By Kevin Rafferty

SENIOR MANAGEMENT and the Staff Association have appealed to all Bank Group members to fill in the Staff Survey 1997 which has been sent desk to desk. Sandstrom reiterated that the management valued staff participation in the ongoing changes across the Bank, and more interactive and forward-looking in terms of seeking your views on what more can be done to make the Bank a better place to work and serve our clients.

Fred Wright, chair of the Staff Association, asked that people "tell the truth, the whole truth and nothing but the truth." He added: "that includes writing in their true feelings in the space at the end, what they feel the Bank has done wrong and what could be done to make it better. There is a space for views on what should be done over the next six months to improve internal organization." Sandstrom reiterated that the management valued staff participation as a way "of helping us to benchmark both where we stand and how we can move forward from here." He promised that management would report back both on the findings and on follow-up action.

The survey consists of 88 questions plus another six asking for background information. Part 1 asks for the person's overall assessment of the Bank Group, addressing such issues as how clear are the Bank's goals, what is the current climate of trust, and how effective is the work group to which the person belongs, how much does the person enjoy the work, how much pressure does it create on family life.

The second part deals with changes the Bank is going through, particularly in relation to the compact, the new management selection and ambitions for a most client-based, cost-effective Bank. The final section is entitled "Strengthening our values" and asks about leadership, innovation, teamwork, openness and fairness. The last three questions before the space for writing recommendations for the next six months ask about the person's morale at work, whether the World Bank is a good place to work compared with other organizations and whether the person will still be at the Bank if five years time if it were his or her own choice.

President James Wolfensohn at his town hall meeting reporting back to staff after the successful Hong Kong annual meetings acknowledged the uncertainties created by the managerial changes, saying, "It's pretty hard to have stability in an environment where you don't know what your job is and you don't know who your boss is." Wolfensohn also pledged that, "The thing I need most is your enthusiasm... If there are internal problems, then let's deal with them. My door is open and I have pledged to you to do everything I can to deal with it."

A number of staff were heartened by the president's promise to spend more time within the Bank. Since he took the job he has been extraordinarily active in travelling and meeting world leaders to convince them of the Bank's mission—in which he has been highly successful given that in Hong Kong and in major world capitals, few people questioned the central role that the Bank should be playing. But this has meant that Wolfensohn has had less time to spare at home.

Wright is concerned that there are a number of potentially divisive issues coming up which will further depress staff morale, and he appealed to the Bank management to adopt one guiding principle—"to keep a united staff.

See Bank's World daily annual meetings reports from Hong Kong on www-exUhtm/bwam97.
CONTOVERSY OVER HOW TO PRACTICE WHAT WE PREACH

For the last several years, I’ve been supporting task managers (and the borrowers) when part of a Bank’s loan is used for information technology. Since I do this activity under chargeback, the issue of the task managers’ budget allocation for project preparation and supervision is of great interest to me.

In spite of the Bank’s declared objective to provide better service to the borrowers, what I’ve seen fiscal year after fiscal year is that task managers are assigned smaller and smaller budgets for project preparation/supervision. Consequently, I was quite hopeful that one of the objectives of the Strategic Compact was to increase the operations complex portion of the administrative budget from 50 percent to 60 percent of the total for a 20 percent increase.

Nevertheless, since FY98 the situation has rapidly declined. I’ve spoken with those who have told me that their budget allocation for project preparation/supervision has, one more time, diminished—which I find not only frustrating, but frightening as well. My question for Mr. Koch-Weser then is: when will he refer to what he says (Bank’s World, August 22) that “we have an $80 million increase—12 percent—in this year’s budget for refining the frontline”? If this budget increase is not used for project preparation/supervision, what is it being used for?

Mauricio Mathov

RENEWAL IS WORKING

The changes made by Africa Renewal Program during the past years have already had an evident result. The organizational groupings, the networks, these big Bank families have brought a strong team feeling, mutual respect and responsibility in the name of common goals. I remember how difficult it was for everybody at the beginning to understand what, why and how—but now one can say that everything was so reasonable.

The exchange of ideas, experience and good practices between the members of these families (as in the case of the Africa external affairs network) certainly gives results on the ground. The difference between the situation before our first meeting in Colombo and now is apparent. Our work has become more clear, more professional, more empowered and more effective.

The relations between the resident mission and the country team became a real partnership. The opinion of the resident mission staff is greatly appreciated and considered now. Resident mission staff are really participating in headquarters’ missions. We collaborate and assist each other.

