. Representatives from the library and almost every other city department turned out Monday night to hear the Jacksonville Civil Service Board discuss changes in the library's staff organization and job descriptions. The city council approved a measure in a recent meeting that would allow for the hire of an assistant library director at range 34 on the city's pay scale and increase full-time library assistants from range 25 to 30 and part-time aides from range 25 to 26. The changes cannot be implemented without the board's approval. The revised pay structure translates to pay raises between 25 cents and \$2.12 an hour. It means about \$10,000 annually, Library Director Barbara Rowell said. City employees voiced their concerns that a five-range increase was unfair and illegal. Phyllis Hollingsworth, a Jacksonville city employee pointed to a copy of the board's rules and regulations, which state that no employee shall be promoted more than two ranges at one time, but according to Ms. Rowell, the changes are classified as a reallocation, not a promotion. "This was not a short time coming," Ms. Rowell said, emphasizing that library workers have been operating under outdated job descriptions for years, which now require "technical and professional duties." Jacksonville Mayor Jerry Smith agrees. "The library is long overdue," he said. "We couldn't force the library to carry over from the previous year because they've been neglected for too long." Notorious for its unanimous voting, the city council broke tradition when the resolution passed 5-1, with freshman councilman Jerry Smith casting the only dissenting vote. "I am very much against this because it's creating an organization that pays 25 percent more than the same position at other libraries in the area while we are strapped for cash," he said, just before last week's council vote. "We are dealing with a budget crunch right now and are still in need of hiring additional police and fire fighters." Other employees thought the council's actions were unfair, especially at a time when city officials announced the city could not afford to offer its employees a cost-of-living raise for fiscal year 2002. "It's just bad timing," said Joey Pritchett, who also questioned Councilwoman Sandra Suddeth's support for the increase. Ms. Suddeth also serves on the library board. "She solicits funds for the library from the council, which she votes on," Pritchett said. "I just don't think that's fair." Following Parris's comments to the council, Ms. Suddeth spoke up in favor

of the increase. "I am on the library board and I have talked with everyone involved," she said. "The ranges and the structure are in need of changing and I think now is a good time to do that." Jacksonville State University's center for Economic Development conducted a survey of the city's pay structure in 1997. As a result, several departments and individuals were offered raises. The library, which was included in the survey, was not one of those. The report, which compared pay for library assistants in Jacksonville with those in Troy, showed that Jacksonville actually paid its workers more. Most people in attendance said they were not opposed to library workers getting a raise, but five pay ranges seemed a little drastic. Many civil service board members agreed. "I was expecting a realignment a little bit, but I wasn't expecting this," said board Chairman A.G. Baggett. "Regardless what you call it - a raise, a reallocation - five ranges seems like a lot." After a lengthy discussion involving public comment, the board voted to discuss the matter in executive session, which was closed to the public. The move to go into executive session appeared to violate the Alabama Open Meetings Law, which states a public body can only meet behind closed doors if "the character and good name of a woman or man is involved." Baggett would only say the meeting met the legal requirements for a closed meeting. "I just can't discuss it," he said.

From Anniston Star, by Brian Lazenby, 2 October 2001

Foes Denounce Civil Service Change

An unusual coalition of conservative Republicans and labor unions kicked off a campaign Thursday to oppose Issue 5, a civil service reform measure that they said would "inject politics into the police department." Standing in front of the Cincinnati Fire Museum, opponents denounced the plan as "political opportunism" and "pure baloney." The charter amendment would let the city manager hire and fire at will 98 people, mostly bureaucrats in economic development and housing. Current employees in those positions would keep civil service protection, however. But opposition is mostly aimed at a provision that would give the city manager the power to hire police and fire chiefs and assistant chiefs from outside the city, although they could only be fired "for cause." "I don't think it's going to do us any good to hire in a politically appointed hack — an outsider — who knows nothing about Cincinnati, nothing about our neighborhoods and nothing about the Police Division," said Fraternal Order of Police President Keith Fangman. Opponents of Issue 5 will be going up against a broad coalition of business interests and civil rights groups that say the civil service reform plan will restore accountability to City Hall. The pro-Issue 5 group includes 13 City Council candidates, both mayoral candidates and a broad cross-section of community leaders that includes the Rev. Damon Lynch III, former Gov. John Gilligan, and Ohio Secretary of State Ken Blackwell. So opponents have put together a broad coalition of their own, led by Hamilton County Prosecutor Mike Allen. Their group includes labor unions, law-and-order advocates and two Republican candidates for City Council. Perhaps the most adamant opponent of Issue 5 is Police Chief Tom Streicher, who said politicians were making civil servants "scapegoats" for their own failure to move the city forward. "If there is not a political agenda here afoot, then there is nothing here afoot," he said.

From Cincinnati Enquirer, by Gregory Korte, 5 October 2001

U.S. President Honors Public Servants

Remarks by the President to the Senior Executive Service - The President: Thank you all. (Applause.) I order you to stop. (Laughter.) Thanks for the kind introduction, and thanks for such a warm welcome. These are extraordinary times, times of testing for our government and for our nation. Yet all of us can be proud of the response of our government, and the exceptional character of the nation we serve. I've never felt more certain about America's goodness, or more confident about America's future. I have come to Constitution Hall today to express my appreciation for your dedication and integrity, your commitment to excellence, and your love of our country. The work of both career and political employees during the last nine months has been outstanding. We've accomplished a great deal together. And since September 11th, federal employees have acted with remarkable professionalism and purpose. And on behalf of the American people, I thank you. (Applause.) I want to thank my old college roommate and friend, Clay Johnson, for thinking of this idea of coming to Constitution Hall to speak to you. I want to thank Ruth Sanchez-Way for her warm introduction and her work on behalf of the American people. I want to thank my friend, Kay James, for being here, as well. I want to thank the Navy Band. Every time you play, I step a little lighter. (Laughter.) I'm really proud of my Cabinet. I want to thank the members of my Cabinet who are here. And I'm proud of you all, as well. (Applause.) I want to start by recognizing 65 winners of the Presidential Rank of Distinguished Executive, who are seated behind me. Congratulations. (Applause.) And I want to congratulate the Meritorious Executives who are here in the audience with us, as well. (Applause.) All career members of the Senior Executive Service, and today we honor their exceptional

performance. Their work covers a tremendous range of issues, yet they share some things in common: an outstanding work ethic, commitment to public service, and pride in a job well done. One person who was chosen to receive a Presidential Rank Award is not with us today. Bryan Jack headed the Defense Department's Programming and Fiscal Economics Division. He was a brilliant mathematician and top budget analyst. A native Texan, a graduate of Stanford Business School, and newly married, Bryan was a passenger on American Airlines Flight 77, when it crashed on September 11th. Bryan's wife, Barbara Rachko, is with us today. I know how proud you are, Barbara, of your husband. And in this hour of grief - in your hour of grief, the nation is on bended knee with you. Where is Barbara? (Applause.) Since September 11th, we've seen America more united and resolute than at any point in our lifetimes. We've seen a nation that is generous and patriotic, and a nation that is determined to see justice be done. We've also seen acts of great sacrifice and heroism. And many of those acts were performed by people who serve in government at the local, state and federal level - the police and firefighters, medics, FEMA employees, members of the military and civilian employees of government. They've worked past exhaustion. They have risked their lives. And some gave their lives, as well. Our nation is grateful for all these men and women who have shown the meaning of duty and public sacrifice. In times of war, the American people look to the government, more than they do in times of peace. They count on government to help protect them, and we will. They count on the government to defeat those who are trying to destroy us, and we will. Yet while our government is focused on the war against terrorism, it continues to have vital responsibilities in other areas. We will give our best to America in war effort, in all other areas of responsibility, as well. In doing so, we must resist pressure to unwisely expand government. We need to affirm a few important principles, that government should be limited, but effective; should do a few things and do them well. It should welcome market-based competition wherever possible. It should respect the role and authority of state and local governments, which are closest to the people. And government should do everything it can to strengthen families, which are the cornerstone of our society. Today we're seeing one of the highest levels of trust in government since the mid-'60s, which is due partly to the surge of national pride that has swept our country since the terrorist attacks. But it's also because of how you've performed your jobs, particularly during the last month. The American people have placed their trust in us, and we will honor that trust. Let me say a few words about important values we must demonstrate while all of us serve in government. First, we must always maintain the highest ethical standards. We must always ask ourselves not only what is legal, but what is right. There is no goal of government worth accomplishing if it cannot be accomplished with integrity. Second, I want us to set an example of humility. As you work for the federal government there is no excuse for arrogance, and there's never a reason to show disrespect for others. A new tone in Washington must begin with decency and fairness. I want everyone who represents our government to be known for these values. Third, we must confront the tough problems, not avoid them and leave them for others. This is never easy, but it's what conscience demands and what leadership requires. We must keep the long view, and remind ourselves that we're here to serve the public's long-term interests. Fourth, I hope you'll never take the honor of public service for granted. Some of us will serve in government for a season; others will spend an entire career here. But all of us should dedicate ourselves to great goals: We are not here to mark time, but to make progress, to achieve results, and to leave a record of excellence. Fifth, we should never forget that we're part of the same team. The American people do not distinguish between political and career employees. They don't hold us to separate standards. The public has high expectations for the entire government, and together we will meet those expectations. And sixth, we should always remember, every dollar we spend is the taxpayer's money. (Applause.) People worked hard to earn it, and so we should spend it wisely, and reluctantly. That will take discipline and creative leadership, and I urge all of us to show that kind of leadership. I know that you face barriers in trying to lead creatively. Some of them are imposed by Congress, including barriers to hiring people you need, rewarding men and women of merit, and contracting services which would save the taxpayers money. And that's why, last August, my administration released a strategy for improving the performance of the federal government. And that is why, shortly, we will be sending to Congress the Freedom to Manage Act, and the Managerial Flexibility Act, which will allow you to manage more efficiently and serve the public in better fashion. Those of you in high places of government are more than administrators and experts. You hold the ideals and hopes of the nation in trust. And I want to thank you for your willingness to serve our great nation. It is an incredible honor for me to be the leader of such a strong team, on behalf of the American people - a team of men and women who could be doing something else, but have decided, I want to serve the greatest land on the face of the Earth. Let's do our duty. Let's hold ourselves to the highest of standards. And we'll leave this city and this government better than we found it. Thank you for having me. May God bless your work, and may God bless America.

From The White House, 16 October 2001

PM Anthony Meets Public Sector Unions

Government's proposal to introduce a temporary freeze on pay increments for public servants among measures to cushion the impact of a worsening global economic downturn on the Saint Lucian economy, was discussed when Prime Minister and Minister of Finance, Hon. Dr. Kenny D. Anthony, met with representatives of public service unions this week. Press Secretary to the Prime Minister, Earl Bousquet, said Dr. Anthony stressed the importance of building partnership and fostering cooperation across all sectors in the national interest to confront the challenges of the time. He specifically referred to the relationship between Government and trade unions, trade unions and other employers, and Government and the social partners including the private sector. The meeting, part of a regular dialogue which the Prime Minister has with the social partners, also examined a proposal for the unions to work with government to identify and eliminate wastage in the public service. Future meetings are to take place to ensure that modalities are put in place for addressing the issue which is aimed at reducing costs and producing savings for government. Government and the unions are preparing for the start of negotiations on a new collective agreement. Dr. Anthony took the opportunity to assure the unions on behalf of government that arrangements are being put in place to commence the negotiations.

From St. Lucia Government News, 25 October 2001

These Public Servants Carry Burden of Fear

Washington - Larry Marble stood outside the DC General Hospital yesterday, bearing the newest badges of postal life here: a plastic baggie full of Cipro and a bright orange sticker that signified he had been tested for anthrax. He wasn't sure what to do next. Neither rain, sleet, nor conventional warfare has stayed the US Postal Service from making its appointed rounds in the 34 years that Marble has been in the business. It took terrorism, and biological attacks, to interrupt the mail and shake him and his fellow postal workers. "Ever since Sept. 11, anything is possible now - everything and anything," said Marble, a customer service supervisor who works at the mail distribution center here on Brentwood Road, where two workers are infected with anthrax, and the deaths of two others are thought to have been caused by the bacteria. Like thousands of his colleagues, Marble, 53, is weighed down by a mixture of anger and uncertainty. "I've been with the Postal Service 34 years, and in 34 years this is the second time ... that it's shut down," said Marble. The first time was Sept. 11. The mail sorters and letter carriers, who work in the background of daily life for many Americans, suddenly have found themselves enmeshed in the fabric of a new world - and a new war. Emerging from the hospital into the sunlight of a warm October day, many postal workers - some in their uniforms, some in street clothes, all wearing bright orange stickers - wondered why they were tested days after congressional employees. "They should have did this a little sooner," said Ernest Murray Jr., 49, a 28-year postal veteran. "The mail that's being delivered up on Capitol Hill comes through this particular post office." The sprawling, brick postal center on Brentwood Road in the northeast section of Washington was closed yesterday as government officials conducted environmental tests to determine whether anthrax spores were still present in the back rooms where the affected workers worked. A sole "Postal Retail Store" truck was parked in front of the building in case customers came by. More than 2,000 people work at the Brentwood facility, which processes all the mail sent to Washington, including all the mail bound for Capitol Hill. Postal employees who showed up for work there yesterday were bused to DC General for testing. Some workers said that they were glad they were being tested and that everything was in hand. "The post office is reacting quickly to this situation, in my opinion," said Thayles Davis, 40, who has worked for the Postal Service for 14 years. John Scott, 48, who has been with the Postal Service for 25 years, summed up the emotions of many: "My next move? Just to take the Cipro and hope for the best." Postmaster General John E. Potter yesterday said the two postal workers who died yesterday from suspected exposure to anthrax had joined "the list of public servants who have died over the last few months serving their country." It's a new, unexpected, and unwelcome role. Asked if she thought she'd ever see this kind of danger, Deidre Taylor was emphatic. "Never. I'm a career federal employee - never, never, never," said the 17-year postal veteran, who works at a post office in Columbia Heights, near Washington. "I'm very nervous," said Cynthia Hudson, 29, a mother of two who has worked for the Postal Service for more than five years. "You don't know which mail has something in it, which mail is legitimate." She said she'd seen "a lot of suspicious mail," lately, letters to judges in New Jersey. Maybe it was all normal and she was just being paranoid, she said. Or maybe not. "I'm just more aware now what to look for," she said. Henry Hooks, 58, has worked with the Postal Service for 35 years. He said he would not accept or deliver "suspicious" packages anymore. "I wouldn't touch it," he said. "I'd call my supervisor." Many said they would be more cautious in handling mail. Others added they would be more inclined to use the gloves and masks the Postal Service is now making available. But, for many, the nervousness

was balanced by a sense of hope, the fact the tests were underway, and a determination not to let the potential danger bother them. "There's nothing you can do," Davis said. "We handle mail." *Robert Schlesinger can be reached at schlesinger@globe.com.*

From Boston Globe, by Robert Schlesinger, 23 October 2001

Smaller Scams Also Corruption

An ex-county official is interviewed about dishonest practices he says were common. San Bernardino County's corruption scandal brings to mind million-dollar deals, but nickel-and-dime endeavors also cost the taxpayers money. Recent transcripts of an interview with former County Administrative Officer James Hlawek shed light on smaller fraud. In a December 1997 memo, Hlawek was informed that he had claimed some travel expenses more than once and received stipends he wasn't entitled to. Then-deputy CAO Michael Welsh, who suggested that Hlawek reimburse the county about \$5,000, had conducted the review after Hlawek asked him to check his expense reports for the past four years. "I believe it is my responsibility to set an example," Hlawek stated in a letter, submitting a check for the asked amount. But Hlawek subsequently admitted that the incident was not an aberration but rather part of a routine practice by a few top officials in county government while he and his predecessor Harry Mays were on the job. Travel seemed to be a regular opportunity for fraud, according to Hlawek's interview transcript. Hlawek describes regular trips to New York City where they dined out often and drank regularly with representatives of financial firms such as Merrill Lynch and Salomon Smith Barney. The firms would pay for the dinners, but Hlawek said he and a few other officials would "make fraudulent claims" on their expense accounts. Hlawek noted one instance in 1996 where businessman Richard Tisdale -- now serving a 366-day sentence for bribery - paid for a stay at the Marriott Hotel in New York City for Hlawek, former treasurer-tax collector Tom O'Donnell and former county investment officer Sol Levin. "Thereafter, on some occasions he would pay for our hotel room and we would claim it and get reimbursed by the county," Hlawek said. 'The level of fraud' - Bribery and fraud related to the county's investments and garbage contract have received widespread attention and led to seven former county officials and businessmen pleading guilty to felony charges, including Mays and Hlawek. Deputy County Counsel Michael Sachs said the primary offenders in travel fraud were Hlawek, O'Donnell and Sol Levin. "Those are the only individuals we are aware of that have done anything that reaches to the level of fraud in travel claims," Sachs said. While Hlawek points a finger at Mays in particular, Sachs said the county could not confirm Hlawek's claims. Hlawek said he was questioned on a couple of occasions by auditor Errol Mackzum about expense-account reports on which he had submitted bogus receipts. Explaining that "I felt he would not protect me," Hlawek said he did not tell Mackzum that the reports were false. Besides filing false expenses, top officials often traveled at the county's expense for personal pleasure, according to Hlawek. "Travel is something we all have fun with -- don't worry about it," Mays told him, according to Hlawek. "It was presented to me like it's one of the perks you get here." Mays would find conference locations that he wanted to visit, but not attend the conferences, Hlawek said. Instead he would drink all day on those trips and file false claims, he said. Hlawek also claimed that Mays used the Arrowhead Credit Union "as his own personal travel agency." An attorney for Mays did not return a call for comment by Friday. Civil suit pending - Sachs said the county has received \$7,000 each from Levin and O'Donnell as part of their sentences to recover fraud costs. The county also has a civil suit pending against some 20 figures, including Hlawek, Mays, O'Donnell and Levin. The county hopes to recover its losses in the civil suit. But Sachs said he does not believe travel abuses were widespread. County spokesman David Wert said the county has put into place safeguards in the past two years that require all top county hires to go through extensive background checks, "anything that might raise a red flag on a person's character." Hlawek's transcripts also describe an environment in which various money-making schemes were floated, particularly by Mays and Kenneth James Walsh, a former vice president of Norcal who pleaded guilty to splitting kickbacks. For instance, Hlawek tells of one occasion where Walsh approached him about buying some land in the High Desert. Walsh told him that "if the county were to site a new dump, whoever got that land could sell it to the County and make a fortune." One idea from the two suggested selling excess gas from the landfill. Another proposal was to form a company that would produce green waste and then Hlawek would hire that company, Hlawek said. "He was always coming up with companies," he said of Mays. Most, if not all of these ideas, never came to fruition, Hlawek said. Imran Ghori can be reached at ighori@pe.com or (909) 890-4446.

From Riverside Press Enterprise, by Imran Ghori, 22 October 2001

Shake-Up at Ports and Harbours Authority

The management of Ghana Ports and Harbours Authority (GHAPPOHA) has made radical shake-up in its administration as a result of the demonstration by over 5,000 casual workers against certain key areas under privatization. Affected management level officers include Mr. Paul Ansah, Public Relations Manager who is transferred to Takoradi to head the Commercial and Marketing Department as acting Marketing Manager, Mr. D. K. Amaley, Solicitor becomes the acting Personnel Manager, Tema, while Mr. Asare Darko, assistant Solicitor, was transferred to Takoradi as Assistant Personnel Manager. Chronicle learnt from a reliable source that the transfers take effect October 1. A few weeks ago, operations at the Tema Harbour grounded to a halt and police had to patrol the area to ensure that installations and other properties were protected when the casual workers demonstrated against the privatization of Shed 5 and stevedoring operations where most of them have worked for over 20 years. In the heat of the two-day demonstration, Paul Ansah's attempts to talk to the workers to defuse the tension were met with hostile reception from the workers. Paul Ansah was nearly manhandled but he was shepherded away by some of the workers. The acting director of Ports, Mr. Nestor P. Galley, was taken hostage by the angry casual workers but the prompt intervention of the police who fired warning shots saved him from the grips of the workers.

