

Business Briefs

The Czech Republic

Havel Vetoes Changes in National Bank Law

Czech President Vaclav Havel vetoed changes in the National Bank law on Oct. 30, at the "request" of the International Monetary Fund. Havel said that the legislation would infringe on the independence of the National Bank. National bank Gov. Michael Tosovski resigned, to work in an investment fund.

The dispute is apparently among free traders on how to go about changing the Czech national bank. The bill proposing the change had been introduced by free-trade proponent, former Prime Minister Vaclav Klaus, who is blaming the National Bank, as the Nov. 1 *Wall Street Journal-Europe* wrote, for "nearly all of the country's economic problems in recent years, including the collapse of the Czech koruna in 1997." The new law was intended to harmonize the Czech National Bank with the Euroland central bank rules, but it placed the bank's budget under the control of Parliament, limited bank salaries, and required greater consultation with the government before making any policy changes.

The resignation of National Bank Governor Tosovski created conditions, together with Havel's veto of Klaus's bill, under which Havel will name the new National Bank governor according to the old law, i.e., without government input. The Parliament is expected to override Havel's veto in the coming months. The new National Bank director, whom Havel will name before Dec. 1, "will be in office for many years," Klaus complained.

Southeast Asia

Harness the Mekong, Says Cambodia's Hun Sen

There must be urgent action to harness the Mekong River and turn its region into an "oasis of prosperity," Cambodian Prime Minister Hun Sen said on Nov. 1, at an international conference on developing the Mekong region organized by the Cambodian Institute

for Cooperation and Peace. "At present, the Mekong River is faced with an impending danger," he warned, the *South China Morning Post* reported. Some 240 million people, in six nations, live along the river.

In July, the Mekong was hit by the worst floods in 70 years, which killed hundreds of people and made millions homeless, and destroyed agriculture, fisheries, and property in Vietnam and Cambodia.

Hun Sen said that the silting up of the river, the weakness of its banks, and changes in the current are key problems. Fisheries have been lost, transportation hindered, inhabitable land has been lost, and flooding increased. "These issues need our urgent attention and require us to put in place immediately a plan to ensure the sustainability of our Mekong," he said. "The management of water and other natural resources of the Mekong, including fisheries, are of high-priority for all countries."

The region has great potential for fisheries, agriculture, forestry, and tourism, the Prime Minister said, but it has been held back by internal conflicts. All the nations along it are fully qualified to turn the greater Mekong region, which is "stricken by internal conflicts and poverty, into an oasis of cooperation and prosperity."

Its backwardness offers "great potential" for economic growth and development, as the gateway linking Southeast Asia to China, Hun Sen said. If the Mekong nations could get adequate capital and make wise investments, it could generate rapid, sustainable growth.

Banking

Germany Should Restore Ties to Industry

Germany should minimize the damage from the coming U.S. "crash landing" by reintroducing its traditional banking system, states the German daily *Financial Times Deutschland*, in its lead financial editorial on Nov. 1. Headlined "Before the Herd Plunges into the Abyss," the editorial is accompanied by a cartoon showing a flock of sheep running toward the edge of a cliff, while leaders of the flock are already falling.

The editorial quotes from a recent study

by U.S. economist Avinash D. Persaud, "Sending the Herd off the Cliff: The Disturbing Interaction Between Herding and Market-Sensitive Risk Management Practices," which argues that the global financial system has somehow become much more vulnerable to major crises, including Mexico 1994-95, Asia 1997-98, Russia 1998, Long Term Capital Management 1998, and Brazil 1998-99, because markets are now behaving like sheep due to increased deregulation, transparency, and liquidity.

The editorial notes that the next major crisis is soon to come, as the "soft landing" of the U.S. economy might end up in a "crash landing." In this situation, it states, Germany should protect its economy from the spillover effects of a "global financial crisis" by going back to its traditional banking system, based on close ties between industrial producers and their respective partner bank, the so-called "*Hausbank*," even if this seems to contradict the present paradigm of "market efficiency."

The recent warning by the German machine-builders' association, VDMA, on the credit crunch in the industrial *Mittelstand* (small and medium-sized industry) should be taken seriously, it says. "The German government is also well advised to protect its public banking sector, the saving and loans, and the *Landesbanken* against the attacks from [the European Union bureaucracy in] Brussels."

Energy

Nuclear Has a Future in Asia, Says Thai Official

Nuclear power has a future in Asia, said Mannon Aramrattana, Deputy Secretary General of Thailand's Office of Atomic Energy for Peace, at a press conference in Bangkok on Oct. 31. Thailand will host the first forum for nuclear cooperation in Asia in November, titled "The Future of Nuclear Energy and Its Safety in Asia," to promote international cooperation in the development of safe nuclear application, China's Xinhua news agency reported.