The new working program contracts and dedication increase, and this is the way it should be if we want to be successful in the work with our clients.

Staff culture and knowledge have started changing, but I think it’s not yet sufficient. Of course, one knows that it’s not a quick process and especially for the staff of the resident mission where the possibilities to develop yourself are of a “self-learning” nature. The Strategic Compact gives even better possibilities for staff to get closer to our clients and partners, for which we need stronger and more relevant skills.

I’d also like to say that thanks to Africa renewal the resident mission started to receive regular job posting service which is progress. I would like to ask if the resident mission staff who want to develop a career—are they really considered when applying?

I would finally like to say that all the Bank’s changes are greatly appreciated by our clients, our partners, the NGOs and civil society. It’s evident that people need open hearted, sincere, honest advisers who can help them and participate in taking decisions.

These people need to be taught how to do things better in order to get out of poverty, sometimes even by simple examples, and here the new Bank’s communications policy has a big role to play.

Ekatierine Petkova-Fall, Mauritania

WHERE’S THE $80M GOING?

I have enjoyed reading Bank’s World online and have been able to follow up the important issues at the World Bank/IMF annual meetings in Hong Kong. It has been very informative and timely. I would just like to say “Thank you” for giving us the opportunity to “cyber-fly” all the way to Hong Kong. Thank you for the “JOB WELL DONE!”

Tizihan Temezgen

CYBER-FLY WITH BW

On Saturday of the long Columbus Day weekend I came to my new office in the extended part of the MC building accompanied by my son. I was surprised to find not only the air conditioning but many lights blazing, even though it was a fine and brilliantly sunny day. Within just my division area there were 25 lights illuminated, each burning four 0.1 watt bulbs.

My son to switched off as many lights as possible, but found that it was impossible to do so because he could not find a switch operating the lights in the corridor and the support staff areas. In addition, some offices had no light switches; others had switches that would not turn off.

Another interesting fact was that many of the rooms, all made dark by the extra skin of the atrium facade, had six units of four x 0.1 watt bulbs, all operated from the same switch, wherever available. What does this problem have to do with me? Well, as a mission staff, with whom we may be discussing demand-side management, consumption patterns or even energy conservation. It seems like another example of failing to practice what we preach.

Name withheld by request.

BANK’S WORLD

October 20, 1997

Betty Feachem (pictured left) that cost containment is an important issue and steps should be taken to achieve this. I would like to remind him (and others who might want to follow his lead) that the Bank’s employees and their families need health coverage on a global scale. This is important enough for the United States to go home and is even more important for the large number of retirees who resettle outside the US (or even the Washington, DC area).

Many of them are not covered by national health schemes and the only way to obtain private health insurance. A change of this magnitude would force us into a US-only plan is therefore unacceptable and touches upon a new era of better Bank’s health plan which we acquired during our years of active service.

Karl G. Joh, 3906 Ridge Road, Annandale, VA.
Bank tells ‘Tiger’ Vietnam to sharpen its claws

By Kimberly Versich in Hanoi

THE WORLD BANK, having given top level backing to Vietnam’s economic reforms, but warned the new leaders that they need to avoid tackling its “second generation” of measures, particularly new leaders that they need to meet the country’s promise as one of the next “Asian tigers”. This message was carried by managing director Caio Koch-Weser to new prime minister Phan Van Khai.

Koch-Weser went to Vietnam from Hong Kong after the annual meetings, accompanied by vice president Jean-Francois Richard and newly appointed country director Andrew Steer, and all seized the opportunity to see Vietnam for themselves, not just the air-conditioned offices in Hanoi, but the countryside, the villages and townships, the schoolchildren and farmers.

The senior executives arrived an abrupt hair-raising reminder of some of the perils of going on Bank missions when the helicopter they were traveling in almost crashed on take-off, Koch-Weser and the group kept up a punishing series of 15-hour days as they visited all parts of the country for themselves before returning to Hanoi to talk to the newly elected leaders.

But they all thought it was a small price to pay to test for themselves what is happening in Bank projects and how much more there is to do to make a dent in the poverty that still prevails in spite of $1.6 billion in Bank Group assistance since 1994.

The Bank team went to the south to see the Phu My power scheme which relies on gas-fired generators to meet much-needed electricity. They visited a village school which is trying to teach new roof and textbooks through a primary education loan. They saw an IFC-financed hotel project. They inspected a construction site for work on Highway 1, the main transport spine of the country, as well as rural roads.

They saw an irrigation scheme that will provide better water supplies to the local farmers.