From AllAfrica.com, 29 September 2001

Empowering Local Governments in the Race for FDI

Among Korean local provinces, South Kyongsang Province is highly regarded as a model FDI-hosting region as it has successfully attracted large facility and plant investments from cigarette giant British American Tobacco as well as from passive electronics maker Taiyo Yuden of Japan. The elected governor of South Kyongsang Province has designated the hosting of companies from both home and abroad as his highest policy priority. In fact, the region's tremendous success can be attributed to his vigorous efforts to infuse a private sector mindset into the public sector, which was once riddled with excessive red tape and a burdensome bureaucracy. In particular, Korea Gyeongnam Taiyo Yuden is one successful case of the local government's initiative to attract substantial inflows of FDI through expeditious and accurate administrative services. The local government of South Kyongsang Province obtained information that Taiyo Yuden was in search of a new investment location abroad and was considering building a factory in Mexico. They persuaded the company to change its decision and to invest in Korea by ensuring full support in cutting much of the superfluous red tape associated with erecting a factory. As a result, Korea Gyeongnam Taiyo Yuden was able to begin construction of its new factory within 49 days, an exceptionally short period for obtaining permission from a local government in Korea. Contrary to this successful case, the role of local governments in hosting FDI still requires much improvement to reach the level of other FDI destination countries. The authority to grant either tax exemptions or reductions for foreign companies, one of the representative incentives for attracting FDI, rests almost entirely with the national government and there is little room for local governments to accommodate the desires of individual foreign investors. The local governments of many OECD countries, on the other hand, play a central role in attracting foreign investment by providing incentives such as search assistance for appropriate industrial sites and required financing. In this respect, the following reforms are called for in order to enable more proactive FDI-hosting activities on the part of Korean local governments. First, the fiscal autonomy of local governments should be improved. The degree of fiscal independence of Korean local governments, or the share of own-source revenues out of their total receipts, in 2001 is on average 57.6 percent. If we exclude fiscally affluent Seoul and six other metropolitan cities, "dos" (provinces) and "guns" (districts) have independence ratios of 35.2 percent and 21.0 percent, respectively. In other words, there is a wide disparity in the fiscal capacities across various levels of local government. The fragile fiscal capacity of local governments seldom turns in favor of foreign-invested firms since seeking new sources of tax revenue is difficult for local governments. Because there is no opportunity for them to exercise their own tax efforts in response to their specific needs, nearly all local governments have no choice but to provide uniform incentives as dictated by the central

government. To satisfy foreign companies' varied requests and accommodations such as schools, roads, water supply, utilities, etc., the expanded fiscal autonomy of local governments is a necessary condition for making these regions more attractive as hosts of FDI. Second, more efforts to foster the administrative autonomy and discretionary power of local governments are called for. Under the current system, rules and regulations related to FDI incentives are prescribed in extraordinary detail for fear of corruption by public officials. As such, all potential FDI incentives are applied strictly according to the articles of law, regardless of the investment amount and other salient characteristics of the individual investment plans and local needs. In contrast, many other countries provide flexible and diversified incentives for FDI depending on case-by-case cost-benefit analyses. Hence, in order to be positioned as an attractive destination for FDI, local governments must be able to autonomously provide a judicious mix of incentives that include tax exemption, rent reduction, and other special assistance to foreign companies. At the same time they should consider the size of investment, employment creation effect, and other contributions to the prospective region. Third, there is still a lack of capable public officers who are knowledgeable in FDI promotion. Although the situation has been improved recently, public officers who are well versed in law, tariff, finance, tax, and labor issues related to FDI are still far and few between on the local government level. Many local government heads fully understand the benefits accruing from hosting FDI, but they express grievance at the fact that they do not have sufficient numbers or quality of staff to embody their plans and initiatives. In order to secure highly qualified public officers, I strongly urge that the work ethic or morale of employees be boosted by introducing a differentiated incentive system, allowing for higher remuneration and promotion through merit- or performance-based evaluation. In this respect, I believe that Korea should follow China's example of introducing an incentive system for public officers that perform exceptional work in attracting FDI. In order to ease the over centralized government structure, the control of local expenditures and revenues by the national government in general, and the concentration of economic power around the Seoul metropolitan area in particular, a more proactive role for local governments in hosting FDI is a fundamental prerequisite. Although stabilizing the financial status of local governments may be an arduous goal to achieve in the near future, granting more autonomy to local governments by presenting various incentives in line with each region's specific characteristics could play a major role in contributing to FDI attraction. Furthermore, to secure and sustain highly capable staff, bolder measures for motivating public officers in charge with FDI promotion, such as a merit-based pay system, should be introduced.

From Korea Times, by Kim Wan-soon, 5 October 2001

Sunway Implements E-Procurement

Sunway Holdings Inc Bhd has gone online with its suppliers with the launch of its strategic e-procurement system, which facilitates electronic procurement transactions with its suppliers. "We are the first Malaysian conglomerate to embark into this strategic e-procurement project, through our group procurement department together with IBM Global Services and Ariba," said Sunway president Datuk Chew Chee Kin. IBM was appointed the consultant for the implementation, support and integration of Sunway's e-procurement system, in collaboration with business-to-business (B2B) network service provider, Ariba. "Through the e-procurement initiative with IBM and Ariba, we're expecting greater efficiencies and better prices from the group's consolidated purchase of good and services," he said after the launch of the e-procurement system in Subang on Tuesday. The e-procurement system is expected to streamline internal processes, reduce cost, and increase transaction transparency between the company and its suppliers. Chew said the system was accurate and scaleable and information could easily be stored, retrieved and integrated. He added that the average buying process (cycle), from requisition to delivery of goods had now been reduced from 30 to 5 days. He also said the company aimed to create a "paperless environment" through web technology and allow easy communications and data sharing between its business partners. "We've invested over RM3mil in the system and the cost-savings have begun to show with lower sourcing costs and other indirect costs. "We had a test run of the e-procurement system for a month before the launch and it was a success," he said, adding that Sunway Construction Bhd and Sunway City Bhd had already started using it. Chew said the group's procurement team was expected to roll out the system to more key suppliers within the next few months, under groupings such as building and construction materials, IT supplies, medical equipment and food and beverages.

From thestar.com.my, 12 October 2001

U.S. Urges Higher Transparency for Telecom Services

The United States has urged Japan to establish an independent telecommunications regulatory authority to provide a competitive framework for telecom services. According to a copy of the recommended reforms, the U.S. also demanded that Japan strengthen and implement dominant carrier regulations to prevent competitive abuses by Nippon Telegraph and Telephone Corp. and NTT DoCoMo Inc. and reduce high interconnection rates. The U.S. urged the establishment of a legal framework to ensure that use of the Internet and e-commerce can thrive. In the recommendations, the U.S. also demanded the promotion of new entries into the electricity and gas industries, the introduction of competitive market forces to improve the health-care system and expanded roles for private companies in hospitals and nursing-care facilities. The Japanese government must ensure that the Fair Trade Commission has the tools and resources to enforce the Antimonopoly Act effectively, the U.S. said. Japan and the U.S. exchanged recommendations Sunday under the Japan-U.S. Regulatory Reform and Competition Policy Initiative. In June, Prime Minister Junichiro Koizumi and U.S. President George W. Bush agreed on a new framework for bilateral economic talks. The two leaders decided to set up four governmental panels and a government-private sector commission to address issues that include macroeconomic policies, trade, investment and deregulation. The initiative is meant to spur economic growth by focusing on sectoral and cross-sectoral issues related to regulatory reform and competition policy.

From The Japan Times: Oct. 17, 2001



Reaching e-Europe in Internet Time

The *e-Europe* Initiative, launched in December 1999, aims to accelerate the uptake of the Internet in Europe. In this context, the Feira Summit on 19 and 20 June 2000 agreed on a comprehensive *e-Europe* Action Plan. Some of the key areas will be: a) Internet will be part of every child's education; b) an end to prohibitively expensive Internet access costs; c) European students and researchers will be able to work and learn collaboratively over the Internet; d) multifunctional smart cards for easy, secure access to services; e) faster Internet for all; f) greater confidence in online shopping; g) access to government services in 'Internet time': COM(2000) 330 fin. http://europa.eu.int/comm/information_society/eeurope/actionplan/index_en.htm; Council conclusions: <http://europa.eu.int/council/off/conclu/june2000/index.htm> Further progress has also been made as regards the legal approval of the Electronic Commerce Directive. It defines the place of establishment as a place where an operator actually pursues an economic activity, which will ensure that operators cannot evade supervision in the Member States where they are established. To stimulate cooperation between different parties by reducing the risk of illegal activity online, the directive establishes an exemption from liability for intermediaries playing a passive role. Commercial communications like advertising and direct marketing have to assure certain transparency requirements, e.g. commercial communications by e-mail have to be clearly identifiable for customers. The development of codes of conduct at EU level and the setting up of alternative cross-border online dispute settlement systems should be further encouraged: OJ C 128, 2000; http://europa.eu.int/eur-lex/en/com/dat/2000/en_500PC0386S.html (amended proposal), IP/00/442 on *RAPID*: <http://europa.eu.int/rapid/start/> *e-confidence*: The Commission proposed to set up an interactive online forum to promote alternative dispute resolution: IP/00/312 on *RAPID*: <http://europa.eu.int/rapid/start/> Internet management and organization: The Commission recommends the election of members of the *ICANN (Internet Corporation for Assigned Names and Numbers) Board* through globally representative procedures. The registration of the country code Top-level Domains should be brought into line with intellectual property and personal data protection principles. This is one of the key recommendations set out by the Commission. A new Top-level Domain (.dotEU) should be further established, as well as a code of conduct against abusive registration of domain names (cybersquatting). Addresses based on numbers that are 32 bits long should be replaced by address protocol based on 128-bit numbers to make room for more Internet addresses and uses: COM(2000) 202 fin.; http://europa.eu.int/comm/information_society/policy/internet/index_en.htm Information and communication technologies (ICT) should not be considered as a pure industry product – consumer confidence, citizen participation, network democracy, privacy protection and social cohesion are equally important. The *Information Society Forum* calls for cultural sustainability to become an official principle of EU policy and suggests to set up a new international framework to gain users' trust. *A European way for the information society*: Free in English only: EC, Information Society DG, BU 29 4/19, rue de la Loi 200, B-1049 Brussels, fax (32-2) 29-68388, e-mail: ist@cec.eu.int Free (+ES,DA,DE,FR,IT,NL,PT,FI,SV) from the same address: *Information Society Technologies – 2000 Workprogramme*.

The role of ICT in growth and competitiveness: Free in English only: Hans Dhooge, EC, DG ENTR-D/1, rue de la Loi 200, B-1049 Brussels, fax (32-2) 29-68867, e-mail: info-entreprises@cec.eu.int From the same address, free in English only: *Projects demonstrating the use of new technologies in electronic commerce. 1999 Information Society Technologies – Challenges and Opportunities* describes successful outcomes of 127 projects in nine application areas (such as medical sector, biotechnology, manufacturing, engineering, electronic commerce and home) supported under the EU's Fourth RTD Framework Programme: Cat: CD-24-99-033-EN-C (+DE,FR), ± 280 pp., €11. Proceedings of the DLM-Forum on electronic records – European citizens and electronic information: the memory of the Information Society, Brussels, October 1999: Free (DE/EN/FR): DLM-Forum Secretariat, EC, JECL 3/40, rue de la Loi 200, B-1049 Brussels, fax (32-2) 29-61095, e-mail: archis@cec.eu.int See also: <http://europa.eu.int/ISPO/dlm/> To ensure adequate protection for personal data transferred from the EU to the US, the Commission seeks support of the EU Member States for accepting the US proposed 'safe harbour' arrangements: http://europa.eu.int/comm/internal_market/en/media/dataprot/index.htm [back to top](#) VAT on Internet sales Electronically delivered services and intangibles form an ever increasing part of international trade. The EU's current VAT legislation concerning VAT on services, dating back to the 1960s, must be adapted and take into account new commercial practices on the Internet network. The Commission proposes a system targeting all digital-delivery products (videos, software, music, electronic games, information, teaching programmes, Websites) as well as radio and television broadcasting by subscription or 'à la carte'. The admitted rule would be that of taxation in the place of consumption of this kind of service, in conformity with the principles adopted during the OECD ministerial conference of 1998 in Ottawa. All the services provided in the EU would therefore be subject to the European VAT, while those provided to other destinations would not: COM(2000) 349 fin. http://europa.eu.int/comm/taxation_customs/proposals/taxation/tax_prop.htm [back to top](#) 'Commissioner Reding, what is eLearning?' We are in desperate need of developing a digital culture Can the EU face the challenges set by globalization and the Internet revolution? To become the most competitive and dynamic knowledge-driven economy in the world, the *eLearning* Initiative commits the Member States, the Commission and the Council to act. *EUR-OP News*: 'What is *eLearning*? What are the aims of this initiative?' Viviane Reding: 'My aim, in relation to the Communication on *eLearning* adopted by the Commission on 24 May, is neither to create a new Community programme nor to dictate to Member States how they should organize their teaching and learning systems. *eLearning* is based on the following observation: if we do not act quickly, by 2002 the shortfall in Europe of specialists in new digital technologies will exceed 1.6 million. We must therefore provide Europeans with a 'digital culture'. I would like to stress that this undertaking must not be directed only at the younger generations, since by the middle of the decade one in every two jobs will be dependent on new technologies. It is up to the public authorities at local, national and European level to ensure that digital technology does not lead to the creation of a generation gap in the labour market. In this respect, *eLearning* must be linked with forthcoming initiatives on lifelong learning, an examination of the future goals of education systems and the contribution to the employment guidelines under what is known as the Luxembourg Process, which the Heads of State or Government asked the Education Council to examine at the Lisbon Summit in March. *eLearning* consists of a series of objectives. First, there are the equipment objectives: providing all schools in the EU with an Internet connection. By the end of 2002, all pupils should be able to use the Internet and have multimedia resources in the classroom. At worst, there should be at least one multimedia computer for every 15 pupils by 2004. Centres for acquiring knowledge must also be as well-equipped as possible. Next there are the training objectives: this 'digital culture' must be an integral part of teacher training, while pupils, apprentices and students must learn to use new technologies critically. At the same time, I believe it is important to develop vocational guidance services in the field of information and communication technologies. With regard to the third category of objectives, I would hope to see the educational and cultural multimedia contents industry and services developing in Europe. The potential market is enormous but access to funding for promoters of quality projects remains a handicap in most of the EU's Member States. Finally, I would call for efforts to network teaching and learning centres in Europe. To attain these objectives, the Commission is prepared to support the Member States in mobilizing the Structural Funds and EU programmes in the fields of education, training, research and culture. I am currently preparing detailed proposals with the European Investment Bank to help the regions and the Member States to equip their classrooms and to consolidate the European contents industry and services. It is obvious that the efforts required vary across the Member States and, within these, across the regions.' *EUR-OP News*: 'Do you believe that *eLearning* can help to create opportunities for disadvantaged groups?' Viviane Reding: 'In my view that is a crucial aspect of *eLearning*. Just as we must not allow digital technology to widen the generation gap, so we must all be able to access multimedia resources and acquire the necessary knowledge in these new technologies. I will therefore support any initiatives that will make these technologies accessible to centres and institutions involved in informal education and training, such as the social

partners and the various associations and non-governmental organizations. At the same time, the Member States, the regions and local governments must make schools and centres of learning more open to the outside world in order to involve them in lifelong-learning initiatives. This means that the way in which knowledge is communicated must be adapted to suit the various social groups concerned. This also requires the proposed contents to be targeted more towards these social groups, and they need to be clearer and simpler to use for people who are not accustomed to 'surfing the Web'.

From EUR-OP, 18 October 2001

Middle East

Dubai Throws Down Electronic Challenge: Get On-Line or Get Out

The government of Dubai, the region's self-professed e-capital, will propel public service into the Internet age from October, forcing employees and companies to get web-wise or fall by the wayside. "The whole idea of e-government is convenience for businesses as well as your average person," Sheikha Lubna al-Qassimi, head of the e-government committee, told AFP. "We in Dubai want to bring people in for business, and the government can have no excuses for impeding that," she said. "The unified portal will be rolled out early next month. This means the initiatives are up and working and people are getting on-line." Dubai's Crown Prince Sheikh Mohammad bin Rashid al-Maktoum unveiled in April 2000 a project for a fully integrated system of "e-government" within 18 months, and warned officials they would lose their jobs if they refused to go electronic. Aside from easing public access to ministries, a "unified access portal" linking all 27 government ministries is expected to cut administrative costs by around 10 percent, reduce paper work and increase transparency. Microsoft Corp. said there was no reason to prevent Dubai's government from matching its targets, saying the Gulf's trading hub had the technical know-how and the political support required for such a move. "The e-government programme is well on track," said Noman Ahmad, Microsoft's e-government solutions specialist for the Gulf and Eastern Mediterranean. "People here are excited and are expecting change. Marketed effectively, especially to the corporate sector, I think it will take around six months for businesses to be comfortable making transactions on-line," Ahmad told AFP. He warned, however, that many smaller companies would take longer to become accustomed to a business culture many consider an anathema to the norms currently practised. "Companies in the United Arab Emirates realise that e-government is here to stay and that they need an e-presence," said Tareque Pirzada, chief executive officer of eGlobal Business Inc., the company hosting firms wishing to supply the government. "Sheikh Mohammad is doing a great job in creating e-awareness," Pirzada told AFP. "It is a night and day difference from 25 years ago." "We're investing in the government because we know that the future is very bright for e-business in Dubai, which is seen as a safe haven, a small and neutral country with a great market." But there are some doubts over the much-hyped project, designed, in the words of Sheikh Mohammad, to help the emirate catch up with the "giddy advances" of the West. "When it comes to doing business in the Gulf, the first price quoted is never the final one. There is always business to be done over coffee and face-to-face meetings," one businesswoman said. As for the average citizen, Qassimi said that "people with no private access to the Internet will be able to go on-line at centres offering multiple services." "For the consumer, e-government is fantastic. It will automate manual processes, cut time and costs, increase access and promote competitive bidding," Pirzada said, conceding that businesses would still have to "manage relationships." Dubai, one of the seven members of the United Arab Emirates, prides itself on efficient public services as it attempts to build a modern economy based on trade and tourism in the face of the impending exhaustion of its oil reserves. The UAE enjoys the best Internet penetration rate in the Arab world with an estimated 660,000 people, or 24.4 percent of the population, logging on.



From Zawya.com, by Luke Phillips, 1 October 2001

Dubai Government to Step Up Internet Literacy Initiatives

The government of Dubai, the region's self-professed e-capital, will propel public service into the Internet age from October, forcing employees and companies to get Web-wise or fall by the wayside. "The whole idea of e-government is convenience for businesses as well as your average person," said Sheikha Lubna al-Qassimi, head of the e-government committee. "We in Dubai want to bring people in for business, and the government can have no excuses for impeding that," she said. "The unified portal will be rolled out early next month. This means the initiatives are up

and working and people are getting online." Dubai's Crown Prince Sheikh Mohammad bin Rashid al-Maktoum unveiled in April last year a project for a fully integrated system of "e-government" within 18 months, and warned officials they would lose their jobs if they refused to go electronic. Aside from easing public access to ministries, a "unified access portal" linking all 27 government ministries is expected to cut administrative costs by around 10 percent, reduce paper work and increase transparency. Microsoft Corp said there was no reason to prevent Dubai's government from matching its targets, saying the Gulf's trading hub had the technical know-how and the political support required for such a move. "The e-government program is well on track," said Noman Ahmad, Microsoft's e-government solutions specialist for the Gulf and Eastern Mediterranean. "People here are excited and are expecting change. Marketed effectively, especially to the corporate sector, I think it will take around six months for businesses to be comfortable making transactions on-line," said Ahmad. He warned, however, that many smaller companies would take longer to become accustomed to a business culture many consider anathema to the norms currently practised. "Companies in the UAE realize that e-government is here to stay and that they need an e-presence," said Tareque Pirzada, chief executive officer of eGlobal Business Inc, the company hosting firms wishing to supply the government. "Sheikh Mohammad is doing a great job in creating e-awareness," Pirzada said. "It is a night and day difference from 25 years ago." "We're investing in the government because we know that the future is very bright for e-business in Dubai, which is seen as a safe haven, a small and neutral country with a great market." But there are some doubts over the much-hyped project, designed, in the words of Sheikh Mohammad, to help the emirate catch up with the "giddy advances" of the West. "When it comes to doing business in the Gulf, the first price quoted is never the final one. There is always business to be done over coffee and face-to-face meetings," one businesswoman said.