"Nuclear power certainly has a future in Asia because Asia is developing and requires enormous amount of energy for develop-

ment," stated Aramrattana. He said that nuclear power is essential not only to Asia, but also to the future development of energy, because production of electricity by using nuclear power is the cleanest process people can find at the moment.

Itthi Bijatendratodhin, Thai Deputy Permanent Secretary of Science, Technology, and Environment, said that international cooperation is the key mechanism for development of safe nuclear application.

The objectives of the Bangkok forum are to promote nuclear cooperative activities among member countries, both power and non-power applications of atomic energy, and to enhance public awareness on the role, contribution, and safety measures of nuclear energy benefiting national development.

The forum will focus on the importance of nuclear energy for solving global issues of economic growth, security of resources, energy, and food, and preservation of the global environment. Ministers of science and technology from Australia, China, Indonesia, Japan, South Korea, Malaysia, the Philippines, and Thailand will attend the meeting. Vietnam was also invited. Only China, Japan, and South Korea have nuclear power plants, but Vietnam is planning to build one.

Education

Nigerian Youth Promote Science, Literacy

"In line with the belief that the emancipation and eventual development of the African continent is hinged on science and technology, the Ibo Youth Movement (IYM) has initiated the IYM Science and Technology Club," the Lagos *Post Express* reported on Oct. 30.

The IYM Science and Technology Club, which has stages of membership, is open to all secondary school students in all the southeast states and the Ibo-speaking parts of Delta and Rivers states. As part of the new club, a prize test will be held in December 2000.

In a statement, a club spokesman said that students will sit for aptitude tests in physics, mathematics, and chemistry, and cash prizes will be awarded the ten best over-

all students in each of the three subjects. The three winners of the test will win scholarships. Seven-time winners, dubbed "Redeemers of Tomorrow," will be induced into the Club's Hall of Fame.

The IYM believes that the improvements won during the 1940s to the 1960s can be replicated within the next 20 years if all well-meaning citizens of the region contribute positively toward reversing not only the falling standard, but also the alarming lack of interest in formal education.

Economic Policy

New Asian Magazine Covers 'New Silk Road'

The first issue of *Heartland*, a new Asian geopolitical magazine, is dedicated to "The New Silk Road," the Italian daily *La Repubblica* reported on Oct. 27. A sister publication to the Italian *Limes*, *Heartland* is published by a joint venture of the Espresso group and the New York-based Cassan group. The magazine was released during the recent visit of European Union Commission President Romano Prodi and of France's President Jacques Chirac to China. It claims to favor "geopolitical dialogue," in contrast with Harvard Prof. Samuel Huntington's "clash of civilizations" thesis.

The first issue contains articles by authors from India, China, Japan, Russia, France, Australia, Singapore, and Italy. It includes an interview with Chinese Prime Minister Zhu Rongji, and an article by Romano Prodi, entitled "The New Silk Road Between Asia and Europe."

Prodi praises the expansion of trade between Asia and Europe, and calls for accepting China's growth toward becoming "a great power," instead of "trying to build a network of global and local alliances around Beijing." However, Prodi does not mention infrastructure once, suggests a larger role for the UN and the World Trade Organization, welcomes the idea that "direct investments" have replaced "traditional trade relations," says that the problems that arose after the Autumn 1997 crisis in the Far East are not of "a structural character," and calls for "the necessity of economic and financial reforms."

JAPAN'S unemployment rate rose to 4.7% in September, up 0.1% from a month earlier. "The situation is still severe, especially among smaller firms," said an official at the Management and Coordination Agency. The agency said that 800,000 individuals had been out of work for more than one year as of August, up 90,000 from a year earlier.

THE ROAD linking Kazakstan and Kyrgyzstan is to be rehabilitated, with aid of a \$70 million loan from the Asian Development Bank, which was approved on Oct. 30. The project will repair 204 kilometers of the road in Kazakstan and 41 km in Kyrgyzstan.

BRITISH 18- to 24-year-olds are the "dumber" generation, the London *Guardian* reported, based on a recent study. Some 93% of those questioned did not know that John Milton wrote *Paradise Lost*, and less than one-third could name Winston Churchill as Britain's war-time leader. Culture Secretary Chris Smith said, "I fear it may represent a slipping of knowledge. . . . The fundamentals of what I would call cultural literacy are sadly missing for too many of them."

AUSTRIA'S Bank Burgenland, the state bank of the state of Burgenland, has been saved from insolvency by a state guarantee and by additional capital put up by Bank Austria, the biggest bank of Austria. Along with Trigon Bank and WPM Bank, it is the third Austrian bank to be in trouble within two months. Until recently, Austria had only two bank insolvencies in 50 years.

MOZAMBIQUE is still suffering from the massive floods, former Mozambican First Lady Grace Machel said on Nov. 3. Many displaced families are without shelter, and many more are living under sheets of plastic. International donors pledged more than \$450 million to rebuild after the floods, but less than one-third of that amount ever made it into the country, she said.