Everywhere they talked to people, even if it meant washing past the buffaloes into the muddy paddyfields or standing in huts that were unlikely to survive the battering of another typhoon. They asked the schoolchildren how much difference the more comfortable environment was making to their ability to learn; they talked to laborers along Highway 1 to see how much they earned; they got from the farmers up-to-date reports on the harvest; they met local people on the beaches of Da Nang to ask about the problems of a burgeoning tourist industry.

On the return to Hanoi to see the prime ministers, they used the first-hand knowledge they had acquired.

Koch-Weser and Steer talked to the prime minister Khai and assured him that the Bank backed the reforms, but urged him to move to the second generation.

They pointed out that some donors and foreign investors were worried about whether the government was wholehearted enough in its reform program and that there was still a long way to go in terms of the infrastructure and other foundations for economic takeoff.

The Bank’s commitment to Vietnam, Khai said, is reflected in the fact that Steer is now one of 18 directors actually based in the country he is responsible for, enabling him, in Koch-Weser’s words, to “call the shots and have Washington respond, rather than the other way around.”

The managing director added that Vietnam had an advantage in its late start — by concentrating on urban development and the environment, it could avoid some of the mistakes that other countries had made.

The Bank team stressed that investments in primary education and rural roads were the top priorities in the battle to defeat poverty. They promised there would be better links between the Bank and Vietnam on the way along with increased decentralization of project management and implementation.

 Tunisia’s Prime Minister Richard meanwhile met with State Bank officials and with people from the private sector to assess how he might be able to help Vietnam as it renews the emphasis on developing the private sector.

WBVS Carnival will help staff get rid of their stress

By BW Reporter

HADA ZAIDAN has some advice for World Bank Volunteer Services carnival on Friday, October 24.

“Buy your tickets now for the World Bank Volunteer Services carnival on Friday, October 24. Have fun. Get rid of your stress. There is too much work in the Bank. The message is ‘Let go and enjoy.’”

To celebrate the 25th anniversary of the volunteer services (or WBVS) is holding what it promises will be “a spectacular carnival” at the J.W.Marrriott Hotel on Pennsylvania Avenue, from 8pm until 1:30am. It is not a fund-raising event, “just a celebration,” says Zaidan, who is WBVS president.

From modest beginnings as an organization that sought to welcome and help families new to the Bank, it has grown to have considerable influence in helping design key Bank policies and, through the Margaret McNamara Memorial Fund, helping women in developing countries.

“Welcoming of new families is still a priority,” adds Zaidan, who is Lebanese and married to an Egyptian. “We try to reach families as soon as they have their appointment with the Bank.”

The inspiration behind WBVS was that it would help families to cope with the sometimes daunting problems of settling up home in a strange new city, everything from the mundane, such as getting a driving permits, finding a job, choosing schools, making sure they had proper health insurance, to important issues that is easy to forget about, like making sure that their walls covered the possibility of death in the US.

But WBVS, realizing that as Zaidan puts it, “Volunteer energies have the power to change the world.” Now besides the welcoming program and open houses, the society runs “an incredible number of activities and outreach programs.” The Margaret McNamara Memorial Fund has helped 53 women from the third world to study in the United States and then return to help their home countries. It has raised $1 million in 16 years.

We sell cards and gifts for Unicef, We sell cards and gifts for Unicef, We sell cards and gifts for Unicef, We sell cards and gifts for Unicef. Shoppers may also choose from Brazilian stones, Mexican silver, Moroccan fossils, Asian, Latin, Middle Eastern and Indian delicacies and may choose pumpkin or zucchini soup with French bread.

For further information, contact WBVS x38751 or 38752.

Looking for a baulke from Brazil or something to wear from Pakistan? These and more will be on sale at the international arts and crafts fair November 18-20 in the H building auditorium between 10 a.m. and 3 p.m. This annual event is organized by the Margaret McNamara Memorial Fund and assisted by the World Bank Volunteer Services.

The fair raises money for scholarships for women from developing countries who will complete their education or training at universities in the United States before returning to their home countries. In 1996, the annual fair raised $38,000 and six women received scholarships.

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Miyamura enjoys playing in world league

By Kevin Rafferty

As Japan's strength and importance has grown in the world economy, so too has the role of the World Bank's Tokyo office. Whereas previously, says Satoru Miyamura, the director of the office, the main role was to help raise funds for the Bank in Japan, now the 18 World Bank staff, plus another four who work for the International Finance Corporation, have their hands full doing a variety of different tasks.