From Taipei Times Online, 1 October 2001

The Americas

WCC Provides Great Service to the State

The Douglas County Wisconsin Conservation Corps, funded by the county and the state, is starting its new year for projects. It's a program that deserves recognition not only for the variety of conservation and community development projects that its crews tackle, but also for the valuable work experience and skills it provides young adults. This year, crew leader John Sivertsen and four crew members, age 18-25, will take on more than 25 projects. And these aren't just make-work projects. The agenda for the year includes constructing a 24 foot by 24 foot garage for the Ouisconsin Outdoor Club; restoring the historical Wascott Cemetery by filling in and leveling graves, lifting sunken headstones, removing trash and painting the old schoolhouse; root pruning of 200,000 seedlings and hand planting of 20,000 trees in the Douglas County Forest; and building and placing 20 fish cribs in the Eau Claire chain of lakes. Considering the benefits, the investment for the county is a good deal. The county and several other sponsors will put up \$26,440 for costs of materials, equipment and transportation, while the program provides \$99,528 to cover salaries, benefits and safety equipment for the crew. And consider the benefits for the crew members. Those in the WCC for a year can get a \$2,800 tuition voucher or a \$500 cash bonus from the state and an education grant of up to \$4,725 from AmeriCorps. If the only drawback is the small number of participants, then that's a minor complaint that we can certainly live with. Statewide, the program is in its 18th year of providing young adults with meaningful work experience and on-the-job education, which can help them decide on a career path. This year, there are 42 work crews in Wisconsin with 215 participants working on conservation and community service projects. We applaud the WCC and its participants for taking on projects that may not have been otherwise completed, especially as state and local budgets face cutbacks. It's a program we're lucky to have.

From The Daily Telegram, 1 October 2001

Defense Review Calls for Major Management Changes

The Defense Department must improve how it recruits and retains workers, rebuild or eliminate unneeded infrastructure and outsource some support jobs to transform today's military into a more agile and flexible force, according to the newly released Quadrennial Defense Review (QDR). "Transformation applies not to just what DoD does, but how DoD does it," states the QDR, a sweeping military strategy review that Congress requires the Pentagon to complete every four years. Defense sent the QDR to lawmakers on Sept. 30. According to the review, the Defense Department will assess all its functions and determine what work must be done in-house and what work can be performed by contractors through privatization or partnerships. "Any function that can be provided by the private sector

is not a core government function. Traditionally, core has been very loosely and imprecisely defined and too often used as a way of protecting existing arrangements," the report said. Unneeded infrastructure will also be eliminated. Defense has as much as 25 percent more facility infrastructure than it needs, the report said. "Dollars that could be spent on transformation priorities are being used to maintain installations that may no longer be needed." The Defense Department has called for additional base closures in 2003 as way to eliminate the excess infrastructure. Congress, however, must sign off on any more closings. It is still unclear whether the Pentagon will win new authority to shut down military bases. The review also recommended that Defense give "top priority" to improved employee training and recruiting and retention efforts. "It will require new rules for hiring and managing personnel," the QDR said. Accordingly, Defense will develop a strategic human capital plan that will identify tools to shape the military and civilian workforce into the proper mix of "high-quality, skilled and professional people." The Defense review makes no recommendations for cutting the current military forces, nor does it offer any suggestions for eliminating weapon systems. Instead, the report lays out a broad military strategy that calls for the U.S. to continue to fight two major conflicts simultaneously; conduct small-scale contingency operations; provide homeland defense; and deter aggression and coercion outside the U.S.

From Government Executive, by George Cahlink, gcahlink@govexec.com, 2 October 2001

E-Government Comes to Plano: Online Offices Open 24 Hours a Day

Plano's first eGovernment Internet Application will be online by the end of October. Phase I of a projected nine-phase Plano eGovernment system is being tested by city employee volunteers using their personal charge plates. Phase I will enable Plano residents to interact with the city's Customer and Utility Services department, which provides the city's water services. Customers will be able to pay their water utility bills online, set up monthly automatic payments, and see their payment and water consumption histories - even turn them into colorful bar graphs with a click of a computer mouse. Phase II will lead to other applications, including the courts, Parks and Recreation, alarms, permits, Human Resources and Geographic Information Systems, said Murray Johnston, the city's first full-time eGovernment director. Bruce Glasscock, former Plano police chief who is now an executive director for the City of Plano, is focusing on the city's technology infrastructure and the implementation of emerging technologies, such as the Internet. "All the counties around us are doing it in some way or are moving towards it. The public sector is getting caught up with the private sector," Glasscock said. Richardson and Denton are two neighboring cities using interactive online customer services. Each uses a different technology system. Denton uses a voice-activated system called Integrated Voice Response or IVR to enable bill paying. The City of Richardson, whose eGovernment Web site receives about 24 water and court payments daily, uses a computerized online system that uses the Bank of America to process incoming credit card data, said Steve Graves, the city's chief information officer. By contrast, Plano's system handles all parts of the credit card services automatically. And does it safely, thanks to security encryption, Johnston said. "We want to make sure we are all automated," Glasscock said. "What we are trying to do is to eliminate redundant manual entry." eLevels Inc. completed Plano's Utility Billings Services eGovernment application using what Craig Norris described as state-of-the-art components. And eLevels has integrated all of the applications by using XHTML - think of a supercharged HTML - so each of the disparate systems can communicate with each other. "We created an entrance based on Web application technology so anybody out there can enter the Web and access the back end systems, which means where all the original data is stored," Craig Norris, executive vice president of eLevels, said. "This is a state-of-the-art system," Norris said. "The City of Plano's application framework includes many of Microsoft's .NET products including BizTalk Server, Windows 2000 Server and SQL Server 2000," he said. What Johnston finds exciting is the future of Plano's nine phases. Kiosks that look similar to ATMs are expected to be placed in all city departments - no more waiting on lines. Permits may be able to be bought from a eGovernment kiosk placed in stores such as Lowe's or Home Depot. The kiosks or computerized systems would permit the consumer to pay for and get the permit, present it to the management, schedule their inspection date and carry off their furnace. "Studies done for the city indicate that as many as 90 percent of Plano's approximately 110,000 households have access to the Internet," Johnston said. "The high degree to which the citizens of Plano have embraced the Internet is a unique opportunity which is clearly recognized by our city leaders." To contact staff writer Johanna M. Brewer, call 972 543-2262 or e-mail brewerj@dfwcn.net.

From Plano Star Courier, by Johannam Brewer, 8 October 2001

Wise to Propose a State-Run Plan for Malpractice

West Virginia would get into the medical malpractice insurance business under a proposal unveiled Thursday by Gov. Bob Wise. Wise said the state-run plan would be able to provide coverage to most physicians at rates 10 percent to 15 percent below their current premiums. He said the plan would answer key concerns for doctors about the affordability and availability of malpractice insurance. "Any doctor who's concerned about having to leave the state doesn't have to think about it anymore," he said, referring to the dozens of physicians who have received nonrenewal notices from private malpractice insurers. Wise said he would call a special session of the Legislature late this month or early next month to take up his proposal. The program, which would be administered by the state Board of Risk and Insurance Management, would be available to all doctors and health-care providers. High-risk providers - those with a history of malpractice claims -- would pay premiums about 50 percent higher than the preferred rate. To fall into the high-risk category, doctors would have to have two or more claims in excess of \$100,000 within three years. BRIM currently provides malpractice coverage for physicians at the state's medical schools. Participants in the new plan would be required to accept patients covered by Medicaid, the Public Employees Insurance Agency, Workers' Compensation or the Children's Health Insurance Program. A 1990 law that allowed BRIM to insure obstetricians and gynecologists has been dormant for years because few OB-GYNs at the time agreed to accept low-income Medicaid patients. Wise said Thursday the point was nonnegotiable. "If we're asking taxpayers and citizens of West Virginia to stand behind this plan, then you ought to provide care to all citizens of West Virginia," he said. Wise said he's confident the savings on malpractice premiums will offset the lost income from lower reimbursements for Medicaid. He stressed that Medicaid covers half of all obstetric patients in the state. The plan is designed to be self-sufficient, but Wise said the state could use tobacco settlement money or other funds to shore it up, if necessary. "We don't believe it will be an unfunded liability, and we have not set it up as one," he said. Unlike private insurers, the solvency of the state-run plan won't be tied to investments in the stock market, Wise said. "Investment decisions that have drowned some of the private insurers won't affect us," he said. Insurance Commissioner Jane Cline said that the state plan wouldn't charge artificially low premiums to lure providers, then raise rates after a few years, as many private insurers have done. "We're looking at going in from day one with an adequate rate," she said. What the plan doesn't have is any sort of tort reform or caps on liability claims. Wise said he's willing to consider all options, including pretrial screening panels for malpractice suits, but will urge legislators to wait until the 2002 regular session to raise those issues. "No one has shown yet that tort reform has resulted in reduced rates," Wise said. Senate Minority Leader Vic Sprouse, R-Kanawha, said in a statement, "Any plan Governor Wise proposes without lawsuit reform is doomed to failure." He said he would begin circulating a petition for the Legislature to call itself into special session next week. Wise stressed that the proposed plan is optional, unlike a similar plan in Kansas, which mandates that physicians be insured by the state-run plan. "I'd be just as happy if no doctor signed up because they all had ample insurance coverage," he said. To contact staff writer Phil Kabler, use e-mail or call 348-1220.

From Charleston Gazette, by Phil Kabler, 5 October 2001

Emergency Service in a Best-Effort World

For many years the phone system could give special handling to selected phone calls. This feature is designed to be used in times of emergency by medical services, some government officials, firefighters, police and some industry emergency response teams. A year or two ago some people started trying to figure out how to provide emergency services over the Internet. The experiences in the aftermath of the events of Sept. 11 made thinking about this both more and less important. The current system in the U.S. is known as the Government Emergency Telecommunications Service. This PIN-based system provides expedited handling of call requests, but does not include preemption of calls already in progress. It is provided by telephone companies under a government fee-for-service contract. Clearly, with the movement toward converged networks, it makes sense to look at the impact of emergencies on vital Internet-based services. But just understanding what vital services might encompass on the Internet is not easy. In the phone world there is basically one service: a fixed-bandwidth voice call. With the Internet, there are hundreds of applications that might be important when responding to emergencies. Dealing with each application individually would be a daunting task, made all the harder by the people that keep creating new applications. One proposal that is being discussed by the Internet Engineering Task Force, the Telecommunication Standardization Sector of the International Telecommunications Union and European Telecommunications Standards Institute is based on the [International Emergency Preparedness Scheme](#). As you can see by looking at the mailing list archives reachable through the Web page, this proposal has created some spirited discussions. Much of the discussion concerns the fundamental

differences between the circuit-based, guaranteed quality, access controlled phone network and the packet-based, best-effort Internet as well as what did and did not happen on Sept. 11. The Internet infrastructure did not collapse that day, but many Web servers and some tail circuits were way overloaded. This means that special traffic handling of emergency-related traffic in ISP backbones may be much less important than ensuring priority access to network-based servers or tail circuits. Much more work needs to be accomplished to understand just what should be done in this area, and just as important, what is not worth the effort to do. Disclaimer: Now who would claim that Harvard is not worth the effort? Maybe M.I.T. Anyway, the above observation is my own.

From Network World, by Scott Bradner, 8 October 2001

Taking on the Web's Global Language Barrier

San Francisco - Doing business over the Internet can be trouble enough even when transactions are done in the same language. But what happens when companies try to handle e-commerce across borders in multiple languages? Uniscape, a software developer selling to multinationals so they may "localize" online enterprise-wide content, has a solution that sounds complex. But the aim is really simple - to add varied language applications to the primarily English-speaking Internet. According to Uniscape Chief Executive Steve Adams, 78 percent of all Web sites are English only and 80 percent of all business-to-business Web sites are English only. The bottom line is that lots of opportunity are missed as Internet use increases among consumers and businesses throughout the non-English speaking world. Investors are backing Uniscape's concept with cash. In a tight-fisted funding environment, the Sunnyvale, Calif.-based company on Monday said it secured \$18.5 million to boost its technology and sales to Global 1000 companies. Uniscape said the new funding, which brings the total the privately-held company has raised to \$36 million, will assist its efforts in the "enterprise globalization" software field, which will be a \$22 billion market by 2004, according to research firm Allied Business Intelligence. "The prospects for growth in this space are inviting, and we see great opportunity for such a product in Asia where multilingual and cultural differences are vast," said Winston Koh, general manager of BOS Ventures, one of Uniscape's latest investors. It's a major problem caused by corporations rushing onto the Web. "You've got to remember that most people in the Global 1000 have been scrambling just to get an online presence in the base language," Adams said. Meanwhile, most multinationals offering foreign language applications -- backed by translation memory platforms - have stuck close to languages they know best. According to Adams, Japanese translation is favored on many corporate Web sites as are translation applications for the "FIGS" languages: French, Italian, German and Spanish. Few multinationals are thinking long-term in terms of translation abilities online, Adams noted. "By 2007, Chinese will be the No.1 language on the Web in terms of numbers of users," Adams said. "But most corporations are not delivering Chinese language uses on Web sites." That is due to how translation is posted on corporate Web sites, whether consumer storefronts or B2B exchanges. Adams said his company's software aims to minimize the manual translation process, saving time and money for multinationals trying to tap online markets abroad. For instance, "You can have Web sites in San Francisco, France, Italy, Spain and Japan," Adams said. "Our software detects a change in the San Francisco Web site and then applies business rules to, say, the site in Japan, where the graphics and text may have to be localized." "The software sees where else that information is stored on other Web sites," Smith added. "It may find them on French, Italian or Japanese Web sites. Then it initiates a set of business work flows on that content, and people with a role on those work flows are notified by e-mail that they have to take the project through completion." How an employee completes the translation is partially manual. "The system that person pulls up automatically maps the new content against translation memory, so that when they open the file in Uniscape they'll see what was a 100 percent translation and what needs to be translated," Adams said. "You always will need human translators." How many translators remains in question. "It depends on how much you have built your translation memory," Adams said, noting that most multinationals are not well positioned to fully seize mostly automated translations because their translation memory capacity is lacking. Little wonder then that English remains the Internet's main language. "Nearly two-thirds of the Fortune 100 still don't have multilingual Web sites," Adams said. "It's been a very cumbersome process to this point." But addressing that process is well worth it. According to Adams, multinationals need only a modest investment in online translation technology in order to tap eager markets overseas. "If you deliver an e-commerce site in the native language, consumers are three times more likely to make a purchase on that site," Adams said. "We did a project for Amway in Korea," Adams noted. "They got a 30 percent spike in Korean traffic once we localized it in Korean. All of a sudden they got a broader market in Korea." And in the global competition for brand recognition, multinationals that use a diverse mix of languages on their Web sites stand to gain a competitive edge, Adams said. "This allows you to work as close to simultaneous product launches as possible" in different countries, Adams said. And, Adams added, "It's not just product launches. We've

seen customer service being moved to the Web, but only in a base language. You need to support online customer service in multiple languages."

From ZDNet, 8 October 2001

Legislation Would Undo Years of Procurement Reform, Experts Say

A provision in the Senate version of the 2002 National Defense Authorization Act that would undo years of acquisition reform appears unlikely to survive conference committee, according to officials close to the debate. Section 803 of the act ([S.1438](#)) would require any Defense Department agency that wished to use a multiple-award contract or task order for a purchase greater than \$50,000 to open the competition to every contract holder. In some cases, that would require an agency to notify only a handful of vendors. But in the case of the General Services Administration's Federal Supply Service schedules, a series of pre-negotiated contracts on which any agency is free to bid, there are often more than 500 vendors on any given schedule contract. Senior procurement officials have said such a regulation would be disastrous for the Defense Department, the largest single user of GSA schedules, and would interfere with the agency's ability to quickly procure goods and services. Dr. Leamon Lee, director of the National Institutes of Health Information Technology Acquisition and Assessment Center, said the provision marked a move from "reform to restriction." It constrains the Defense Department he said, and marks a setback for the acquisition reform that took place in the 1990s. That reform was aimed at letting government buy commercial products and services more in the manner of the private sector, thus reducing procurement cycles that often lasted more than two years. David Sutfin, chief of GovWorks, the procurement arm of the Interior Department's Minerals Management Service, said Section 803 "would undo management and acquisition reforms of the past decade if enacted into law as currently written." Sources close to the negotiations in Congress say there is no chance that Section 803 will survive conference committee in its current form. One source, who knows the author of the provision, said the author "did get carried away." The source said the author is knowledgeable about acquisition and contracting nuances, but has "grave concerns" about whether or not competition is being fully utilized on multiple-award contracts and, particularly, on the GSA schedules. The source said the provision was meant to send a message to contracting and acquisition officials who haven't done enough to ensure appropriate competition. Another source close to the conference proceedings said that the language is being re-written to include a requirement whereby any agency that didn't secure at least three bids for a contract or task order would have to give a reason why. Steve Kelman, former administrator of the Office of Procurement Policy during the Clinton administration and now a professor of public management at Harvard University's Kennedy School of Government, confirmed that suspicion about sham competition on the GSA schedules for services is rampant in Washington. "There's a general feeling around town that if you're inclined to award IT services work noncompetitively, sort of in the dead of night, the way you do it is through the GSA schedules," he said. Kelman added that Section 803, as written now, "makes no sense at all," and that it would "end the GSA service schedules." The General Accounting Office is investigating the management of competition on all governmentwide contracts and multiple-award contracts. A staffer with the Senate Governmental Affairs Committee said that report should be issued later in the year. White House officials have expressed concern that the provision "will significantly reduce efficiency offered to the [Defense] Department by the multiple-award schedules program operated by the General Services Administration." A spokesman for the Defense Department had no comment on the provision, except to say that officials had seen it and were crafting a response.

From Government Executive, by Shane Harris, sharris@govexec.com, 12 October 2001

Find Out How Much You're Really Worth

A new service from Salary.com could put the power of compensation consultants in the hands of ordinary working folk—but it could stir controversy at the office water cooler, too. The [Personal Salary Report](#), which will be officially launched Monday, is a Web-based service that allows people to calculate their market value based on 43 factors. The report includes data for 850 job classifications, ranging from restaurant cooks and newspaper photographers to academic researchers and chief executive officers in dozens of industries. "We think people will be able to use this anytime they come to a salary negotiation session," said Johanna Schlegel, Salary.com's product manager for the Personal Salary Report. "We hope it will become as indispensable as a resume or cover letter, when you're starting a new job or when you're preparing for annual performance review." [Salary.com](#) is billing the service as the most detailed, precise compensation data report available to general consumers. Human resource executives, compensation analysts and hiring managers have long used such data, but it's been too expensive or complicated to be practical for rank-and-file

workers. The Personal Salary Report is the latest tool to level the playing field between employees and employers--a trend that gained momentum with the popularization of the Internet in the mid-1990s. Online [cost-of-living calculators](#) and other Web-based information have dramatically increased workers' power in salary negotiations, and the Bureau of Labor Statistics' [online database](#) for regional wage information has helped give people average salaries for various professions in all states. Such transparency is a sharp contrast to a decade ago, when HR managers fiercely guarded salary information. By keeping employees in the dark about pay, they made it tough for lower-paid workers to realize they were underpaid, let alone negotiate for a higher wage. "Fifteen or twenty years ago, you could get fired for disclosing your salary" at some companies, said Deborah J. Thobe, president of Carrollton, Texas-based technology consulting firm [Thobe Group](#). "Workers have more leverage now. The smart employee finds out: A, where bathroom is; B, where coffee pot is; and then C, negotiates compensation." Salary.com's report takes only a few minutes to fill out. Customers must submit an e-mail address, current title and salary, fill out an online questionnaire, and pay with a credit card. The Personal Salary Report costs \$19.95 for a limited introductory period, and the price will eventually go up to \$29.95 per report. The price includes a 13-page report that lists estimated market values, tips for renegotiating your salary, mock conversations with your boss, and figures on bonuses and other incentive pay in your specific industry and job classification. It also includes space for the consumer to jot down notes such as achievement awards and target goals. Factors for 850 different job titles range from the reputation of a person's undergraduate university and relevant experience to whether a worker handles hazardous materials or toils on the graveyard shift. If a person's job requires certification, the computer will weigh training and programs heavily. Other heavily weighted categories include performance reviews, relevant work experience, and geographic cost-of-living adjustments. If you have a bachelor's or advanced degree, the survey asks you to rank your university relative to its peers. It also asks how many people you manage; whether you report to the board of directors, chief executive or a mere manager; and how your actual job responsibilities compare with a one-paragraph overview that Salary.com provides. For most people, the "estimated market value" will be the key result of the survey. Here's a sample of results:

- The market value salary of a computer software programmer who has six years of relevant experience (including one year on the current job), receives a "superior" performance rating, reports to a senior executive, has all required certifications, lives in San Jose, Calif., and works for a software and networking company with at least 3,000 employees is \$81,962 to \$87,484. Roughly 75 percent of people with these qualifications earn a yearly total of up to \$96,913 after bonuses and other incentives are added.
- The market value salary of a technical sales support specialist who has 14 years of experience (including four at the current job), receives an "above average" performance rating, manages up to 10 people, reports to a senior executive, lives in Charlotte, N.C., and works at a biotech company that employs 1,000 to 3,000 workers is \$57,408 to \$60,951. Roughly 75 percent of people who fit this description earn as much as \$73,805 per year when incentive pay and bonuses are added.
- The market value salary of a marketing account executive who has three years of experience (including one in the current job), "meets expectations" of supervisors, reports to a middle manager, lives in Boston, went to one of the top 100 universities, and works at an Internet company is \$54,960 to \$58,074. With bonuses, the total compensation for workers in the 25 to 75 percentile of that peer group is between \$67,386 and \$119,838. The data is based on proprietary research from Salary.com, whose team of compensation consultants establishes data based on primary and secondary research, analysis, and a proprietary mathematical model. The data is compiled continually and updated monthly. Although people will certainly take interest in their market value, it's unclear whether easy access to the data will actually improve workers' lot. Knowing that you're paid \$10,000 less than market value--or knowing that a co-worker is paid grossly more than market value--is not constructive information in its own right, and it could even foster bitterness among loose-lipped workers. Ultimately, said Thobe consultant Judy Overstreet, one of the most important factors in determining a worker's salary is his or her ability to negotiate--not just the knowledge of a market value. To that extent, human resource managers may question the Salary.com results if employees try to use it during negotiations. "Sometimes, an HR professional will put more weight on one resource than another one. There's so much judgment that goes into these numbers," Overstreet said. "If I were the HR manager, I'd ask, 'Who's in the database? Where'd they get the numbers, and how'd they come up with them?' There are some really good surveys out there, and there are some that aren't really that good."

From ZDNet, by Rachel Konrad, 15 October 2001

State Launches New Web Site - Business Directory Among the Online Offerings

Oklahoma City - State officials unveiled a Web site on Monday that could shorten the time Oklahomans spend waiting on government services. The site, called [YourOklahoma.com](#), combines information from every state agency into one online location. Visitors can search for an agency or by subject. Oklahoma is the first state to create such a site,

officials said. "We're excited about it," said Dan Mahoney, a spokesman for Gov. Frank Keating. "It's not yet what we want it to be -- that will take some time -- but it will be a very exciting way for citizens to interact with state government." The idea, officials said, is to make an attractive, easy way to access information while creating a more efficient government. State Rep. Fred Perry, R-Tulsa, led an electronic commerce task force that pushed for the new Web site. He was the author of House Bill 1662, which approved the site and fees for some online records. The fees are "as low as possible," Perry said. "It's going to lead to much more effective government," he said. State Finance Director Tom Daxon said the site's effectiveness could eventually mean fewer state workers, but said the reduction would be minimal. He said designers are still working out kinks in the site, which would eventually offer many state services online such as renewing several licenses -- including those for drivers and nurses -- and giving insurance companies online access to motor vehicle records. Records such as birth certificates also may be available. The site offers a directory of every business in the state with addresses and telephone numbers. Before some services are offered, such as driver's license renewal, the state will have to deal with agencies and private businesses to figure out the best way to introduce them, Daxon said. "I don't think we're going to put tag agents out of business," he said. Kansas-based National Information Consortium will manage the site as it does for 1,000 other state and local agencies. The company signed a contract in June with Oklahoma for \$1.1 million to develop the infrastructure needed to run the new Web site. The total cost of the site, including the contract and the overhaul of computer applications at state agencies, will be about \$30 million, officials said.

From ChannelOklahoma.com, 16 October 2001

ADRA Board Adopts Code of Conduct for Disaster Response

Silver Spring, Maryland - At its annual meeting in September, the Board of Directors for the Adventist Development and Relief Agency International (ADRA) voted to adopt the Code of Conduct for the International Red Cross and Red Crescent Movement for Non-governmental Organizations (NGOs) involved in disaster relief. "This vote is a pledge to embrace the principles of transparency, effectiveness, and accountability," states Frank Teeuwen, Bureau Chief for Disaster Preparedness and Response at ADRA International. The Code of Conduct was created in an effort to define high standards of behavior. NGOs voluntarily agree to abide by it in order to increase the impact and effectiveness of disaster response. In summary, the ten principles of the Code are: 1) The right to receive humanitarian assistance, and to offer it, is a fundamental humanitarian principle which should be enjoyed by all citizens of all countries. 2) Give aid regardless of race, creed, or nationality and calculate aid priorities on basis of need alone. 3) Aid will not be used to further a particular political or religious standpoint. 4) NGOs shall endeavor not to act as instruments of government foreign policy. 5) NGOs shall respect culture and custom. 6) NGOs shall attempt to build disaster response on local capacities. 7) Ways shall be found to involve program beneficiaries in the management of relief aid. 8) Relief aid must strive to reduce future vulnerabilities to disaster as well as meeting basic needs. 9) NGOs will be accountable to both those being assisted as well as those from whom resources are accepted. 10) In information, publicity, and advertising activities, NGOs shall recognize disaster victims as dignified human beings, not objects of pity. ADRA is present in more than 120 nations and provides development or disaster relief for individuals and communities without regard to age, ethnicity, or political or religious association. Additional information about ADRA can be found on its web site at www.adra.org.

From ReliefWeb, 24 October 2001

Public Finance

Africa

Finance Minister Admits Bank Loan, Denies Bad Motive in Sale

The minister of Finance, Planning, and Economic Development, Gerald Ssendaula, conceded yesterday that he is indebted to Uganda Commercial Bank, but denied any hidden motive in arguing for the sale of UCB. Citing the UCB portfolio management report, The Monitor reported yesterday that Ssendaula still owes UCB Shs 5.2m two years after the expiry of the repayment period for a Shs 28.4m loan that he took. "Yes, there is that debt and in fact I informed my colleagues in Cabinet about it as a matter of personal clarification because of the role I was going to play in UCB's sale. But in my capacity as a minister who has powers to appoint the chief executive of UCB, is its [UCB's] privatization in my favour? Because the bank will now go to another person, to whom I have no power over," Ssendaula told The Monitor, adding that he had made efforts to clear his debt. Ssendaula said that as part of efforts to clear the debt, he had earlier in the month paid Shs 1m to UCB. "But when I requested for information this morning, they (UCB) told me that payment made in early October is not reflected in the report," he said, adding that he was not trying to hide anything from the press and the public in the UCB sale. "In fact, I think you (The Monitor) have been very supportive. If you look at your editorial today, it has been very supportive in this reprivatisation process," he said. The decision by BOU to re-privatize UCB against a Sept. 28 parliamentary resolution halting the sale has caused uproar amongst parliamentarians, who threatened to censure Ssendaula, and possibly, impeach the President. They also alleged ill motives in the hurried sale. This is the second attempt to privatize UCB, with the first one in 1997 having aborted, when it was discovered that a sham Malaysian firm, Westmont Land Asia, which bought the bank, was a front for the defunct Greenland Bank.

From AllAfrica.com, by Badru D. Mulumba, 14 October 2001

Asia/Pacific

Bank Giant Boosts China WTO Drive



One of China's big four banks has streamlined its Hong Kong affiliates to create the territory's second biggest bank, outflanked only by HSBC. Hong Kong chief executive Tung Chee Hwa took part in the National Day ceremony to celebrate the formation of Bank of China (HK). Bank of China said its restructuring pulls together 12 banks in Hong Kong to create a bank serving 40% of Hong Kong's population in the retail banking and 70% of companies. Analysts said the move heralded a strengthening China's banking system, through the adoption of internationally recognised standards and structures ahead of its entry into the World Trade Organisation (WTO). "The new company is set to... establish good corporate governance and a better customer service system, improve risk control measures and accurate information disclosure," Bank of China said. The bank will set up an asset management company to deal with non-performing loans, seek to improve asset quality, create a strategic business unit and divide operations into front, middle and back offices, chief executive Liu Jinbao said. China's central bank, the People's Bank of China (PBC), approved the move, which is "also necessary in face of China's imminent entry into the World Trade Organisation", a Bank of China spokesman added. Foreign competition - China is opening up its financial services sector to foreign institutions. Chinese banking officials see foreign banks taking up to 15% of the market for foreign currency deposits, 10% of deposits in Chinese yuan and up to 30% of foreign exchange loans within five years of China entering the WTO, the official China Daily newspaper said. At the end of 2000, Bank of China had total assets of 3,000bn yuan (\$383bn) and assets in Hong Kong of HK\$820bn

(\$10bn). The bank, one of the first Chinese institutions to list on the Hong Kong Stock Exchange, had 369 branches in Hong Kong, more than 2.9 million retail clients and 250,000 corporate clients.

From BBC, 1 October 2001

Transparency Key to Winning Investor Confidence

NCsoft is the undisputed leading online contents developer that produced the mega-hit online multi-player role-playing game Lineage. It currently holds a roughly 60 percent of the domestic online gaming market. With its flagship online game Lineage, which outperformed the world famous real-time strategy simulation game Starcraft in popularity, the company posted 58 billion won in sales last year and net profits of 29 billion won. It currently boasts of a monthly access of 2.2 million users with over 12 million accumulated service subscriber accounts, the largest in the country. Last year, sales rose by 628 percent from 8 billion won in 1999, and its net profits were boosted by 676 percent from 3.6 billion won in 1999. Perhaps most impressively, the company's net profits account for nearly half of its sales. NCsoft's revenue last year far surpassed market researchers' forecasts at the end of 1999 after predicting the computer game market as a whole would only bring in 20 billion won in 2000. However, NCsoft's revenue, solely, tripled the analysts' expectation. "At a time when dotcom companies disappointed investors due to lack of profit-making business models, with the success of Lineage NCsoft emerged as an irrefutable proof that the dream of hitting the jackpot is still possible," said an Internet and solutions analyst. Forecasting that the domestic sales will drop at some point, the company's CEO, Kim Taek-jin, 35, presented a globalization strategy called "dot world (.world)," through which NCsoft will establish six main overseas branches in Southeast Asia, the United States and Europe. The company thinks that increasing individual subscribers is the foremost means to secure a stable revenue stream. The company has already successfully made inroads into Taiwan, and is running trial services in the U.S., Hong Kong and Japan. It has collected 1.2 billion won in royalties from Taiwan alone just four months after launching its Lineage service there. NCsoft is also pursuing the establishment of joint ventures in order to make further inroads in foreign markets and considers transparency in management a key element in successfully forming alliances with foreign firms. Reflecting its transparency-first business philosophy, the company's website provides a well-organized IR section which anybody can easily access and acquire its investment and company-related information including stock-, financial- and management-related information as well as business plans. The company rolls out investor relations activities every quarter for its shareholders and prospective investors through the Web, road shows and investor relations sessions both at home and overseas. Moreover, the company hired famous game developers from the U.S., including Richard Garriot, and a famous Korean film director Kim Sung-soo, the director of popular worrier movie "Musa" and action films including "Beat" and "There Is No Sun" to improve the quality of its games. With clear business vision and efforts to provide accurate, rapid and transparent company-related information to the investors, NCsoft is currently on the verge of rapid and solid expansion.

From Korea Times, by Kim Sung-jin, sjkim@koreatimes.co.kr, 3 October 2001

Management of Budget Deficit Key Challenge to Economy

Karachi: The management of budget and current account deficits would be the key challenges that Pakistan would encounter in the "heightened uncertainty following recent events," says an IMF official. Pakistan's "first challenge would be to hold course on Budget 2001-2002" due to "a weaker than expected global environment" and continued weaknesses in tax collections in recent months, he added. He did not identify the recent events, obviously referring to global recession and the political tension in the region. Both are adversely affecting the country's economy. Listing the problems Pakistan would face, the IMF Deputy Managing Director, Eduardo Aninant, says that another key challenge will be to further build foreign exchange reserves. It would require good coordination of monetary and exchange rate policies, while further liberalizing the foreign exchange interbank market to reduce the importance of the kerb market. The State Bank has allowed on Thursday service sector exporters to retain 35 per cent of their foreign exchange earnings. In a statement issued on Tuesday, the deputy managing director of IMF, Eduardo Aninant, (announcing the \$135 million final tranche under SBA) observed that other reform priorities are to improve governance and transparency in the management of public resources, particularly in the context of ongoing devolution of fiscal responsibilities to the new local governments; the ongoing restructuring and privatization of public enterprises and the strengthening of the financial system. To consolidate the achievements made so far and build a solid foundation for sustainable growth over the medium term, particularly in the light of heightened uncertainty following recent events, he stressed that the authorities would need to pursue further macroeconomic adjustment and structural reforms. He acknowledged that recent measures to raise fuel taxation and reduce non-priority spending should help contain the

fiscal deficit, while allowing for higher social and poverty-related spending. At the same time, the broadening of the tax base and a fundamental reform of the tax administration are urgently needed, he added. Mr. Aninant recognized the improvements in the economy so far and observed: "Despite the adverse weather conditions, real per capita GDP rose, inflation has been lower than expected and external balances and official reserves have improved in line with the IMF programme target." The implementation of the structural reforms has been broadly on track. While tax revenue collection was lower than targeted, the budget deficit was kept within the stipulated level. The country's economy has started feeling the initial impact of the threat of military strikes against Afghanistan, says a businessman and adds that foreign trade has been hit. Foreigners are leaving the country. Freight and insurance rates are going up, making exports and imports more expensive. Not all ships are willing to touch the Karachi port, he said. Independent studies by a foreign research organization now forecast fiscal year-end inflation rate of 9.2 per cent. The report says that consumer price inflation during 2000-2001 averaged 6 per cent per annum, but this is expected to rise significantly in fiscal 2001-2002. Producer prices rose by an average of more than 7.2 per cent, which coupled with an extension of general sales tax, had a significant upward impact on prices. The rupee depreciation, a reduction in subsidies and a rise in utility prices will lead to an average inflation of 8 per cent in calendar year 2001, the report adds.

From DAWN Group, by Jawaaid Bokhari, 1 October 2001

Takenaka to Look into Bank Managers' Responsibility

Tokyo - Economics minister Heizo Takenaka said Friday the government is ready to look into the issue of how responsible the managers of banks that have received public funds are for the lack of progress in alleviating the bad loan problem. "Without question, the issue of the responsibility of the managers will be highlighted when the government examines the loan assets in line with the government's preparatory reform program," Takenaka told a news conference. (Kyodo News).

From Japan Today, 5 October 2001

Singapore Government Unveils S\$11.3b Off-Budget Package

The Singapore government on Friday announced economic measures worth S\$11.3 billion to ease the impact of the recession. The package includes new building programmes, help for those without a job and a 10 percent cut in the salaries of senior politicians and civil servants. As Deputy Prime Minister Lee Hsien Loong rose to address the Parliament, his message was stark. General Lee said, "The Singapore economy is in a severe slowdown." The assistance package is designed to stimulate the economy through tax rebates, infrastructure spending, and programmes to ease the personal pain of the economic downturn. To help those affected, the Government has announced new training programmes, and training allowances, including S\$500 million for the Skills Development Fund. Undergraduate tuition fees are to be frozen. Meanwhile, S\$200 million is being allocated to help older workers make the transition to a new career under the People For Jobs programme. The retrenched will qualify for a subsidy of up to 50 percent for hospital charges, and there will be a new scheme to help the needy pay for essential expenses. Taxes are being cut. For example, additional corporate and personal tax rebates were announced. For property tax on commercial and industrial properties, the rebate will be up to S\$8,000 a year; under the plan many will pay no property tax at all. Stamp duty has fallen 30 percent, while the petrol excise duty is being cut by 5 percent. There will also be a reduction in diesel duty. The Government is also overhauling regulations governing the sale of property. Land sales are to be phased to stop oversupply, while industrial land sales are to be suspended until the end of next year. The Capital gains tax is being removed. Foreign individuals and companies will now be allowed to take out loans for property in Singapore dollars. And there is to be a property tax exemption for land that is under development. Other measure include tighter restrictions of foreign workers; the minimum salary for an employment pass is going up by 25 percent to S\$2,500. There will also be increased educational requirements for those applying for a lower level work pass. The Singapore Government is also initiating building projects worth S\$3.5 billion, including upgrading the National University, plus new polytechnics and hospitals. To underscore the situation, the Deputy Prime Minister announced that salary cuts will be made at the highest level of Government. General Lee said, "Political appointment holders and senior civil servants whose salaries are tied to private sector benchmarks will have their salaries cut by 10 percent from 1 November 2001 for 12 months." There was also a warning that Singapore is likely to see a S\$4 billion deficit this financial year, but the surpluses of previous years will pay for the initiatives announced on Friday. General Lee

stressed, "This downturn is a major test for Singaporeans.. we will tackle the immediate problem. We can remake Singapore and stay relevant in the changed world."

From channelnewsasia.com, by Ian Ferguson, 12 October 2001

WB, IMF to Look Into Financial Transparency

A joint delegation from the World Bank and International Monetary Fund is due to visit Korea Oct. 22-29 to monitor the nation's state financial sector. The Ministry of Finance and Economy (MOFE) said Saturday that the delegation will be visiting the ministry, Financial Supervisory Commission and Bank of Korea to evaluate the level of transparency in currency and financial policies, financial settlement systems, and state programs for liquidity in these institutions. The two global financial organizations launched the evaluation program recently to monitor the financial operations of member countries. The mission represents the delegation's first visit to Korea.

From Kim Ki-hun, khkim@chosun.com, Digital Chosun, 15 October 2001

Philippine Banking System Ready to Tackle Money Laundering

Still operating under a strict law drafted in 1955, the country's banks have made it nearly impossible to trace the flow of money. That is about to change - The US thrust this Asian country into an awkward spotlight last month, declaring that Muslim militants in the southern Philippines had financial ties to Osama bin Laden. The Philippines has promised to help the US pursue the flow of money from bin Laden's network, al-Queda, to terrorist organizations here. The trouble is that the country's strict laws on bank secrecy make it nearly impossible to trace the movement of money into local bank accounts. "We are almost sure the banks would not allow us to have access to suspicious accounts," said Juan de Zuniga Jr, the general counsel of the Philippine central bank. Among the many collateral effects of the Sept. 11 terrorist attacks is a heightened scrutiny of money laundering across borders. For developing countries like the Philippines, it is forcing a recognition that old laws are wholly inadequate against new methods of disguising illicit gains. The banking law here was passed in 1955, a decade after the Philippines emerged from 400 years of colonial rule. As the country struggled to attract foreign capital, the law's guarantee of confidentiality reassured potential investors that they could trust local banks with their money. Now, the Philippines has an established banking system, but the once-salutary law has helped turn the country into a haven for the laundering of proceeds from drug trafficking, kidnapping and gambling. "Nobody knows the extent of money laundering in the Philippines," Roberto Romulo, a former foreign minister, said. "But in the context of transparency, we are hardly role models. We had to change our ways." On Sept. 30, the Philippines passed a law intended to address the deficiencies of the banking law. It requires banks to disclose suspicious deposits of more than US\$80,000 to the authorities. Previously, banks did not have to disclose deposits of any amount unless investigators obtained a court order as part of a pending legal case. "These are giant strides," said de Zuniga, who helped draft the law. "We have for the first time criminalized money laundering." De Zuniga said the Philippines was seeking to end a legacy of official corruption that extended from Ferdinand Marcos, the late dictator accused of looting billions of dollars in the 1970s and 1980s, to Joseph Estrada, the president toppled in a popular revolt last January. Indeed, the Philippines is bowing to international pressure. The Financial Action Task Force on money laundering, a group convened by the major industrialized nations in 1989, had threatened to impose sanctions on Manila by Sept. 30 if it did not take steps to curb the practice here. Four months earlier, the task force had put the Philippines, along with Russia and Nauru, on a list of countries that had made "inadequate progress" in the global campaign against money laundering. The task force said it would hold off on sanctions while it studied the new law. Critics say the Philippine Congress watered down the law. They note that the threshold amount for banks to disclose deposits is eight times that in the United States. Under US law, banks must disclose suspicious deposits of more than \$10,000 to the Treasury Department. The committee that drafted the legislation proposed setting the threshold at US\$20,000, twice the level in the US. But in a heated closed-door debate, the House and Senate quadrupled that number. Some say the lawmakers are protecting ethnic Chinese tycoons, who like to keep their finances under wraps, in part to reduce their tax bills. Many of these tycoons are generous campaign contributors. Even critics acknowledge that the law will enable investigators to detect the most flagrant cases of money laundering. Estrada, who became president in 1998, is a case in point. In his impeachment trial in the Senate, prosecutors asserted that Estrada had laundered more than US\$8 million in proceeds from illegal gambling rings through various bank accounts. While backed by testimony from people involved in the scheme, the case against the former president was weakened because the banks did not release records of deposits made by Estrada or his associates. Only when one bank, Equitable PCI, allowed a clerk to testify about the president's use of an account under a fictitious name did

the extent of his chicanery become evident. Officials said that under the new law the deposits into that account could have been easily traced. "It would have been labeled as a suspicious transaction because the identification on the account was not complete," de Zuniga said. "That would be a red flag under an anti-money-laundering program." Estrada's impeachment trial was suspended, but his criminal trial on charges of plunder began here Oct. 1. Despite its origins in domestic corruption, the new law may get its first test in the US-led campaign against terrorism. On Sept. 24, the Bush administration froze the assets of 27 organizations suspected of terrorism. Among those was a Philippine Muslim rebel group, the Abu Sayyaf. Officials have acknowledged that they have little clue where the group's assets are. But the law gives them fresh tools. They said it was likely that terrorists would open accounts under aliases, or in the names of spouses. By having access to deposit records, the police have a better chance of tracking the money. "If it comes through banks, there are several trigger points," de Zuniga said. "From the moment it enters the country, it can be flagged. Even if it is broken down into smaller amounts, it can be flagged."