He outlines them: "We have four major functions: to assist the Bank's borrowing in the Japanese capital market; to be part of external affairs; to help in the recruitment of Japanese nationals to work for the Bank; and to assist and arrange consultative group meetings in Tokyo. In addition, we also help to take care of visitors who come to Japan from head-quarters."

Miyamura himself is well acquainted with Japan's financial scene since, like his predecessors running the Tokyo office, he came from the influential Ministry of Finance (MoF). There he was part of what was regarded as a smooth-running machine, a Rolls-Royce — or perhaps out of deference to Japanese car-making skills one should say a Lexus or Infiniti — of bureaucratics. In his previous post, as director general of the Nagoya customs house, he had a staff of 900 people, "a hand-working staff who didn't care if they had to put in a lot of overtime," he recalls.

So it's quite a change to be head of a small office that has a big job to do in the worldwide operations of the world's leading development agency. Miyamura quickly noticed the difference, but says he enjoys it: "When I was at the MoF, I was in charge of a large organization, so I had to concern myself with a lot of detail. Here, I can be more general. I like being part of more than one area of work."

"I have a three year fixed-term contract, so I can make a medium-term plan for change to enhance the presence and role of this office."

He points out that even the role of the Tokyo office in the financial markets has changed radically: "Tokyo used to help raise funds in Japanese yen. Now that the Bank has decided to give greater flexibility to borrowers in their choice of currency, about 80 percent of borrowing is made in US dollars. At the same time, thanks to the low interest rates in Japan and the relative stability of the financial scene since, like his predecessors running the Tokyo office, he came from the influential Ministry of Finance (MoF). There he was part of what was regarded as a smooth-running machine, a Rolls-Royce — or perhaps out of deference to Japanese car-making skills one should say a Lexus or Infiniti — of bureaucratics. In his previous post, as director general of the Nagoya customs house, he had a staff of 900 people, "a hand-working staff who didn't care if they had to put in a lot of overtime," he recalls.

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He admits the strong preference among young Japanese to work for a top-class Japanese company rather than to go abroad but echoes his MoF colleagues in urging that "it is very important to make the Bank truly international and to maintain Japan's support for the Bank" to attract more Japanese recruits.

Miyamura and the Tokyo office have had considerable success in arranging consultative group meetings in Tokyo. Since these started with the Philippines in December 1995, there have been nine such meetings in Tokyo. He says there is no intention of usurping the leading role in Paris, but he believes that it is important both for the Bank and for the developing countries involved to meet in Japan from time to time. "It helps to maintain Japan's support for aid and for these countries, and it gives ministers from developing countries an opportunity to visit various institutions. In addition, the Japanese press often reports the meetings in big headlines, which helps to provide good publicity."

International Child Safety Day

At Bank-Fund Staff Federal Credit Union, we know that if you're a parent, the safety and happiness of your child is of paramount concern. Your children are also our concern—that's why we're inviting you and your children to our International Child Safety Day, a forum where you can:

• Assemble a Kid Care ID photo and information packet to help identify your child if he or she is ever missing;
• Teach your child about the "8 Steps for Safety";
• Learn about child-safe access to the information superhighway;
• See and hear clowns, storytellers, and puppet shows;
• Partake of refreshments and more!

International Child Safety Day will be held on Saturday, October 25, 1997 10:00 a.m. - 3:00 p.m. in the World Bank's Main Complex Atrium, 1818 H Street, NW. Please join us for this informal event that combines food, fun, and useful information.

Kid Care ID is endorsed by The National Center for Missing and Exploited Children (NCMEC) and this event is co-sponsored by the World Bank Group, the World Bank Children's Center, and the International Monetary Fund. See you there!
The year of delivery for the World Bank

President James Wolfensohn declared that the current fiscal year would be "the year of delivery" for the World Bank to make good on its promises of helping to defeat poverty and promote economic development. He was speaking at a town hall meeting for staff on his return to Washington after the annual meetings in Hong Kong. He described those meetings as "the best in recent memory" and was greatly heartened by the changed attitude towards the Bank by its shareholders and partners.

"There was not a lot of talk about the existence of the Bank and very little talk about criticism of the Bank," said the president. "It was a very, very constructive dialogue. And that was an amazing change from last year when people were still hammering on us, both our shareholders and the NGO movement. So you should all take some pride in that we appear, at least in the eyes of the outside world, to have made a tremendous amount of progress in the last year, and all the discussion was forward looking."