From Taipei Times Online, by Mark Landler, 16 October 2001

September's Unemployment Rate Lowest Since 1997 Financial Crisis

Last month's unemployment rate and the number of jobless people reached 3.0 percent and 684,000, respectively, the lowest figures since the 1997-98 financial crisis. Released by the National Statistical Office yesterday, a report titled "Employment Trend in September" said that the September figures are each 0.4 percentage point and 68,000 people less than the previous month. The figure for the unemployment rate is the lowest since November 1997 when it recorded 2.6 percent and the number of jobless people is the lowest since December the same year when it totaled 657,000. When seasonally adjusted, the September unemployment figure stood at 3.3 percent, down 0.3 percent from the previous month. The report further noted that joblessness declined for all age groups under 60, with a particularly noticeable drop for those in their 30s. The number of unemployed in the 30s age group fell sharply by 280,000 (16 percent), 40s by 160,000 (9.8 percent), 20s by 15,000 (5.5 percent) and 50s by 14,000 (17.9 percent) - all within one month. The National Statistical Office and the Ministry of Finance said that the main reason for the drop in unemployment is that sectors like food, dressmaking, leather manufacturers and retail recently hired some 30,000 people and because more employers are taking on part-timers. This is a drastic change from just a couple of months ago when the government predicted that unemployment would rise sharply in the coming months with Korean firms left in a dire situation with no choice but to cut costs by shortening payrolls amidst the ongoing economic slump. The total number of employed edged up by 1.3 percent to 21.797 million, an increase of 273,000 people. All major sectors saw rises in employment with the manufacturing sector recording an additional 117,000 jobs (2.9 percent), construction 57,000 (3.5 percent) and business/private/public service 47,000 (0.9 percent). By job, only the agricultural and fishery sectors saw reductions in employment with 6,000 (0.3) positions eliminated, and the largest growth was in functional/machinery operation and labor with 223,000 additional jobs (3.2 percent). Regular wage earners fell slightly from 49.1 percent in August to 48.6 percent in September, while non-regular workers rose from 34.0 percent to 34.4 percent and daily workers from 16.9 percent to 17.0 percent. The number of those who did not participate in economic activities - including those who stopped looking for available jobs - decreased by 12,000 to 114,000 while the number of those who have been seeking jobs for more than 12 months rose 1,000 to 16,000. When measured according to standards set by the Organization for Economic Cooperation and Development (OECD), the unemployment rate rose by 0.4 percent to 3.2 percent and the number of jobless by 63,000 to 732,000.

From Korea Herald, by Kim Mi-hui, (mihui@koreaherald.co.kr), 17 October 2001

World Bank to Give US\$300 million Loan to Pakistan for Bank Reforms

Islamabad, Pakistan - The World Bank announced Wednesday it had approved a dlr 300 million loan for Pakistan to help it introduce sweeping reforms in the banking sector and speed up privatization of state-run banks. The loan, approved Tuesday, will assist Pakistan to develop a competitive private banking system free from the interference of "vested interests" and operate under a strong regulatory framework, the bank statement said. Pakistan's military-led government is trying to revive the country's ailing economy and bring in reforms to state-run institutions. With Pakistan backing the United States in its war against terrorism, Western nations and multilateral institutions have promised to help boost the country's economy. The government is siding with the United States despite fierce opposition by Islamic parties, which oppose Pakistan's decision to allow U.S. planes use its airspace and bases for operations in neighboring Afghanistan. "Pakistan has made good progress in reforming its banking system over the past four years," said Joe Pernia, the World Bank's chief financial sector specialist for South Asia. But weak market conditions, a poor foreign

investment climate and fragile financial position of banks hampered their privatization, the statement quoted Pernia as saying. "The government is now promoting the expansion of private financial institutions," he said. "At the same time it is strengthening regulations needed to shield state-owned financial institutions from political interference and to protect consumers rights." The World Bank's new loan follows a dlr 250 million credit to Pakistan by the bank in 1997 for the bank reforms. Japan also contributed dlr 250 million for the program. The World Bank said Pakistan's bank reform program advanced significantly by 1999. Around one-third of the value of defaulted loans were recovered, the state-run banks stemmed operating losses and a new banking court system processed nearly half of the pending loan default cases at an unprecedented rate, the statement said. But after that the process slowed down and Pakistan requested the World Bank to help the reform program, focusing on the privatization of banks in the next phase. "We are immensely encouraged by Pakistan's commitment to reform the institutional working that underpin a healthy economy," said John Wall, World Bank's country director for Pakistan. The new phase will focus on several issues including reducing the operational costs of the state-run banks to make them attractive for privatization. It will also help complete the privatization of banks. The government is also expected to reduce taxes on banks to attract private capital into the sector.

From Associated Press, 25 October 2001

Ministry Moves Ahead with Extra Budget

The Finance Ministry will push ahead with its plan to earmark 2.7 trillion yen for a supplementary budget for fiscal 2001, despite the ruling coalition's rejection of the plan, Vice Finance Minister Toshiro Muto said Thursday. "Policy steps incorporated in the government's priority reform package can be financed by our extra budget plan," Muto told a news conference. "Therefore, we will present this plan to a meeting of the Council on Economic and Fiscal Policy scheduled tomorrow." While trying to work out an agreement with the ruling coalition headed by the Liberal Democratic Party, the government wants to determine the framework of the extra budget at today's council meeting and formalize it next week. The ministry had proposed that the government compile a supplementary budget of about 2.7 trillion yen to finance measures to tackle unemployment, but the LDP believes the size of the extra budget is too small given the ongoing harsh economic climate.

From The Japan Times: Oct. 19, 2001



New UK Domain Rules Save Internet's Soul

New UK rules over domain name disputes, which came into effect on Monday, show that Internet regulators can, if they put their mind to it, be capable of making good decisions. The changes to Nominet's domain resolution service (DRS) - which affect all domains ending .co.uk - are the first major overhaul since 1997 of the resolution process at the UK root registrar, and have taken into account past cases as well as respondents' views to a public consultation. The most important changes are the introduction of independent judges, improved transparency and a rewording of the rules to step away from issues of confusion over domains and towards abusive registrations. While many of the changes - including the addition of personal and geographical names into the system - appear to be a case of catch-up, the most important difference between Nominet's approach to domain resolution and that of ICANN-approved arbitrators such as the World Intellectual Property Organisation (WIPO) and National Arbitration Forum (NAF) is one of philosophy. While they tend to view the Internet as little more than a corporate marketplace, Nominet has always made it plain that it supports free speech on the Internet. Case By Case - Two other important differences between Nominet and other arbitrators are: that Nominet does not view previous decisions as forming a domain resolution case law. "No decisions carry a precedent," Nominet's main lawyer Emily Taylor told us. The case law approach has led to an unfortunate increase in the number of poor or flawed judgments based on previous flawed judgments at other arbitrators. The system also adds an air of legitimacy of these new judgments. On top of that, Nominet views its role as an arbitrator and not as a court of law. For this reason, it will act as intermediary for both parties and only step in when both sides have failed to reach an agreement. Only then does it charge an arbitration fee. The opposite is true for arbitrators following ICANN rules - pulled together under the Uniform Dispute Resolution Policy (UDRP). Let me be the Judge of that - In the introduction of independent judges and the decision to post all judgments on its Web site, Nominet is simply matching the transparency of other arbitrators. However, while the NAF in particular has been heavily criticised for continually using trademark lawyers, Nominet is to choose an initial selection of 30 judges from a

range of professions, including IT directors and magistrates (over 700 applied for the job, which comes with a £750 per-case fee). More importantly than that, it has gone with a "cab rank" system, meaning that the judge chosen for a particular case will simply be the next one in line. This is a vast improvement over other approaches, which often have a secretive and biased system for judge selection. A recent study showed that the judges working for the NAF are at least ten times more likely to be picked for a case if they regularly choose for the complainant. In line with a general movement away from solely trademarks to incorporate personal names and geographical areas as legitimate claims to ownership of a domain, Nominet has included them under the new rules. However, while this has been widely seen as opening the floodgates to hundreds more corporate cases at other arbitrators, Nominet has a balancing clause. "We have a specific provision that says if a domain is providing criticism or a tribute then that may come under fair use," Ms Taylor told us. "That is our free-speech carve-out." Basically, company X will never win companyXsucks.co.uk, and Pop Star will never get her mits on popstarfan.co.uk. "The idea is to support the free speech element of the Internet by not branding activities as being in 'bad faith'," Nominet's main lawyer Emily Taylor told us. "Bad faith" is one of the three damning tests for UDRP resolution. The new rules - we have been written in plain English, we are assured, and posted on Nominet's site - will also provide individuals ignorant of domain dispute resolution enough information to help them decide how to tackle the problem if a company approaches them demanding a particular domain. But what about fsa.co.uk? Which brings us to a very recent case in which we believe Nominet made the wrong decision. Last Friday - just before the new rules came into effect - Nominet ruled in favour of the FSA over Findlay Steele Associates for the domain fsa.co.uk. The decision was made over the issue of confusion and was clearly nonsensical. Ms Taylor refused to discuss any cases in particular but did remark that under the old rules "the demand for confusion [between the domain in question and a company's trademark] may hit people that are co-existing and using other domains on the Net". Under the new rules, it seems unlikely that the decision over fsa.co.uk would go the same way. The case is still under review following an appeal by Findlay Steele but that appeal will be run under the old rules Elaine Findlay told us. The company looks certain to request its case is heard under the new rules. That case aside, we find it refreshing that an Internet organisation has managed to retain some of the initial revolutionary fervour that made the Internet possible. Perhaps ICANN should look towards the UK when it finally allows UDRP to be debated. ®

From The Register, by Kieren McCarthy, 27 September 2001

Auditors Criticize Government

The Cabinet is fortunate the State Audit Office (ÁSZ) has no legal right to prevent the Government from declaring the 2000 budget closed, ÁSZ vice president László Nyikos said yesterday in a report to Parliament. Speaking ahead of a debate on the budget closing bill, Nyikos said the Government was unable to account for State-owned assets and that records were missing or imprecise. The managers of 150,000 of the 285,000 State-owned properties were unknown, Nyikos added. Socialist MP Imre Szekeres claimed the Government had spent Ft94.5 billion (\$338 million) of excess budget revenues without Parliamentary approval. In addition, he alleged that Government spending in 2001 was included in the 2000 budget by falsifying the balance sheet. Finance Minister Mihály Varga denied the accusations and said the Government had followed the regulations and the principle of transparency. Excess revenues in 2000 were kept in a separate account and the Government gave an account of its spending afterwards, he said. In addition, Prime Minister's Office head István Stumpf informed State Audit Office president Árpád Kovács that the PMO had drawn up an action plan to address shortcomings uncovered at the National Image Center. The auditors discovered a number of irregularities worth billions of forints in last year's budget and found other shortcomings in the work of the image center. Stumpf ordered that the centre draw up an order of business and conclude contracts on the basis of more detailed budget plans. In addition, the center must employ a financial expert to oversee the terms of price quotes and contracts.

From Budapest Sun, 4 October 2001

Sweden Proposes 7 Percent Tax Rise

Although the budget is expected to increase only 1%, revenue is falling – Sweden: The proposed Sweden town budget for next year is about 1 percent higher than this year's budget. But the property tax rates for homeowners in both the town and the village of Brockport would climb almost 7 percent. Spending would rise from \$2.96 million to \$3 million. Tax rates under the 2002 budget proposal would increase by 12 cents per \$1,000 assessed value in the village and 22 cents per \$1,000 assessed value in the town. Among the factors behind the proposed tax increase: a drop in estimated revenue, debt service for development of the town park and a cutback in the use of an unspent money account. Specifically, a projected 15 percent rise in health care costs, a pay raise of about 3 percent for employees and the start

of payments on the \$1 million loan for the development of the town's 156-acre park off Redman Road are principal reasons for the spending increase, said Sweden Supervisor Nat O. Lester III. "I think once again we've taken a conservative approach in preparing the town budget," he said. The Town Board will conduct a public hearing on the spending plan at 7 tonight at the Town Hall, 18 State St. in Brockport. The board's regular meeting will follow at 7:30 p.m. Lester acknowledged that some residents are critical of the spending plan, particularly the borrowing for the park. But he pointed out that no one filed a petition for a public vote on the proposed borrowing. Town officials conducted a series of public meetings on the park plans and noted at the April public hearing that there would be "a small tax increase if we go ahead," Lester said. "We're elected leaders," he said. "We've always had opposition, even when we've held the line. This year we have opposition. The tax increase is minimal, very minimal." This year, properties are assessed at full value following the revaluation of land in the town and village. The village rate would climb from \$1.74 per \$1,000 assessed value to \$1.86 and the town rate would rise from \$3.21 to \$3.43. Those are increases of 6.8 percent and 6.9 percent respectively. The tax bill for the owner of a home valued at \$100,000 would be \$343 in town and \$186 in the village. Estimated overall revenue projections for 2002 are below this year by about \$68,000. One reason is that the highway department won't be doing as much - if any - contract work for other governmental bodies such as Monroe County. "We want them to concentrate on park development," said Lester. Under the budget proposal, allocation of unspent money also would drop nearly 8.6 percent from \$583,000 to \$533,000. But the amount to be raised from taxes would climb 12 percent from \$1.22 million to \$1.37 million. It would have been easy to increase revenue projections from sources such as the mortgage tax or the county sales tax, said Lester. But "if it didn't pan out, we would have been zapped," he said. For example, the sales tax revenue projection is the same as this year - \$170,000 - under the proposed spending plan, said Elaine Jones, town finance director. "From what I'm seeing, we're down this year (on sales tax revenue)," she said. "We just hope we make the estimate." Officials had been "conservative" about sales tax money in past years, but bumped it up from \$133,000 in 2000 to \$170,000 this year, she said.

From Democrat and Chronicle, By Dolores Orman, 23 October 2001

Middle East

Kuwait Announces Sweeping Reform of Islamic Funds

The Kuwaiti Council of Ministers has announced sweeping changes in the administration of non-governmental charities as part of Kuwait's cooperation with the international war on terrorism. The goal of the changes is to introduce complete transparency in all financial transactions related to fund-raising and sending money abroad. Dr. Shafeeq Ghabra, director of the Kuwait Information Office in Washington, said, "These changes will bring Kuwait's NGO laws more into line with the laws governing non-profits in the western world. They will be subject to audits, their expenditures must be accountable, and there will be less opportunity for any funds to be diverted to illegal purposes." "These steps are part of Kuwait's cooperation with international efforts to cut off any possible channels of funding for terrorist elements." The Council appointed a subcommittee chaired by the Minister of Interior to begin formulating a new law to submit to the parliament, based on the following principles. All charities must be licensed and registered with the government, so they can be subject to accounting oversight and financial audits. Non-registered charities will have 3 to 6 months to register and submit to auditing. -- Donations overseas will be made on the basis of the principle of "state-to-state," and will be made with the cooperation of the Ministry of Foreign Affairs and Kuwait's embassies. -- 70 percent of any money raised in Kuwait will have to be spent inside Kuwait. -- Direct solicitations will no longer be allowed on the street or in other public places. -- Charities are prohibited from allowing foreign nationals with no residence permit to collect money in Kuwait. "These are general guidelines for drafting the government's bill," said Dr. Ghabra. "The committee will meet and will issue a draft law. There is already considerable debate in Kuwait on the relative merits of these proposals, and debate is certain to continue once the National Assembly convenes." "How the final law will look is still unknown. What is certain is that Kuwait is serious about preventing Kuwaiti money from being diverted to illegal activities. God has blessed our country richly, and it is a duty to share with people in other countries who are less fortunate. But while we share, we are determined to prevent support from going to evil purposes." Contact: Dr. Shafeeq Ghabra of the Kuwait Information Center, 202-338-0211, ext. 2

From Newswire, 5 October 2001

Greater Transparency

Users of financial statements have every reason to rejoice, as they will no longer have to wait for the annual report to get crucial information about a company. At present, corporates only give abridged profit & loss account on a quarterly basis. If the proposed Accounting Standard (AS) on the Interim Financial Reporting goes through without any modification, then the quarterly revenue statement will have to be accompanied by a condensed balance sheet, condensed cash flow statement and explanatory statements. The new Accounting Standard from the Institute of Chartered Accountants of India (ICAI) may be AS - 24 after AS - 23 which deals with Accounting for investments in Associates. The new requirement will definitely go a long way in enhancing transparency of accounts. Corporates may not be able to increase sales or deflate purchases and other expenses to show higher profit in a particular quarter, as readers with the relevant information about debtors as well as creditors can expose the company for any abnormal movement. Of course, cash flow statement too will be of immense help in detecting the same. Any extraordinary item of income and expenditure will have to be reported under explanatory statements. ICAI has done a great job in bringing out AS such as related party disclosure, segmental reporting, deferred tax etc. over the last six months or so. Indian Accounting Standards are inching closer towards the US Generally Accepted Accounting Principles and International Accounting Standards. It is up to Stock Exchanges and Sebi now to ensure that all the ICAI guidelines are followed to ensure transparency in transactions. It has been seen that many companies including giants such as Gujarat Ambuja Cements, have not followed the statutory format of abridged profit & loss account and have escaped the 'watchful' eyes of the market regulators in the past. So once the proposed AS-24 becomes effective, efficacy of the financial statements will improve vastly if its compliance is ensured in true spirit. Reckitt Benckiser's performance does not differ from that of other FMCG companies in as much as it posted a fall in the operating income and net profit for the quarter to June 2001. Operating income was down five per cent to Rs 140 crore over the corresponding quarter of the previous year. Dettol (antiseptic liquid) and Mortein (mosquito repellent coil) with their respective brand extensions such as Dettol Extra Soap, Dettol Talc, Mortein Rat Kill etc. account for a bulk of the operating income. Other sales categories include toilet care (Harpic), fabric care (Robin Sunglo) and house care (Lizol). The FMCG industry has a very wide distribution network in rural India and erratic monsoon can hit its prospects adversely. Taking note of this fact and considering the flood situation in a few Eastern states such as Orissa and Bihar, it is likely that the performance of Reckitt for the next two quarters may also be sluggish. Good monsoon in other parts of the country may, however, provide some respite. Operating expense have fallen in tandem with operating income and is down five per cent to Rs 124 crore. As a result, the operating profit is also down 4.5 per cent to Rs 15.5 crore. However, a 100 per cent increase in provision for taxation (Rs 8.2 crore) has resulted in a huge 55 per cent fall in the net profit (before extra-ordinary items) to Rs 3.7 crore. The Reckitt stock is hovering at Rs 200 level. It shot up sharply from around Rs 150 to Rs 220 on the announcement of the discontinuation of the joint venture with Nicholas Piramal. Reckitt had only a 20 per cent stake in this venture and had transferred few important brands such as Dettol and Disprin to it without any monetary consideration. With a slowdown in the economy and the free fall in the market, it is unlikely that this stock will show a sharp upward movement in the near future.