He noted specially the breakthrough in agreement to double the capital of the Multilateral Investment Guarantee Agency and the support for the initiative to relieve the debts of the heavily indebted poor countries. Among the issues which still worry him, Wolfensohn singled out reforms of financial systems, which he promised would be given prime place in the Bank's work. "Why? Because if the financial system goes, everything goes," he said. "As I said whimsically, it's like heart surgery: if you don't get this right, the patient dies. Everything else we do in terms of education and health and social welfare, all of which are very important, is a bit like orthopedics: you can live without a foot or a leg; it's not easy and you don't like it, but if your heart goes -- and that is the financial system -- everything goes."

The president added that the Bank was looking to build up its team to be able to play a bigger role in promoting financial reform. He said there was agreement that the IMF would focus on supervision and macroeconomic issues and the Bank, time at headquarters in the next few months rather than traveling. "I am proposing to spend a lot more time in the institution than I had planned. I have just deferred my trip to Central America. I am not doing a trip to Europe that I was going to do and I am going to be speaking by satellite. I want to give myself the opportunity in this important next six or nine months to be here and try to help ride through both the issues of delivery and of staff morale."

The president reiterated both his commitments and his ambitions of having a World Bank which would be at the cutting edge and leading its partners in the fight against poverty. Hence his emphasis on delivery, which in some ways runs counter to the traditional culture. "There's a long culture..." Wolfensohn admitted his concern about low staff morale: "I hate coming into a place where I'm told morale is lousy. I didn't come here to try and help all of you get to a position where we would have an institution which you could be proud of." But he hoped that in a year's time when the beneficial effects of the recent management changes were clear, morale would be steadily rising.

Kevin Rafferty
It may not be surprising that the 1997 annual meetings were described by almost everyone as the best ever. Delegates particularly praised the convention center. Montek Singh Ahluwalia, India's finance secretary, said that for the first time the meetings were held in a center that was not swamped by the influx of thousands of delegates. The heads of the Bretton Woods institutions were delighted that they made real progress on the outstanding economic issues troubling the world.

The program of seminars was a great success, not just because the clash of views between Malaysia's prime minister Mahathir Mohamad and financier George Soros which made front-page headlines around the world. The only problem with the seminars was that they offered too many good and important discussions at the same time involving a glittering array of the world's top decisionmakers. Chief executive Tung Chee-hwa explained that the China-Hong Kong relationship of one country-two systems was working well; "economic czar" Zhu Rongji promised that China's door was continuing to open to new reforms and also showed off a neat sense of humor and the fact that he could hold his own in English with his interpreter; India's finance minister P. Chidambaram pledged that for the first time the meetings were held in a center that was not swamped by the influx of thousands of delegates. The heads of the Bretton Woods institutions were delighted that they made real progress on the outstanding economic issues troubling the world.

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The races are a big $12 billion business in Hong Kong with one of the most sophisticated betting systems: was this the horse that allowed President Wolfensohn to come out $2.60 richer.

Hip hip hooray for HIPC from Uganda's Jehoash Mayanja-Nkangi Hong Kong chief executive Tung Chee-hwa promises that one country, two systems is working.

From IMF to EBRD: the ever sophisticated Jacques Delors Kwesi Beethwey has always been distinguished by his winning smile. Michel Camdessus considers the Asia economic miracle.
We’d like To
Hear from You

Human Resources is in the process of supporting the Strategic Compact through reform, in conjunction with representatives from the Staff Association and other staff throughout the Bank Group. We realize that these reforms will affect everyone, on every level. That’s why we’ll be conducting roundtable discussions over the coming weeks. Our goal is to ensure that our staff enjoy the benefits of a stimulating and rewarding work environment. We need to hear your opinions and get your feedback. Your thoughts form the valuable input we need to complete this reform process successfully.

Our new human resources policies will make a significant impact on all of us and on the way we work together. We hope you will take part in these discussions, because you can make a difference.

SCHEDULE OF ROUNDTABLE DISCUSSIONS OF EMPLOYMENT POLICY

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<tr>
<th>DATE</th>
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<tr>
<td>Friday, October 24</td>
<td>10:00 - 12:00</td>
<td>Preston Auditorium</td>
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<td>Wednesday, October 29</td>
<td>2:30 - 4:30</td>
<td>IFC Auditorium</td>
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<td>Monday, November 3</td>
<td>2:30 - 4:30</td>
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If you are unable to attend any of the scheduled discussions, please submit any comments by e-mail to the HR Reform Program Team at answers@worldbank.org. Or visit our website at hrs.worldbank.org/answers.
The mistake of only paying lip service

The ongoing Staff Survey will present senior management of the Bank with an opportunity to evaluate benchmarks and opportunities. The benchmarks will define where you are as the staff of this institution: Do you know what our institutional values are? Are you committed to them? Do you believe you have the resources need to deliver quality services? Do you have confidence in the vision and abilities of Bank management?