From Financial Express, by Manish Joshi & Prashant Kothari, 29 September 2001

Legislators Explain Inaction on Tax Reform

Muncie - Pressure has been building for years to cut Indiana's property taxes and to replace the lost revenue by increasing other taxes, such as sales and income taxes. Why haven't state officials acted? According to a survey of a dozen East Central Indiana legislators by The Star Press, two of the main reasons are fear of losing the next election and a lack of leadership. "There is a total lack of vision by leaders of both parties in both chambers and in the governor's office," said Rep. Dean Young, R-Hartford City. "All they want to do is pick on each other and work toward the next governor's election and not toward what's best for Hoosiers." Given the chance, the vast majority of legislators would vote for comprehensive tax reform that "dramatically reduces dependence on outdated notions of property and its value and change our tax system to reflect our economy, and that is sales and income-based means of generating revenue for our state," Young said. "It's real simple," said Rep. Tiny Adams, D-Muncie. "You raise the sales tax at least 1 cent and raise the income tax a percent or so, based on ability to pay with a graduated rate. "Some of us are willing to take that charge, and if we get the opportunity to vote to change the tax system we'll do that. But it has to have leadership support. Some legislators are more concerned about getting re-elected than doing the right thing."

According to Sen. David Ford, R-Hartford City, "somebody has to grab the flag and charge over the hill, but if people don't follow you, you're out there by yourself" faced with getting "bumped off at election time." State Rep. Tom Saunders, R-Lewisville, recalls that in the 1996 election "the governor and everybody else ran on tax reform." Saunders noted: "We haven't delivered. Part of it is everybody's worried about the next election. Nobody wants to be labeled as raising taxes. But it's time to step up and be statesmen instead of politicians." Fear of the next election is justifiable, legislators say. "That fear is, even if you lower one tax and raise another, some people think the elected officials have just raised taxes," said Sen. Howard (Luke) Kenley, R-Noblesville. "They don't consider it to be balancing. It's going to take some political courage, and there will be some political fallout." "[Tax restructuring] means shifting the burden," said Rep. Richard Bodiker, R-Richmond. "When you do that, those looking at a tax increase, which it is. . . are going to be in there squawking. Any group that gets their ox gored is going to be in there squawking. Any tax you look at gets to be very political, and it will be used against you in the next election." According to Rep. Ronald Liggett, D-Redkey, businesses now pay the majority of property taxes, "and to reform taxes means you are going to change that formula you will be increasing taxes for senior citizens and average homeowners." When Rep. Robert Hoffman, R-Connersville, was a freshman, he made a speech on the floor of the House saying the property tax was unfair and ought to be reduced. He also suggested raising the sales tax by a penny and personal income tax by a quarter percent or half percent. "And the opposition party jumped all over me," Hoffman recalled. "Until both parties are willing to start talking about a tax shift instead of a tax increase, [restructuring is unlikely]." Sen. Beverly Gard, R-Greenfield, says some legislators won't vote to increase any tax. "There is going to be a lot of resistance to increasing income taxes," she said. "And people are going to have to see significant reductions in property taxes before buying into an agreement to increase the sales tax." Sen. Allen Paul, R-Richmond, primarily blames Gov. Frank O'Bannon. "It takes a governor to lead 150 people in the same direction, and O'Bannon's not been willing to do that," Paul said. "He ran on changing the tax system, and he hasn't done it. I'm very frustrated. The next General Assembly is a short session that will be dominated by politics because it's an election year." According to Sen. Allie Craycraft, D-Selma, one main reason Indiana's tax system hasn't been overhauled is because "the system is incredibly complex." Rep. Bruce Munson, R-Muncie, said nobody believed the current system was perfect or even satisfactory. "Everyone is afraid to restructure," Munson said. "It underscores the problem that everything at the General Assembly is decided in light of the next election."

From Star Press, by Seth Slabaugh, 2 October 2001

Mexico Stocks Trim Loss on Fiscal Reform Hopes

Mexican stocks trimmed early losses to trade modestly higher on Monday buoyed by gains in shares of bellwether Telmex as uneasiness over U.S.-led retaliatory strikes in Afghanistan was overtaken by hopes of passage of a key domestic fiscal reform measure. Mexico's IPC index of leading 35 stocks (MXX) rose 0.10 percent to 5,534.43 points, standing nearly 15 percent from its year-high of July 4. "It all depends on how the U.S. market behaves, but we could start to see a recovery in the market as valuations are at historic lows," said Rogelio Gallegos, portfolio manager at Actinver in Mexico City. Both the Nasdaq Composite Index (IXIC) and Dow Jones industrial average (DJ) were in positive territory following losses at the open. In local market action, shares of Mexican telecom giant Telefonos de Mexico (Telmex), rose 1.79 percent to 15.89 pesos per share as investors favored the stock as a defensive name against market volatility. Its NYSE-listed American Depositary Receipts (ADRs) (TMX) climbed 2.05 percent to \$33.29. Also benefiting from their defensive quality were shares of Mexican brewer Grupo Modelo, rising 0.21 percent to 24.10 pesos per share. But shares of wireless leader America Movil (AMXL) were in the red after BBVA Securities cut its rating on the stock on Monday to outperform from buy on fears that losses from its foreign holdings will depress the company's earnings over the next year. Local shares of America Movil slipped 1.88 percent to 6.77 pesos per share, while its NYSE-listed ADRs (AMX) were off 1.4 percent at \$14.10. America Movil was spun off from Telmex in February and in addition to Telcel, the largest wireless service operator in Mexico, the company includes wireless and conventional telephone holdings in the United States, Brazil, Ecuador and Guatemala. Analysts said market sentiment might be helped in coming days by news of a national pact among the Mexican government and seven opposition parties on Sunday outlining common social and economic goals, seen as helping break the gridlock that has stalled a fiscal reform package. The government's controversial reform package is aimed at shoring up sagging revenues but has faced strong opposition from Congress early this year due to a proposal to tax previously exempt food and medicine items. International rating agency Standard & Poor's has said on several occasions that approval of the fiscal reforms is an important condition to granting Mexico investment-grade status. Moody's Investor Service has already granted Mexico the investment-grade status of "Baa3" in March of last year. An upgrade by S&P would open Mexico to

a class of institutional investors who can only hold assets of countries that are rated investment grade by both major ratings agencies. S&P currently rates Mexico's sovereign debt at BB-plus, one notch below its investment grade rating of BBB-minus. In the currency market, traders said concerns over economic growth and nervousness over the conflict in Afghanistan pressured the peso, which weakened 1.80 centavos from Friday to 9.58 per U.S. dollar.

From Reuters, by Sam Dagher, 8 October 2001

South Florida Sun-Sentinel Editorial Board

Third of four editorials on county charter reforms. Broward County government urgently needs an independent county comptroller or inspector general to guard against the misspending of tax dollars. The Charter Review Commission should ask voters to pass a charter amendment creating this position. Members should get valuable insights next month when they meet with Miami-Dade County's inspector general, Christopher R. Mazzella. Mazzella has broad powers to probe possible mismanagement, fraud, corruption and other financial irregularities. He can review, audit and investigate all county programs, departments, contracts, projects and financial deals. He can subpoena witnesses and records. And he can investigate citizen complaints. For three years, Mazzella has been an aggressive watchdog with a loud bark and a strong bite. He has exposed misconduct, fraud, theft, no-bid contracts, unpaid county loans, unearned overtime pay by transit union leaders and election law violations. Broward's comptroller or inspector general would greatly expand duties now performed by County Auditor Norm Thabit. As a County Commission employee, Thabit lacks the political independence that a true financial watchdog ideally should have. Public support for a comptroller in Broward should be high due to various county government financial controversies, especially the October 1997 "Swerdlow deal" to buy 271 acres of land for \$120 million to expand Port Everglades. In making that deal, the state attorney said recently, county commissioners violated the public trust, bypassed sensible standard procedures, ignored many warning signs, used an "unscientific and almost whimsical" acquisition process and overpaid by at least \$32 million. The method used to select the inspector-general in Miami-Dade is a good one, which Broward should follow. He was appointed by an independent county Commission on Ethics, created by charter amendment, and had to meet tough job qualifications written into the charter. Mazzella is an attorney with a master's degree in political science and 34 years' experience as an FBI agent. Another option being considered is to have the comptroller elected countywide, as in Orange County, or have the comptroller's duties restored to the elected clerk of circuit court. While creating this position would be costly, a good comptroller could easily earn the salary many times over through multimillion-dollar savings to taxpayers, both in actual and deterred wrongdoing. NEXT: Name four officials as "charter officers."

From South Florida Sun-Sentinel, 16 October 2001

President Bush: Pushing for Tax Cuts to Strengthen America

President Bush told an audience of California business leaders Wednesday that the war on terrorism is progressing well and that he is pushing for tax cuts to strengthen America at home. "The terrorists want us to stop flying, stop buying, but this great nation will not be intimidated by the evildoers," he said in a 22-minute speech to about 3,500 people gathered in Sacramento's Memorial Auditorium. It was only the second time that Mr. Bush has come to California since his election last year. He generally avoided the subject of politics although he praised Gov. Gray Davis for his efforts in dealing with security issues. The president stood before a giant American flag and members of the Sacramento Search and Rescue unit that he had greeted at the World Trade Center shortly after the terrorist attacks of Sept. 11. "This great state is known for its diversity," Mr. Bush said. "People come here to lead a better life. When the terrorists attacked America, this is what they attacked. When we defend America this is what we defend." The president delighted the audience of business leaders by calling on Congress to pass his \$60 billion to \$75 billion economic stimulus package. Specifically he called for speeding up the effect of previously passed tax cuts, new cuts for low and moderate income taxpayers and corporate tax reform that would accelerate depreciation for equipment. The President was not accompanied on stage by any political leaders, although Mr. Davis was in the audience sitting not far from Secretary of State Bill Jones, a candidate for the Republican nomination for governor next year, and former Los Angeles Mayor Richard Riordan, an undeclared candidate for the GOP nomination. Mr. Riordan did not get a meeting with the president, although he is the White House favorite in the governor's race. "He's concerned about appearing to favor any one candidate," Mr. Riordan said before the president spoke. But Mr. Riordan said he has spoken with the president a couple of times recently, and they talked "in a kidding way" about Mr. Riordan's plans to run. Mr. Davis met with the president for about five minutes after the speech. He thanked him for the appointments he had made to the Federal Energy Regulatory Commission, the governor later told reporters. The new appointments got

the commission to approve caps on wholesale energy, a matter that had been a major point of contention between California and Washington. He also received a private briefing from the President about the latest developments in the war on terrorism, Mr. Davis said. Mr. Bush is on his way to Shanghai for an Asian economic summit. His choice of California for his refueling stop came as no surprise to Silicon Valley Venture Capital partner Thomas Stephenson, who is the state Republican Party's liaison to the high-tech community. "He's never given up on California," Mr. Stephenson said of Mr. Bush. "The president was not prepared to bet on re-election without California." Assembly Minority Leader Dave Cox, R-Sacramento, said the Republican leadership has been urging the president to come to California for some time. "We'd be delighted to have him come any day of the week," he said.

From San Francisco Business Times, by Timothy Roberts, 18 October 2001

POSCO Adopts New Management Concept

POSCO (Pohang Iron and Steel Co.) has adopted the concept of permanent and ongoing process innovation (PI) and will launch the second phase of PI next January. Observing the first anniversary of privatization, POSCO Chairman Yoo Sang-boo said in a message that the PI drive must continue for the duration of the steel maker's existence. "Process innovation has been an instrumental part of POSCO's efforts to improve and strengthen its international competitiveness and the second phase will be launched next January," Yoo said. POSCO kicked off operations at POSPIA, a comprehensive and integrated PI engine that is designed to fully integrate all of POSCO different business areas. As part of the initiation of the second phase, POSCO will be pursuing its "Six Sigma" campaign for reducing defects to under 1 parts per million (PPM), that is less than one defect in a million. At the same time, POSCO will provide employees with more opportunities for promotion and will introduce systems under which they would be fairly evaluated and compensated. "POSCO fully recognizes also the need to look out for the welfare of its employees and improve the quality of their life so as to promote speedy management. We will be implementing the system of allowing them to take alternate Saturdays off immediately," Yoo said. Later in the afternoon, POSCO organized a seminar on the direction for Korean companies in the digital era at the main auditorium of the Convention & Exhibition Center (COEX) in southern Seoul with the participation of over 1,000 personnel. At the event, Scott Hartz, chairman of PricewaterhouseCoopers, which has played the central role in POSCO's PI campaign, delivered a speech on "Creating Value for the New Economy." He was followed by Derek Williams, vice president of Oracle, who spoke on "e-Business Now" and Sanjiv Sidhu, chairman of i2, on "The Age of the Knowledge Champions." Also, to mark the first anniversary of its privatization, POSCO threw a reception for its clients and industry experts and presented plaques of appreciation to those who have contributed to its PI campaign. "We will continue to pursue win-win strategies for the benefit of customers, vendors and shareholders and further enhance POSCO's image as a corporate in which people would want to invest in," Yoo told guests. "As we had served Korea as a key industrial player as a state-run company, we will strive to improve shareholder value in our private capacity," he added. jakenho@koreatimes.co.kr

From Korea Times, By John Balz, 1 October 2001

Business Inside / Privatization Essential for Growth

It is not easy to be optimistic in the post-terror attack world. No doubt Japan's economy will take a hit from the United States falling into recession. At the same time, however, the rising risks of a global slump may be a good opportunity to think about the fundamental economic forces that generate growth and build prosperity. Because one thing is for sure: No short-term monetary or fiscal stimulus can pull Japan out of its long-lasting slump. A new golden age can only be built by the rekindled entrepreneurial spirit of the Japanese people. Technology will be the key to Japan's new golden age, so we must focus on where it comes from: Human ideas create technology and innovation. It is ideas--not technology--that are the fundamental force creating wealth. For example, Thomas Edison said that he found "5,000 ways NOT to make a light bulb," but his one success changed the world forever and created tremendous wealth. It is the "fire of genius" that results in innovation and finding production processes that utilize fewer resources and increase efficiency. By creating more goods and services at lower cost, the economy increases its wealth. Whenever wealth is created, the political forces of redistribution also gain strength. When the inventor of the telegraph, Samuel Morse, presented his invention to then British Prime Minister William Gladstone, the politician asked: "How important is this machine?" The inventor replied, "It is so important that you will want to tax it one day." Redistribution of wealth limits the benefits of growth. Here, Japan is the undisputed global champion. It has the most ingenious ways to redistribute wealth and income--Japan's financial socialism. The dominance of public finance and public spending is massive: More than 40 percent of all credit outstanding in Japan stems from its fiscal investment and loan program. A further 10 percent of all private credit outstanding is guaranteed by the taxpayer. To explain why government intervention limits growth, I want to use a model first used by Paul Zane Pilzer in the book "Unlimited Wealth." He asks us to imagine an island with a population of 10 people. In order to survive, each of the inhabitants goes fishing every day and catches two fish. So the island has gross domestic product of 20 fish. Now imagine that two of the island's inhabitants stop

fishing. They risk starvation, but over the next couple of days they invent and build a boat and a net, enabling them to catch 10 fish each. This is an incredible improvement: Two people can now produce what it took 10 people before. This jump in productivity will shake up the island's society. The inhabitants now all have new choices. Obviously, they can ignore the progress and continue living on the two fish they catch. If this happens, the two more productive fishermen can take time off and enjoy leisure, perhaps invent new recipes to cook the fish, while the other residents could attempt to produce different goods, say fruits and vegetables. Or they could start a service sector, such as boat maintenance and fish cleaning. They could then trade these goods and services for the excess fish that the two entrepreneurs catch. If the island's inhabitants take this opportunity, then the GDP of the island will rise and wealth will increase. Each of the island's inhabitants will now have an income of two fish PLUS whatever else the island learns how to produce. The island's higher output will allow it to store and save, helping to weather bad times or even allowing other inhabitants the chance to invent new goods and services. This is how wealth is created. Entrepreneurs take risks and when they are successful, everybody else is better off. This process of innovation destroys the idea of a zero-sum game that says that some people must suffer when others are successful. As the New Japan is built, the Old Japan will also benefit. However, there is a big potential problem: Income distribution has changed dramatically. Before the invention of the boat, each inhabitant had an income of two fish. After, each of the two entrepreneurs could produce 10 fish a day, but the others were stuck with catching two. Income distribution went from a ratio of 1-to-1 to 5-to-1. To some, this is a bad development, despite the fact that nobody's income actually declined. Our little island may get politicized. For example, the eight people who did not invent the boat may set up a government and tax the two entrepreneurs 80 percent of their catch so that it can be redistributed. Certainly, if the two inventors continue to produce 20 fish each day and pay 16 fish in taxes, the other eight inhabitants will have no incentive whatsoever to produce new goods and services. By taxing the two creative entrepreneurs, the island not only eliminates the gains of the new inventions; it kills the incentive to innovate, kills the "fire of genius." Clearly, this little story describes a simplified economy, but it does show that attempts to redistribute wealth inhibit society from experiencing the full benefits of innovation and productivity gains. This is Say's Law--when the supply of fish increases because of more productive fishing, then new demand for other goods and services is created. The two inventors, because they have increased incomes, now demand more and different goods and services. Their increased supply of goods creates new demand. This is exactly how "the fire of genius" and technological creation work to stimulate overall economic activity and growth. The more entrepreneurs, the greater the positive effects. Our example also shows that taxing incomes and profits actually reduces growth. The incomes and profits from supply always equal demand. But by taxing away profits and incomes, the government reduces demand for new products. The government therefore reduces growth and wealth creation. In Japan's case, this is true not only through taxes, but also through the large-scale government role in the construction, health-care, and financial sectors, or in telecommunications. To speed up the building of a new golden age, a more aggressive privatization and deregulation drive is necessary.

From Daily Yomiuri, by Jesper Koll, 3 October 2001

Biggest Privatization Project Now Biggest Rip-Off

The malicious and rather arbitrary increase in water rates of the Maynilad Water Services Inc. (MWSI) scheduled to begin on Oct. 15 is going to swamp consumers with an additional economic burden at a time when most Filipinos are trying to stay afloat amid the worldwide economic slump. This move will open the floodgates for abuse of concession agreements at the expense of the consuming public. This will set a dangerous precedent. The adjustment is being made within the context of an amendment of the concession agreement and not just something which could have been done through the one-time extraordinary price adjustment or the so-called EPA mechanism which is provided for in the existing contract. The amendment provides for an accelerated and automatic recovery of not just foreign exchange losses from August 1997 to December 2000 but future foreign exchange losses of the MWSI. This will result in a triple whammy. The first blow will come on Oct. 16, 2001, the second blow will be on Jan. 1, 2001 and the third blow will be delivered in the second quarter of 2002 in the form of a foreign currency differential adjustment. According to this scheme, the MWSI will be making quarterly adjustments of its water rates in accordance with fluctuations in foreign exchange rates starting from Jan. 1, 2002 throughout the life of the concession agreement. This is out and out Auto-Cera which they just renamed. Probably the most important point is that the context of the adjustment does not preclude any and all other firms claiming to be providing public goods and services from seeking a similar arrangement with government where their foreign exchange losses will be automatically recovered from consumers. This is a mockery of the privatization policy of the government. Is it assumed that when a firm is privatized, its risks, like foreign exchange losses, can be automatically passed on to consumers? There are other ways of addressing the MWSI

problem. The firm should share in the burden of the losses rather than passing them on 100 percent to the consumers because that is part of the risk that it assumes. There should also be greater transparency in the process. Otherwise, firms like the MWSI and even the Manila Water Corp. Inc. (MWCII) can be sloppy with their finances since the amended concession agreement ensures that their losses can be automatically recovered. The root of the problem here is the nature of the regulatory office which is a creature of the concession agreement. It is hostage to the whims and caprices of the concessionaires. There is a need to institutionalize and strengthen the regulatory office by legislation and to ensure that it remains independent and faithful to the public interest. The biggest water service privatization project in the world is turning out to be the biggest rip-off of consumers.