Measuring these and other related valuations will give a clear and unbiased picture of where we are and will show where corrective action is needed. To be sure, the Bank Group has had such benchmarks in the past. The continued reports of low staff morale seem to indicate that the Bank Group has much to address if we are to improve our productivity. Senior management credibility has also been low since the first survey. Even the number of participants in the survey process itself has declined over time. We view that statistics as a benchmark of staff lack of confidence that the Survey process itself is an effective way of improving the Bank Group.

In our view, the key to reversing these trends is avoiding some what some have called the disaster of lip service. What is lip service? Put politely, it's the lack of congruity between words and deeds. An example: a manager calls for open and candid exchange and then punishes people who make good faith criticisms or who simply bring bad news. Why is it a disaster? Because employees learn very quickly that they can be harmed if they don't conform to some expected script.

The disaster of lip service is of course not peculiar to the Bank Group, but we do seem particularly vulnerable to it here. The fact that fewer and fewer staff have responded to staff surveys over time speaks eloquently of the disaster of lip service here: each cycle of valuations will give a clear and unbiased picture of where we are and will show where corrective action is needed. Staff Survey has presented the Bank Group with a strategic opportunity to undo damage that has been done by years of indifferent treatment. The Bank Group must be ready to address the problem honestly and begin to rebuild. The future of the Bank and the well-being of our clients depends on us, here, now.

Please speak up and be heard by filling in the staff survey and encouraging your colleagues to do the same. Only by doing this can we hope to get action this time rather than lip service.

Airline beauty contests are only skin deep

Most articles written about airlines and flying concentrate on "beauty contest" aspects: how good was the food, the video and entertainment systems, the width of the smiles on the faces of the crew, the decor of the aircraft. Airlines themselves pander to this desire that flying is exciting, even romantic, by advertising their — they claim — gourmet dining, the first-run movies they offer, the "club" atmosphere on board, even the charm of their flight attendants, what a great way to fly.

It is a simple truth of the power of advertising that anyone can believe that being stuck in a giant cigar, tossed about in the sky and forced to breathe stale, badly recycled, air for several hours and half a day can be anything but, at best, necessary torture. You have to go to the other side of the country or the world, and flying is faster than walking or swimming there.

Harder-nosed business travel writers try to stick up to the stickiness of getting the best value for money, how and where and when to buy your ticket, issues of flexibility and being able to change your ticket or date or rout ing or airline for the cheapest price. But comparatively little attention gets paid to surely the most important considerations — whether your airline can deliver you safely to your destination. Sure, flying is safer than going by car or on foot. But that is not much consolation when one of the giant birds drops out of the sky.

Mary Schiavo is well placed to write about aviation safety since she was inspector general of the US department of transportation between 1990 and 1996. Her book does not make reassuring reading, it is an instructive and entertaining book. If you want to signal a £1.000 bet - Kevin Rafferty

The rich and serious fun of language

The illustration (left), taken from the second edition of The Cambridge Encyclopedia of Language by David Crystal ($69.95), shows a tick-tack man at a British race track, and Schiavo recounts that the FAA is cynically nicknamed the Tombstone Agency, and quotes the FAA security chief as telling her that the terrorist bombing of Pan American flight 103 over Lockerbie, Scotland, cost $1 billion, whereas trying to prevent another such act of terror would cost between $35 and $10 billion over ten years. "Goody’’ understood — the numbers just didn’t add up,” she writes.

The FAA’s duty, according to the law, is to promote commercial aviation. This, Schiavo points out, can be interpreted two ways: either to police the airlines to ensure safe flights or to protect the airlines and industry generally from criticism. Her experience was that the FAA put its responsibilities to protect the industry ahead of concerns for passengers and she accuses the FAA of lacking legal inspection procedures. As a pilot herself and a lawyer, she was in a good position to appreciate both the need for high safety standards and some of the problems of properly defining and putting them into effect. As inspector general she quickly became bitterly frustrated. She comments: "The FAA has no definition of safety — no official definition, that is. Safety is not defined in the Federal Aviation Act. It is not specified in the FAA regulations. It is not explained in the agency’s guidelines. So FAA officials can’t say what safety is, not technically, anyway. And without a sanctioned definition of safety, there can be no safety yard stick, no safety standard. So the FAA can’t — will not — say what constitutes a safety problem, when safety is compromised or what makes aviation safe.”

Schiavo’s account of security — or lack of it — at major US airlines is a matter of great concern. She points out that “all the metal and bomb detectors in the world are useless if a criminal can simply circumvent the screening point and get into the ‘secured areas’ where security is supposed to be enforced in airports.” Her plainclothes inspectors evaded security 75 percent of the time in 1993 and 40 percent of the time three years later. The FAA tried to prevent release of this information. As for detecting bombs, most US airlines are using metal detectors to try to find explosives and, according to Schiavo, are not good at it. Washington National had only a 46 percent detection rate against modular bomb samples in 1995, Dulles was 56 percent and Kennedy in Boston had also scored 56 percent.

The US is the world’s biggest market, especially in the setting of standards. The awful question is if the US cannot convince to set high standards, then what happens in countries with more, shall we say, jungle conditions?

It is a patchy book made tedious by the blow by blow battles with the FAA. It is not a book for the public, but it is a book that the public should be made aware of. It is a book that administrators and airlines appreciate that safety involves doing more than counting tombstones.

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Schiavo ends with some tips for travelers, which show how demanding her own standards are. She suggests carrying your own smokehood; insisting on having baby lifeclasses beside you for small children on long oceanic flights; getting off an aircraft if you feel uncomfortable about its safety; speaking out if you see anything suspicious; objecting to the boarding of anyone who is seriously ill or drunk; and demanding a better deal for passengers, including fresher air and a ban on the safety seat of passengers sitting in exit rows. Indeed, if she had her way “I hope that someday booze on planes will go the way of smoking.”

Flying Blind, Flying Safe by Mary Schiavo with Sabra Chartrand; Avon Books; 373 pages; $25.

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— Kevin Rafferty
Bank's World

October 20, 1997

THE MOST HEATED DEBATE at the 1997 annual meetings was not about the Bank or IMF, but over currency speculators and East Asia's financial turbulence. Bank's World presents edited highlights of the main arguments of Malaysia's Mahathir Mohamad and George Soros.

MAHATHIR

Ban profiteering speculators

We in Malaysia laughed at the suggestion that our country could be invaded by currency speculators. They were wrong. They were, in fact, too clever by half. They could not have picked a country worse off than Mexico. Had they been able to choose themselves, they would have chosen us. We were vulnerable to a manipulated economic crisis. We know now that even as Mexico's economic crash was manipulated, the economies of other developing countries were manipulated and forced to bow to the great fund managers who have now come to decide who should prosper and who shouldn't.

Malaysia has always followed a prosper-neighbor policy. This simply means that if you help your neighbor, you will prosper along with it. When countries are prosper-ous they become more stable and their people do not emigrate to your country. Instead their prosperity provides you with a market for your goods, with opportunities to invest and enrich yourself even as you create jobs and wealth for them. Poor neighbors are a source of problems for everyone. Their problems tend to spill over your borders and undermine your peace and prosperity. When Japan invested in Malaysia it created jobs and wealth for them and enabled us to industrial-ize rapidly. Japan gained directly from its investment, but we have also become one of Japan's best markets.

It is time we subscribe to the prosper-neighbor policy. Now south Asia seems to be picking it up, together with countries in Africa. Imagine how wonderful the world would be if we all help each other. But the old beggar-thy-neighbor instinct is still around, in all the guiding principle of a group of ultra-rich people. For them, wealth must come from impoverishing others, from taking what others have in order to enrich themselves.

We have always welcomed foreign investment, including speculation. They can come in to buy shares and get out if they wish to do whatever reason. But when the big funds use their massive weight in order to move the shares up and down at will and make huge profits by their manipulations, then it is too much to expect us to welcome them especially when their profits result in massive losses to us.

International trading makes currency exchange necessary. Otherwise we may have to resort to barter. Buying and selling currency to finance trade is fine. But trade in currency is actually 20 times bigger than real trade in goods and services. Other than prof-its and losses to the traders involved, there are really no tangible benefits for the world.