From INQ7.net, 8 October 2001

Government Eyes Abolition, Privatization of 38 Public Corps

A proposal to abolish or privatize 38 public corporations was approved Friday at a joint meeting of the government's headquarters to promote administrative and public corporation reforms. Nobuteru Ishihara, state minister for administrative reform, submitted the proposal. A proposal made by ministries and agencies in September put the number of public corporations to be abolished or privatized at 10. The government's office to promote administrative reforms then drafted the recently approved proposal, under which a total of 38 public corporations, including the Postal Life Insurance Welfare Corporation and the Japan Highway Public Corporation, would be abolished or privatized. Battles between the reform offices and the ministries and agencies are likely to intensify as a schedule for the streamlining of public corporations is to be drawn up by the end of this year. The proposal calls for the abolition of 21 corporations. The Postal Life Insurance Welfare Corporation's functions will be integrated into the Public Postal Corporation, to be launched in 2003. As for the Government Pension Investment Fund, pension management will be under the direct control of the state, and the large Greenpia recreational facilities will be sold. Operations of three corporations, including the Japan Finance Corporation for Municipal Enterprises, will be transferred to local governments. Fifteen corporations, including the Japan National Oil Corporation, will be abolished by such schemes as integration with other public corporations. The proposal urges the privatization of 16 public corporations. It suggested that six corporations, including the Japan Highway Public Corporation, have most of their shares held by the government and that they be transformed into "special corporations" that will maintain some degree of state involvement. The proposal aims to transform nine entities, including the Shoko Chukin Bank, into "private corporations" with no state involvement. This means subsidies and the practice of amakudari (descent from heaven) in which former bureaucrats are appointed to managerial posts, will cease. As for the Japan Safe Driving Center, the proposal suggested it be abolished by assigning its functions to local governments or private entities. Meanwhile, 54 public corporations still await a final decision. The proposal states that the streamlining of the corporations will still be studied. Prime Minister Junichiro Koizumi, who heads the administrative reform team, expressed discontent at the meeting, saying, "There are still some areas that have not been sufficiently reviewed." He ordered the establishment of a panel of deputy heads of the offices--Ishihara, Finance Minister Masajuro Shiokawa, Public Management Minister Toranosuke Katayama and Chief Cabinet Secretary Yasuo Fukuda-- to further study the abolition and privatization of public corporations. The 38 public corporations dealt with in the proposal include ones established under both government and private initiatives, but authorized and supervised by the government.

From Daily Yomiuri, by Yomiuri Shimbun, 8 October 2001

Government Sells 10% Stake in Philphos

The Government has fully divested its holdings in Philippine Phosphate Fertilizer Corp. (Philphos) with the sale of its remaining 5-percent interest to small local investors, mostly employees of the company. The Privatization and Management Office (formerly Asset Privatization Trust) reported that it has generated 45 million pesos from the sale of a minority stake in Philphos. Delphie Holdings of businessman Jose Ch. Alvarez acquired the government's 45-percent stake and 49 billion pesos in receivables and guarantee fees in Philphos during the PMO's second bidding in November. Alvarez had already won in Philphos' first bidding but it was turned down because his original offer of 2.5 billion pesos was deemed too low. The Republic of Nauru holds the remaining 50 percent of Philphos. PMO chief privatization officer Renato Valdecantos said the 45,000 Philphos shares were sold at par value of 1,000 pesos to 450 small investors, 90 percent of whom were Philphos employees. Valdecantos said investor interest in Philphos was warm in contrast to the tepid reception to simultaneous sales of the government's minority shares in Philippine Associated Smelting and Refining Corp. (Pasar) and Paper Industries Corporation of the Philippines (Picop). The PMO

is mandated to allocate 10 percent of its asset holdings up for sale to small investors. Philphos is the largest and most modern maker of phosphatic fertilizer in the world. It has a 180-hectare complex at the Leyte Industrial Development Estate in Isabel, Leyte, which the PMO said was ideal for fertilizer because of its abundant energy supply (adjacent to the Tongonan geothermal power plant), natural deep harbor and strategic location in central Philippines. PMO is now the government's main disposition agency under the Department of Finance. It retained the immunity from suit of the APT (whose term expired last year) under Proclamation Order No. 50 with a much broader scope of assets to be sold to include not only non-performing assets but also viable assets of other government agencies and government-owned corporations.

From Inquirer News Service, 10 October 2001

Government Delays Semen Gresik Sale Plan Amid Protest

The government decided on Thursday to postpone the sale of a 51 percent stake in PT Semen Gresik to Mexican firm Cemex SA de CV, ignoring warnings that the move would dissipate whatever little foreign investor confidence remained. "We have delayed the put option as we want to evaluate the transaction," State Minister for State Enterprises Laksamana Sukardi told reporters. The decision could effectively annul a put option deal with Cemex under which Indonesia has the right to sell a 51 percent stake in Semen Gresik for \$520 million. The option expires today. Laksamana declined to say for how long the government would postpone selling Semen Gresik. Secretary to the State Minister for State Enterprises Bacilius Ruru described the delay as a giving rise to a "stand still position". PT Cemex Indonesia president Francisco Noriega told reporters after meeting the government that "nothing has changed." According to Ruru, Cemex showed understanding when the government told the firm of its decision. Cemex has been forced by the government to wait in limbo for three years ever since signing the put option deal in 1998. Experts have described the divestment of Semen Gresik as a test case by which foreign investors will be able to gauge the government's seriousness in pushing ahead with asset sales. The sale of Semen Gresik faces resistance from legislators who have fulminated against foreign control of the cement industry. Although many economists suspect politicking behind these warnings, the government has nevertheless fallen at the last hurdle in respect of the exercise of its put option right.

From Jakarta Post, by Berni K. Moestafa and Dadan Wijaksana, 25 October 2001

Privatization Needs Public Campaign, IMF Says

The International Monetary Fund (IMF) said a public awareness campaign promoting the importance of selling state assets was crucial to speeding up Indonesia's privatization process amid frequent opposition from various groups. The IMF's senior representative for Jakarta, David C.L. Nellor, said on Tuesday that the government should communicate with the public about the long-term benefits of privatization. "The government must seek public support by explaining the benefit beyond the process (of privatization)," Nellor told a media briefing. He acknowledged that privatization often becomes a sensitive issue, touching on concerns over ownership, and creates uncertainties for parties involved with the state firm. "In any privatization, there are groups that tend to be harmed by this event," he said, citing as an example that England had faced opposition from trade unions when that country began privatizing state firms. In Indonesia, opposition can range from trade unions, regional governments, to legislators concerned with foreign control. The latest instance has been the planned divestment of cement firm PT Semen Gresik to the Mexican-based cement firm Cemex SA de CV. Legislators argued the cement industry was too vital to be under foreign control. Similar concerns were also aired in the planned sale of PT Bank Central Asia (BCA) and last year's sale of large palm plantation units to a Malaysian investor. Such developments have resulted in the failure of the government to secure a single sale during the past nine months. In the three months remaining until year's end, the government must rake in its entire 2001 revenue target of Rp 6.5 trillion (about US\$640 million). "There is some light at the end of this difficult process," Nellor added. He said privatization promotes economic growth through the inflow of investment. Proceeds from state asset sales could also be used to reduce the government's debt burden. He said countries like Argentina, Mexico and Egypt had successfully lowered their debt to gross domestic product (GDP) ratios with the help of privatization. That works in two ways, as privatization raises GDP, while its proceeds lowers the debt burden, Nellor explained. He also said that privatized firms tend to become more efficient so that, in the long-run, they would earn the government higher tax revenue. Separately, American business consultant James Castle suggested the government and legislators agree on a set of guidelines for privatization. This, he said, should avoid the problems the government

faces now. Economist Dradjad Wibowo has warned that legislators meddling with asset sales could become a new source of risk to foreign investors.

From Jakarta Post, by Berni K. Moestafa, 24 October 2001

Privatization Process Transparent, Says Minister

Islamabad: Federal Minister for Privatization Altaf Saleem has said the government is privatizing different departments and institutions in a transparent manner to improve quality and services. The minister was talking to a delegation of senior officers of the 72nd advanced course in administration and development of National Institute of Public Administration (Nipa), Karachi, here on Tuesday. The delegation was briefed on the privatization policy and programme, showing the process was open and transparent and aimed at protecting the interests of consumers and the government. The federal minister said with the exception of one or two countries, like Cuba and North Korea, every country had recognized the importance of privatization. He said privatization of entities such as Karachi Electric Supply Corporation could bring improvement in services while stopping the fiscal bleeding. Giving example of the Muslim Commercial Bank, Mr Saleem said privatization of banks would improve customer services. Earlier, Dr Mateen Thobani, the adviser at the Privatization Commission, made presentation on the privatization policy and programme. He also mentioned that several transactions could be taken for bidding by December 2001, including the UBL, Pak-Saudi Fertilizer, GOP minority working interests in oil and gas fields, the NBP, Faletti's Hotel and Hyatt Regency Hotel. Other institutions such as the PTCL, PSO, OGDCL, Habib Bank, KESC, and the PPL would be privatised next year, he added.

From DAWN Group, 24 October 2001



CSA Privatization May Be Delayed

Transport Minister Jaromir Schling said the privatization of Czech Airlines (CSA) might be postponed. The government last year decided to sell a 15% stake in CSA to each of CSA's Sky Team partners, Delta Airlines and Air France. However, Schling said it was a good idea for CSA to first integrate with Delta Airlines and Air France on a normal business level within the Sky Team before connecting them at the level of ownership. Deputy Transport Minister Karel Holt said the best possible moment must be chosen for CSA's privatization, as the share price could rise. He predicted 2002 as a probable date. CSA CEO Miroslav Kula says zero profit for this year is an optimistic forecast. According to MfD, CSA is one of the economically most successful airlines in Central and Eastern Europe. (Pravo 13, MfD C3).

From Prague Business Journal, 4 October 2001

Freedom Union Wants to Halt "Corrupt" Electricity Tender

Freedom Union (US) leader Hana Marvanova says the method chosen for privatization of the energy sector has created lots of space for corruption, adding that the US will therefore request the government to halt the privatization process. (HN 6).

From Prague Business Journal, 8 October 2001

Oil Industry Privatization - New Government Calls the Shots

Hungary's MOL oil corporation has secured exclusive rights for negotiations on purchasing a strategic stake in Polski Koncern Naftowy Orlen (PKN Orlen), Poland's largest fuel producer and distributor. In keeping with the government's program for the privatization of Poland's oil sector, 17.6 percent of PKN Orlen was projected to reach the market this year. Two petrochemical investors, MOL and Austria's OMV fuel corporation, competed for the strategic stake in PKN Orlen. Finally the Council of Ministers approved a conditional sale of PKN Orlen stock to MOL on Oct. 2. Treasury Minister Aldona Kamela-Sowińska said the Hungarian bid was more favorable, as it enables the establishment of a large regional fuel corporation that will be capable of negotiating more advantageous oil prices. However, before the transaction is finalized, several conditions must be met. They involve the need to maintain PKN Orlen's dominant role as a supplier of raw materials for the Polish chemical industry, and its strong position in the new corporation. Plans are also in the works to have the two corporations exchange shares. The decision to grant MOL exclusive rights for

negotiations on the purchase of PKN Orlen stock does not mean the transaction has already been finalized. "The decision opens the road for completing the privatization of PKN Orlen, while it's not the final step, because a potential final decision on the matter will depend on several specific conditions that must be met," Kamela-Sowińska said. OMV has no intention of withdrawing from the fight for PKN Orlen stock. "We are convinced that our bid was more favorable for PKN Orlen," Richard Schenz, president of OMV, told Reuters. "The decision was made by the outgoing government, but it remains unknown what the new government will do now." MOL is the largest company in Hungary, with \$3.6-billion revenue in 2000. The company's value is estimated at about \$2.6 billion. MOL owns three refineries in Hungary and one in Slovakia, in addition to more than 800 gas stations in eight countries. Earlier the Hungarian corporation sought to buy 75 percent of Rafineria Gdańska refinery, Poland's second largest petrochemical company. But MOL was outbid by the Rotch Energy consortium, which was picked for the decisive talks on the sale of the Polish company's shares. A consortium of the British financial investor Rotch Group and Konsorcjum Gdańskie, which brings together Polish private fuel companies, has announced that it will invest about \$1 billion in the Gdańsk refinery by 2004. Rotch Energy said these investments will make it possible to double the company's production and triple its profits over the next three to four years. According to unofficial information, Rotch Energy is offering \$300 million for 75 percent of the Gdańsk refinery's stock. In September, the consortium's bid was approved by the management board of Nafta Polska, which manages as yet unprivatized companies in the fuel sector on behalf of the State Treasury. However, the privatization agreement was not finalized after the government declined to approve the transaction. Government Spokesman Krzysztof Luft said the Council of Ministers left the sale of the Gdańsk refinery open to make it possible for the new government to make the final privatization decisions in the petrochemical sector. However, it remains uncertain whether the new government will finalize the transactions for the sale of Poland's two largest petrochemical companies to foreign investors anytime soon. Politicians from the Democratic Left Alliance (SLD), which has become the largest force in the new Polish parliament after the last elections and will be forming the government, support a concept calling for a merger of PKN Orlen and the Gdańsk refinery into a single entity.

From Warsaw Voice, 12 October 2001

British Government Proposes Non-Profit Company to Run Rail Network

Prime Minister Tony Blair's government wants to create a new non-profit company to run the country's troubled rail network, a move that would end an ill-starred five-year experiment with profit-driven privatization. Transport Secretary Stephen Byers said the demise last week of Railtrack PLC, the private company that ran Britain's rail infrastructure, "provides us with a golden opportunity to create a railway system which is united and not fragmented ... that answers to the millions of passengers and not private shareholders." The government won a court order Oct. 7 to place Railtrack under administration, after turning down the company's latest request for more public money. In 1994, the Conservative government of Prime Minister John Major gave Railtrack control of 20,000 miles of rails in a piecemeal privatization of state-owned British Rail. Railtrack was privatized in 1996, and 25 separate companies won franchises to operate passenger trains. A series of deadly crashes and major financial woes have badly discredited the company. Safety problems forced it to spend hundreds of millions of dollars replacing track, work that disrupted travel for months. Eric Pickles, the opposition Conservative transport spokesman, said the plan would create more problems than it solves. "The net results of his venture will be higher fares, fewer trains, a reduction in passenger numbers and a decline in freight," Pickles said. Byers defended the decision to deny Railtrack further public funding after hundreds of millions of dollars had already been poured in. "It was obvious that the company could not continue unless we offered to fund whatever losses they might have had for a period of several years," Byers said. "I simply could not responsibly enter into such a guarantee on behalf of the British taxpayer." Byers' initial decision not to compensate Railtrack shareholders provoked a firestorm of criticism. He later said the government would do what it could to distribute some of Railtrack's money to shareholders. In a statement earlier Monday, Railtrack said it was not insolvent when Robinson met Byers two days before the government sought its court order, and said its financial situation was not as bad as the transport secretary claims. Railtrack accused Byers of failing to pay it \$235 million due the company just before it was taken under government administration. Conservatives angry over Byers' handling of the Railtrack mess called for his resignation.

From AP via New Jersey Online, by Beth Gardiner, 16 October 2001

Ministerial Panel Advises Privatizing IMI

A panel of treasury and Defense Ministry officials yesterday recommended privatizing Israel Military Industries (also known by its Hebrew acronym Ta'as). The committee, headed by the Defense Ministry's economic advisor, David Vaish, also advised closing several of the company's floundering businesses, including its light arms division. Finance Minister Silvan Shalom and Defense Minister Benjamin Ben-Eliezer, to whom an outline of the report was presented yesterday, said they accepted the committee's recommendations in principle. They added, however, that they would formally approve the recommendations only after studying the report in detail over the next few weeks. Thereafter, the recommendations will have to be approved by the ministerial committee on privatization. Shalom and Ben-Eliezer also agreed yesterday that until the recommendations were implemented, the Defense Ministry would continue to provide the company with financial support so as to keep it going. However, such support would be conditional on receipt of full cooperation in implementing the Vaish report from both the IMI management and its employees, the ministers noted. The committee, established in February, concluded that the main source of IMI's financial troubles was the huge losses at its light arms factory. Though IMI says that demand for light arms and ammunition has picked up over the last year because of the intifada - and especially following the September 11 terror attacks in the United States - it is not yet clear that this increase in demand will produce any improvement in the company's financial results for 2001. Other source of losses, the committee said, were IMI's electronic components factory, Re'em Electronics, and its communications company, IMI Telecom, which makes public telephones. The committee, therefore, recommended either closing or selling all three of these businesses. The closure of these companies and other streamlining measures would force IMI to lay off hundreds of workers - probably at least 400, industry sources said. The closure or sale of the light arms, electronics and telecom businesses would leave IMI with four divisions: Heavy Ammunition; Weapons and Armored Fighting Vehicles (Slavin), which makes the 120-millimeter cannon for the Merkava tank and upgrades armored vehicles; Aircraft Systems (Maltam), which makes airborne systems such as the Delilah missile; and Rocket Systems (Givon), which makes motors for the Arrow missile and the Shavit satellite launcher. The committee recommended keeping all four of these divisions in operation, but said that cost-cutting measures must be implemented to improve their profitability and enable IMI to meet its obligations - in particular, some \$150 million in severance payments over the next several years, stemming from a previous recovery program that included large-scale layoffs. The need for this streamlining prompted the committee to recommend privatizing IMI. Defense Ministry Director-General Amos Yaron, who is drafting the privatization plans, would like to sell the company to another Israeli defense company in one piece. The possible candidates include Elbit Systems, Rafael (the Israel Armaments Development Authority), Soltam or a consortium of defense firms.

From Ha'aretz, by Amnon Barzilai, 24 October 2001

Hadera Chooses Franchisee to Privatize Water Service

A group led by Poalim Investments and Clal Infrastructures is to pay NIS 116 million for the right to operate the water and sewage system of Hadera, after submitting a bid substantially higher than its rivals for the franchise. Hadera is to become the second Israeli municipality, after Pardes Hannah, to privatize its water and sewage service, in an effort to drive down costs. The winning group, Water Resources Hadera (WRH), will have the franchise for the service for the next 20 years. It will collect payments from the city's residents and maintain and develop the necessary infrastructure. The other partners in the group are Housing and Construction Holding (Shikun U'Binui) and the water utility operator, Severn Trent Water International (STWI). The same group is involved in the sewage and water service franchise in Pardes Hannah. The other contenders in the tender were the Hadera Economic Corporation, which offered NIS 74 million, and the TDC Group - made up of Dekel, Tahal and Cascal Holland - which bid NIS 55 million. A third group, TDM, which included Dankner Infrastructures, Elron and Milgam, fought an unsuccessful court battle over the tender, contending that WRH had an advantage in the process. In the end, TDM did not submit a bid. Hadera municipality had set a minimum of NIS 52 million for the bids. The tender also stipulated that the winner of the franchise must pay the city municipality an annual sum of NIS 110 million that will be transferred to the development fund of the city. "We believe that privatization will substantially improve the quality of service residents will receive," said Hadera Mayor Israel Sadan. "A supervisory body has been set up within the municipality, led by the head of municipal infrastructure." The large difference in the offers has raised some suspicions among city councilmen. Two of them, Giora Shahar and Hadva Yehezkeili, said they planned to file a petition to the High Court of Justice over the results of tender, adding that

they were worried that "foreign interests" might have been at play. But the director-general of the Hadera municipality, Arik Koren, who until recently served as the director-general of the Hadera Economic Corporation, rejected any suggestion of irregularities. "The big gap in the offers is evidence of a lack of sufficient information [on the part of some of the bidders]."

From Haaretz Daily, by Avi Shmoul, 24 October 2001

The Americas

City May Privatize Garbage Service

The city of Henderson will delay implementing curbside recycling because it is considering privatizing its garbage collection service, according to City Manager Jeff Broughton. "It's going to happen," Commissioner Bob Hall said of curbside recycling. "But we're thinking about getting out of the garbage pickup business." Curbside recycling was originally in this year's city budget, but was taken out and then re-inserted at the last minute. The plan was to institute it this fall. But Broughton said it now appears that will be delayed until spring. "We're in the process of putting together a bid document," he said. "It'll probably be 45 days before we have some numbers to look at." "Until we get those back we're really not going to know a lot," said Mayor Joan Hoffman. Broughton said he expects the Henderson City Commission to act "not too long after we actually receive some numbers. But if this thing goes forward on a privatized basis it'll be in the spring." Broughton said having garbage collection done by a private company is the norm nationwide. "It's more common to have private collection services than city collection services." And X.R. Royster, the city's public works director, said it's not a new idea locally. "We've been looking at that off and on for years," Royster said. The city manager said privatization would not impact the public at large. "To the resident out there they wouldn't know anything had changed," Broughton said. "They'll be billed on their utility bill. There might be a different color truck running down the street." But he conceded that privatization could have a major impact on the city's approximately dozen garbage collectors. When the Dozit Co. took over disposal of the city's garbage, he said, the city was able to absorb the four workers who previously handled that. "There was no displacement," he said. "I'm not sure we can say the same with this one should it happen. It'll be more difficult than last time. At this point it's really too early to know." But he said sanitation workers involved in the collection of garbage from commercial operations need not worry: "We don't intend to relinquish our commercial operations." The city is looking at privatization, Broughton said, because "we see an opportunity to provide a higher level of service more economically." The bid specifications are not yet completed, he said, but the city intends to ask for bids on all aspects of garbage collection: yard waste, household waste and recyclable materials. Whether the city privatizes all three of those aspects depends on how the bids come in, he said. "We will evaluate all three options." But even if all three operations are privatized, he said, one company would do all the work. He said the city doesn't intend to enter into a garbage collection contract with more than one firm.