No substantial jobs are created nor products or services enjoyed by the average people. There is no employment of labor, no creation of wealth, no study as huge sums are moved about from banks to banks. The traders make billions with each transaction. They cannot fail to make a fortune no matter what the index goes. Unfortunately their profits come from impoverishing others, including very poor countries and poor people. South-east Asian countries have become their target because we have the money, but not enough to defend ourselves. In the case of Malaysia, the ringgit is down by 20 per cent. In every one of us including the government, have lost 20 cent of the purchasing power of whatever money we have. But the currency traders have become very rich through making other people poorer.

We are warned that these are powerful people. If we make a noise or act in any way to frustrate them, they will be annoyed. And when they are annoyed, they can destroy us altogether. They can reduce us to basket cases. They will determine whether we will prosper or we won't.

Society must be protected from unscrupu-lous profiteers. Currency trading is unnec-es-sary, unproductive and immoral. It should be made illegal. We don't need currency trad-ing. We need to buy money only when we want to pay for an import. But if we have to rely on currency exchange, the currency values must be linked to economic performance. A country that is doing reason-ably well at a certain exchange rate should be allowed to maintain it or increase it. They will determine whether we will prosper or we won't.

Nevertheless the laissez-faire idea that markets should be left to their own devices remains very influential. I consider it a dangerous idea. [However] Dr Mahathir's suggestion to ban currency trading is so inappropriate that it does not deserve serious considera-tion. Interfering with the convertibility of capital at a moment like this is a recipe for disaster. Dr Mahathir is a menace to his own country.

Markets cannot be left to correct their own mistakes because they are liable to overreact and to behave in an indiscrimi-nately and erratic manner. No market mistakes to not discriminate between Malaysia and Indonesia.

Frank defense of global world

We live in a global economy, characterized not only by the movement of goods and services but, above all, by the free move-ment of ideas and of capital. Global inte-gration has brought tremendous benefits. But equally important are the non-economic benefits, the freedom of choice associated with the international movement of goods, capital and people, the freedom of thought associated with the international movement of ideas. To appreciate the non-economic benefits, we only need to consider what it meant to be a slave in the Soviet Union or China when it was cut off from the rest of the world or what it is like in Burma or North Korea today.

But global capitalism is not without its problems. The present system can be sus-tained only by deliberate and persistent efforts to correct and contain its deficien-cies. I am at loggerheads with the laissez-faire ideology which contends that free markets are self-sustaining and market excesses will correct themselves, provided governments or regulators don't interfere.

[He suggests five main deficiencies]: the uneven distribution of benefits, instab-ility of the financial system, the insistent threat of global monopolies and oligopo-lies; the role of the state; and a fifth rather nebulous category has to do with the ques-tion of values and social cohesion.

Capital is a much better position than labor because it is more mobile. Financial capital is better situated than industrial capital because once a plant is built it is difficult to move it. Financial markets are inherently unstable and international financial markets even more so. International capital flows are notorious for their boom-bust pattern. Economic the-ory has been built on the concept of equi-librium. That concept is quite inappropri-ate. In my view, there is no such thing as equilibrium in financial markets because market participants are trying to discount a future which is itself shaped by market expectations. This renders the outcome indeterminate and it is only by accident that the actual course of events will corre-spond to the prevailing expectations. Nevertheless the laissez-faire idea that markets should be left to their own devices remains very influential. I consider it a dangerous idea.

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Soros Global society must be open

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Experience: Profound, and very. So profound, in fact, that on one occasion my friends thought I had been hit on the head with a stone.
The week-long conference also highlighted how the warming of the earth’s oceans is doing more than making life difficult for human beings. It is also threatening coral reefs from the coast of Indonesia to Jamaica in the Caribbean to Madagascar in southern Africa. As the temperatures rise in these warmer waters, they virtually oblige us to cook these exquisite formations, which are mixtures of plant and animal life, like some kind of marine egg white.

One of the Bank’s foremost authorities on the plight of coral reefs, Maara Hatzijinios, told journalists that the “bleaching effect” of El Nino on the coral reefs was only one of a number of mortal threats facing these colorful arrays of marine architecture.

“Seeing the biggest impact on coral reefs in those parts of the world with heavy coastal populations, places like the Philippines, Indonesia, the Maldives, and Madagascar,” Hatzijinios added, urging new measures to protect the “rain forests of the deep”. Fishermen should be helped to switch from catching fish in the dynamite or cyanide will be reduced, and the pumping of raw sewage out to sea is just two of the new dangers to the reefs, yet fishermen and the coral reefs depend on each other to stay alive.

Another big topic on the Bank’s radar during the conference was climate change and prospects for a global agreement to curb greenhouse gas emissions.

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