From The Gleaner, By FRANK BOYETT, 30 September 2001

ABN AMRO Real to Bid in Two Privatizations in November

São Paulo, 09/28/01 - There are two surprises in the list of qualified bidders for the privatization of the Paraíba state bank Paraiban and the Goiás state bank BEG, both scheduled for November. This first is the presence of Banco BGN, a local bank from Pernambuco state, on the list for Paraiban and the second is the presence of ABN Amro Real on both lists. Leading private banks Bradesco and Itaú are also on both lists, although this was practically inevitable given their size. ABN Amro Real is Brazil's seventh largest private bank. (Maria Christina Carvalho, Gazeta Mercantil - Translated by Barney Whiteoak).

From Gazeta Mercantil, 29 September 2001

Sheriff, Union Battle Over Privatization

Plymouth County Sheriff Joseph McDonough, criticized for firing dozens of employees who supported his campaign opponent, wants to terminate more than 20 jail staff members and hire a private firm to do their work, according to the jail employees' union. In hastily called contract negotiations over the past two weeks, leaders of the National Association of Government Employees said, sheriff's department officials told them that McDonough intends to replace social workers, teachers, and paralegals. The union calculated that the move would save the county only \$45,000 a

year. "This is going to destroy 21 or 23 lives," said Ray Collins, 41, a blind caseworker with 19 years of service, who says he is among those slated to go. "Sixteen of the employees are over 40. One guy has been battling cancer for the last six years. "When I showed up for work Thursday morning, there were a half-dozen to a dozen people crying. I'm scared and I'm angry. I'm proud of the job I do." McDonough, who took office last January, initially said he didn't know about any attempt to privatize the jobs. "I have no knowledge of what you're talking about," he said. The sheriff said talks with NAGE are ongoing, but he would not elaborate nor say whether county officials are negotiating with a private contractor. The union's accusations, he said, "are rumors and innuendo. Nobody is doing this. We're more than willing to sit down at the table." But if he does use a private contractor for those jobs, he added, it will be in the interest of "cost effectiveness and efficiency." Union officials are refusing to negotiate, accusing the sheriff of using hardball tactics. "What he wants to do is give us the proposal, then jam it down our throats and implement it next week," said NAGE representative David Bernard. "We're not going to participate in this scam bargaining. We're putting him on notice that if he intends to unfairly implement this, we'll use whatever legal remedy we have at our disposal up to and including going to court." Since McDonough, a Democrat and former Scituate firefighter, was sworn in last January, nearly five dozen former employees have said they were fired or forced to leave. Five have sued, alleging that they were let go because they supported Charles Decas, McDonough's Republican opponent. Two of the fired workers were rehired; McDonough gave one his job back, while the other, treatment and classification director John Novero, was reinstated by the Plymouth County Commissioners, but quit after a few months. "They made him a pariah," said his lawyer, Mark Bourbeau. "They wouldn't let him into the jail facility, where the cafeteria is. They stuck him in a room without a lamp and with a chair that had rivets sticking through the arms. He sat there and did nothing until he couldn't take it anymore. He took another job at a substantial pay cut."

From Boston Globe, by Andrea Estes, 8 October 2001

Delay in Napocor Privatization Seen

Baguio City-The market slowdown due to the United States-led military campaign against terrorists may delay the privatization of the power industry, Energy Secretary Vicente Perez said here on Wednesday. But Malacañang has been institutionalizing all the "pro-poor" provisions of the Electric Industry Reform Act (Eira) to help keep power costs down for the next few years until both the economy and the industry get back on track, Perez said. "The economy's growth may slow down, but demand for electricity is increasing. It is not like power is dependent on how much we export abroad," he said. Perez was here on Wednesday to address the Baguio leg of a nationwide consultation on the draft implementing rules and regulations that will guide the Eira. He also said the government has offered to shoulder or even condone the loans acquired by at least 119 rural electric cooperatives from the National Electrification Administration (NEA). But debt condonation will depend on a performance audit of these rural electric cooperatives, he stressed. Perez said a 30-centavo cutback in consumer bills across the country was an initial "pro-poor" measure. The cutback, which was applied in July, is based on the expected operational savings the government believes it can generate from the sale of National Power Corp. Malacañang will soon apply a specific rate for indigent consumers which will cut their power consumption costs for as long as 10 years, provided the power industry market has stabilized, Perez added. In a press conference that preceded the consultations, he said government economists had prepared Malacañang for a "worst-case scenario," as local exporters predict a 15-percent decline in exports and analysts project a 4-percent growth rate in the country's gross domestic product (GDP). These economic forecasts could discourage investors from participating in Napocor's auction, said Edgardo del Fonso, president of the Private Sector Assets and Liabilities Management Corp. (Psalm). Del Fonso said Psalm already suspended a proposed 400-million-dollar bond flotation to cover Napocor's stranded costs, until "the turbulent capital market stabilizes toward the end of the year." Perez said the government would not speed up its power restructuring measures because of its inherent effect on prices. "The law is not trying to rush (privatization). There is danger in rushing power restructuring because it might create some price shocks. The law is very clear; we have a timetable (and) we have to follow it. Open access (to the power industry) doesn't occur until four years from now, and in four years we have many things to do. So this is a gradual (adjustment even if the war impacts on the country)," he said.

From INQ7.net, by Vincent Cabreza, 10 October 2001

Privatization Proposed for Ford, Edison Homes - Estates' Profits Would Not Go to City Under Plan

Fort Myers - A new management proposal for the city's Edison-Ford Winter Estates envisions putting the property in private hands in the next two years. Fort Myers has managed and run Thomas Edison's winter home — a consistent and dependable moneymaker for the city — as an attraction for visitors and residents since 1948. Henry Ford's home next door was purchased by the city and opened for tours in 1990. A citizens' group that helps raise money for the estates says it's time for the city to stop taking income needed for improvements, and provide better management. "The basic thing is that the money that's made there has to go back to this historic treasure," said Sam Galloway Jr., who's led the Strategic Team for Estates Plan for Success, or STEPS. "We want the money to stay with the homes." Between 1996 and 1999, city finance staff said, the estates handed over about \$176,000 to the city's general fund. A report by the team and museum consultant Donald Adams of Sanibel said the top goal should be the transfer of the homes' management to the Edison-Ford Foundation by Dec. 31, 2002. Galloway said it might take between two and three years to educate the public about the change, and to work through the bureaucracy of such a switch. Although Mina Edison, the inventor's widow, left the property to the city, STEPS members said the city could lease it to the foundation for \$1 per year and comply with the bequest. Approval by the city council and mayor would be part of the process. For decades, Fort Myers depended on money from ticket sales at the homes to help beef up city coffers. "The city gave back some of their profit, but the city kept some and the Edison-Ford folks would have to come begging for what the city would give them," said Councilman Mike Flanders, who has the estate in his Ward 4. Under low-key pressure from Edison-Ford advocates — the STEPS team includes some of the city's most prominent business and community leaders — city officials said months ago they want to wean the city off the estates' money. "It's nice that they told us they want to do that, but what happens if the city has another shortfall a few years from now? What do you think they'll do with the money the estates makes?" Galloway said. "This would make sure that the money stays with the homes." The report says the city's marketing budget for the homes has decreased, city management changed five times between 1994 and 1996, profits were used elsewhere, and exhibits have seen little change since 1966. "It's been run more like a city department than a museum," STEPS member Paul Flynn said. "History shows that with changes in the city administration, the priorities for the estates have changed over the years and that has resulted in physical damages for the estates." The Edison-Ford Winter Estate Foundation several months ago got a \$3.7 million loan, also backed by the city, to be used for maintenance such as plumbing, fire safety and roof and structural repair. The foundation's concerns include funds for other needed repairs and improvements when the loan runs out. The city has run the estates more as an attraction than a historic or cultural resource, members said. "This should be a historic site, or a museum," Flynn said. "It should be treated more like Mount Vernon than the public works department." If the estates can gain accreditation by museum associations, it'll be easier to gain grants and funding as well as important exhibits, he said. Chris Pendleton, the city's Imaginarium manager, has been interim manager of the estates since former director Judy Surprise retired Oct. 1. Pendleton said Wednesday she had just gotten the report and has not had time to study it. "But we've been working toward accreditation since last year," she said. "That doesn't depend on whether it's public or private." Flanders said he, too, had just gotten his copy. He said he thought the study would be done by the museum expert, Don Adams. "Now I see this committee of citizens helped put it out," Flanders said. "I'd like to know more about this group and how it got together." Flanders said he's more inclined to consider troubled facilities as the best candidates for privatization. "The Edison home is profitable, and it's a gift from Mrs. Edison to the city," he said. "It's a specific jewel we need to monitor carefully and maybe keep our arms around."

From News-Press.com, by Betty Parker, bparker@news-press.com, 11 October 2001

Problems With PSG and National Fairways May Lead City Officials to Rethink Bridgeport's Privatization Policy

Major changes are under way at two privately managed city facilities. The city has seized control of the D. Fairchild Wheeler Golf Course from National Fairways and is more than likely severing its ties with Professional Services Group (PSG), the company that manages the city's sewage treatment system. Both National Fairways and PSG were under contract with the city to manage the facilities, but recent issues have arisen forcing city officials to consider the firms in default. National Fairways is contracted to pay the city \$700,000 per fiscal year for the right to manage the golf course, which is located partly in Fairfield, but owned by Bridgeport. However, the company has failed to pay the city for fiscal year 2000 and from July 1 of this year. "We're not going to let that money sit on the table," said Mayor Joseph P. Ganim. "We are looking at our legal alternatives. It's not \$1.4 million, though. We believe they will be liable for somewhere between \$700,000 and \$900,000." The city took control of D. Fairchild Wheeler on Tuesday, and will

reopen with full operations on Saturday. "We're in a transitional stage at the golf course this week," said Ganim. "We plan on operating and maintaining the course through the end of the season, which will probably be sometime in December." Ganim said one of the two courses at the facility will be closed for the season for repair work. Golfers have voiced numerous complaints about poor conditions at both courses. "We're beginning the process of looking at the best way to manage Fairchild Wheeler," he said. "We've been approached by a number of companies who have expressed interest in managing the course." The issues surrounding the dispute with PSG are more complex. "We're having discussions now on several outstanding issues," said Ganim. "They're highly technical issues and some are in binding arbitration. I expect the situation will be resolved in a couple of weeks." One of the key issues involves PSG's failure to meet staffing levels required by the city. The city issued a default notice to PSG, and company officials notified the city last week that PSG will quit the contract. Ganim said residents will not have to worry about any service impediments. "There will be no negative impact," he said. "We've had cost savings for the past five years and we will continue to have cost savings." The city is in the midst of a controversial 18-year contract with PSG to operate the sewage treatment system.

From Bridgeport News, 11 October 2001

DPW Workers Win Raises, Lose on Privatization of Trash Pick-up

Central Falls - Ending a 3 1/2-year battle, the union representing Department of Public Works and other city employees won three years of retroactive raises ranging from about 3 to 4 percent in an arbitration decision. But the city won affirmation of Mayor Lee Matthews' controversial privatization of trash pickup and a first-ever co-pay, at 5 percent, for health insurance. Union workers also lost two paid holidays, but retained significant provisions regarding seniority, vacations, grievance procedures, recall from layoffs, clothing allowance, overtime and other areas. Summer hours were extended a half-hour, with pay, from 8:30 a.m. to 4:30 p.m. The Oct. 6 decision was formally received Wednesday, according to both Matthews and Joseph Peckham, business agent for Council 94 AFSCME, which represents Local 1627, a 22-member union for DPW employees, Central Falls Public Library workers and City Hall clerks. The decision came after 10 open meetings and several closed door sessions held by a three-member panel consisting of Peckham, Vincent Ragosta Jr., the city's arbitrator and outside lawyer, and neutral arbitrator Albert G. Murphy, an attorney, who wrote the decision. Matthews said Thursday he didn't see the decisions on various contract items in win-lose terms. "I think it was a fair contract for both the union and for the taxpayers of the city," he said. "I'm told it was the first time a (health) co-pay was awarded by an arbitrator to a municipality. Is that a win? I don't know," Matthews said. "Co-pay is more in line with what's happening in the private sector." Peckham had a different view, saying while the co-pay and privatization issues were losses, the union retained many of its contractual rights and guarantees in a pitched battle with City Hall. "This contract took 30 years to assemble and the mayor wanted to disassemble it in one year," Peckham said Thursday. "(Matthews) doesn't understand he's wasting city money and creating morale problems by conducting this protracted war on this small union of clerks and laborers." John Burns, Local 1627 president said, "It's sad on the trash thing. Seven guys lost their future. And obviously nobody wants the health co-pay. The rest of the stuff isn't major. And we're looking forward to our pay raises that we haven't got for 3 1/2 years." Matthews said privatization "is affirmed, there's no question about it," but added that "I think it was very clear in the (prior) contract" the city could make such moves. Murphy, the neutral arbitrator, in his decision said prior state court rulings had put the issue "beyond the purview of this panel." Seven DPW trash workers lost their jobs when Matthews contracted with NEED of Johnston for private pickup, which Matthews said would save the city money. But the union, citing a study it commissioned by a Bryant College economics professor, maintained it's costing the city about \$200,000 more per year, exclusive of litigation costs. Matthews however has criticized the study as overlooking or misconstruing several key cost areas. Matthews, reached at home Thursday, said he did not have a current figure immediately at hand for Ragosta's fees (at \$150 per hour) and hadn't received a final bill, but that information will be available later. Cost for the arbitration itself, about \$13,000, is split by both sides. In other highlights: Employees will receive 50 percent of their city health insurance payments if they opt for coverage elsewhere, proposed by the city and seen as positive by both sides; DPW workers hired after July 1, 1999 must obtain commercial driver licenses; callbacks that were a minimum four hours were reduced to two hours; double time on Sundays was eliminated, to become time-and-a-half as on Saturdays. The decision reduced the workers' number of annual holidays from 17 to 15 (with Election Day in even-numbered years only), dropping Good Friday and Victory Day. Matthews said the union's move to seek arbitration "strategically was a mistake," and they learned "there are arbitrators out there" who would measure the union contract against the private sector. "I don't think they would have done as badly if they just sat down and negotiated." As to the pay increases, Matthews said "we've never objected to a reasonable raise, as long as it's

affordable," and the amount awarded "keeps morale intact." Peckham said the across the board wage increases in the three-year contract, to run from June 30, 1999 to next June 30, ranged from about 3 to 4 percent, at 50 cents per hour the first year and 45 cents each for the next two years. "That's the same wage increase the noncertified school people (non-teachers) got from the school superintendent (Maureen Chevrette), and we settled that contract in 1999," he said. Peckham noted that longevity payments, which he said "the mayor had unilaterally stopped paying" last year, were also restored retroactively by the decision. Under longevity, workers after five, 10 and 15 years get respective boosts of 5, 7 and 8 percent.

From The Pawtucket Times, by Douglas Hadden, 12 October 2001

County Privatizes Food Service

Ector County commissioners voted 3-1 Monday to have a private firm to provide food service for the county's detention center, juvenile detention center and the senior center. More than 30 senior citizens attended the meeting to ask the commissioners to sever the senior center meal service from the jail meal service and the juvenile detention center meal service. "Our main concern is quality," Susan Crenshaw, the director of the Ector County Senior Center, said. Crenshaw said the senior citizens are happy with the current cook and the menu varieties. Voting against the change, Wilmer Ray, Commissioner for Precinct 3, said he was not convinced the change made sense for the senior citizen center. County Commissioners Freddie Gardner, Greg Simmons and Barbara Graff voted for the change. County Judge Jerry Caddel said the privatization would save the county money, but in an interview after the meeting would not give a dollar amount on the current costs versus the projected costs. "We don't really know the bottom line for the coming year," Caddel said. "We can just forecast year-end expenditures." Caddel said the decision to approve the privatization was made on a per-meal cost to the county, but he could not give a number of meals. Caddel said the jail serves three meals per day per inmate, the juvenile detention center serves four meals per day per detainee and the senior center serves one meal per day per person. Caddel said the county has not calculated the net savings during the course of the next year, but said he expects the change to save money. He said the department heads in charge of the programs agreed that the county would save money. Caddel also said change was instituted for the three facilities because each would save money. However, Caddel said there were no calculations available for the current costs versus the projected cost. Sheriff Mark Donaldson, who asked the county to privatize the food service at the jail, originally brought the issue to the commissioners because of problems at the jail. Donaldson said he was pleased ABL Management will take over the food service, including buying and cooking the food as well as hiring the cooks. "Obviously they can do it cheaper," Donaldson said. "And it was a pain for us." In other action, the commissioners voted unanimously to enter a one-year \$9,300 contract H&K Armored Services, Inc., to pick up all cash taken in daily at the Ector County Courthouse and Ector County Administration Building. The armored car transports all county money to American State Bank, the county's banker.

From OA Online, by Brian Rogers and Ian Heald, 24 October 2001

KC Parks Board Passes Resolution Seeking Privatization of Zoo

The Kansas City Board of Parks and Recreation Commissioners passed a resolution Tuesday seeking the City Council's approval for privatizing the zoo. The resolution, which could be heard next week by a City Council committee, requests support for the transfer of the zoo's management to Friends of the Zoo Inc. The resolution also seeks a city subsidy of \$4 million, adjusted annually for inflation, up from the current \$3.6 million subsidy. The arrangement would offer employment opportunities to all current zoo workers and provide for continued public support of the zoo's capital maintenance needs. It also would establish a partnership between the city, the parks board and the zoo to complete a contemplated expansion and help with fund raising. In the proposed transfer, which is expected to be completed by January, the city would maintain ownership of zoo facilities, but the Friends of the Zoo board of directors would manage zoo operations. "We are thrilled to have a partner with the quality that Friends of the Zoo brings," Parks Board President Tim Kristl said, citing the partnership as a way to stretch scarce city resources. Kristl said zoo supporters think a City Council resolution supporting the partnership would help with their fund-raising efforts. Al Mauro, past president of Friends of the Zoo, told park board members that privatization can spur improvements. "Operating as a not-for-profit in many ways makes it easier to do your business -- hiring people and being able to do long-range planning," Mauro said in an interview after the meeting. "Presently, the zoo (plans) on a year-to-year basis." Mauro said the Starlight Theatre is doing well after being moved to private control and that most zoos nationwide are run by nonprofit groups. "We're following a pattern that has been quite successful," he said. "It's hard to get private donations

to a public (entity)." For Mauro, privatization has one goal. "The key thing is, you want to make sure you have a very good zoo, and make it stronger than it is," he said. The parks board wants to complete negotiations on the management contract with Friends of the Zoo by late November, zoo Director Mark Wourms said. A few other details should come sooner. Kristl said parks board members hoped Friends of the Zoo would provide by next week a side-by-side comparison of employee compensation and benefits that the city offers and what the private management would offer. Zoo employees will have the option of staying with the zoo or getting other employment with the city. The zoo has about 130 positions, of which 29 are vacant. In other action, the parks board heard a report about the latest U.S. Department of Agriculture inspection of the zoo, which occurred last week. The surprise inspections are done two or three times a year. This one raised some concerns about standing water in the rhinoceros stalls, some rotting railroad ties, some rust on doors and an inadequate barrier between children and an exhibit. Wourms said the zoo had corrected some of the problems during the inspection and was moving aggressively to correct the rest by next week. The Star's Lynn Franey contributed to this report.

From Kansas City Star, by Lynn Horsley, 18 October 2001