

Chapter 8

Working for the International Labor Office and Asian Development Bank, 1991-1998

(7-19, 2010)

1. Assessing productivity improvement needs in Nepal: My first ILO “mission”

The management style of the USU Economics department head and controlled by two deans, made my life less satisfying at USU. Since I also had a desire to do some international consulting because of my considerable experience in the areas of productivity and quality of work life (QWL), I began exploring the possibility of working for the International Labor Office in Geneva, Switzerland, as a way to enter the international consulting arena. That proved to be very successful and productive choice for me.

January 21, 1991 I received a fax from ILO’s Washington Office, informing me that I was being offered a five-week assignment to participate as a member of an ILO “identification mission” to Nepal scheduled for January 25 - February 28, 1991. A few days later, the starting date was moved to February 15, 1991. The ILO “identification mission” was to conduct a study on developing a national productivity improvement policy and program.

Before leaving for Bangkok to begin the mission to Nepal, I obtained the permission of my USU Economics department head and the two deans for a 35-day leave from USU. I also arranged for Glenn Marston to teach my classes while I was away.

I spent five days, February 15 – 20, in Bangkok, Thailand, obtaining a visa and UN Identity Card, undergoing an orientation, obtaining air tickets for the trip to Nepal, money to pay for my expenses in Bangkok and Nepal, and generally preparing for the mission. Our team leader was Keith Lewis, an experienced ILO consultant from Great Britain. He and I were assigned to spend February 20-March 16 in Kathmandu to assess both the need for and the potential for creating a productivity improvement program and center for Nepal. A Nepalese national consultant was assigned to work with us.

My memories of my Kathmandu experience follow:

Flying into Kathmandu was very interesting, especially with the backdrop of the Himalayan mountains. Keith Lewis met me at the airport. I then changed some money into the local currency, and we went out to get a taxi to town. Several young children followed at our heels trying to carry my luggage or beg for money. We went into town and registered at our hotel, the Himalaya Hotel, located several blocks from the UNDP country headquarters.

Two things struck me right away. First, the city was very poor and dirty. Second, the hotel was one star at best, and the ditch running in front of it smelled of sewage. I later saw first hand that the locals defecated by the roadsides around Kathmandu. The first time I took a shower at the hotel I could not believe how bad the yellowish water smelled and looked. I kept my eyes shut and my mouth closed and made the ordeal as short as possible. I continued that practice the entire time we were in Kathmandu. We had to go downtown to buy bottled water (bottled by the San Miguel Brewery), to drink. The food at the hotel dining room was very basic, and I had been told not to eat any fresh or uncooked foods. It was apparent to me that I was in a *very* poor and backward country, with little to offer other than the beauty of the Himalayan mountains.

After making the rounds to the various government ministries, whose accommodations were also *very* basic, we set about our work using desks in the UN Country Office. During our stay, we visited employer organizations and several business enterprises, including a tannery and a cotton spinning mill. In both instances I had the feeling that I had stepped back 150 years to the early stages of the industrial revolution in Britain. The tannery was wet, dirty, disorganized, and stunk to high heaven. The cotton mill was a big room full of clanking Chinese-made machinery and thick with cotton lint and dust. Working there was a sure way to shorten one's life considerably. An OSHA inspector would have gone bananas in those plants.

While in Nepal we ate at several of the local restaurants. I remember getting sick after eating at a Chinese Restaurant. On another occasion, while sitting in the Japanese restaurant, Keith Lewis asked me all about Mormonism and the Church's interest in genealogy. Keith was a fascinating person. He told me he was the offspring of a liaison between an English actress and an American GI during WWII.

Since this was my first consulting job in a very poor, backward, developing country, Keith Lewis gave me some very good advice about consulting work for the ILO. He said, "Not to expect to accomplish *anything* through our efforts. Then I would not be disappointed. That was what usually happened. If, per chance, something good came from our work, I could feel good about it." That was very good advice, and helped me not only in Nepal, but in the coming years while working for both the ILO and USDOL abroad.

I remember going into the Himalaya Hotel bar, where the only TV was located, and watching the CNN news reports about the main Desert Storm coalition troops invading Kuwait and S. Iraq during February 24 – 28, 1992 while I was in Nepal.

The other thing I remember was going out to the local university, Tribhuvan University, and talking to several officials. My impression was that the university was in as bad a shape as the rest of the country. The officials proudly told me that they had received some 24 notebook computers as part of an aid program. When I asked to see them, they took me to a little room where they were stacked up in a pile and very dusty. They admitted that the computers were not working any more.

Thinking about that event reminded me that I took my first notebook computer on that trip and used it in my hotel room to draft our report although the power in the hotel was not very consistent.

One weekend, Keith Lewis hired a car and driver and we drove outside the city to see some of the sights in the area. We went a mile or two out of town and stopped on a hill overlooking the area. I looked down and saw a body of water with greenish, horrible looking water meandering through the pond. (It reminded me of square lake--the sewer ponds west of Logan, Utah.) I asked Keith if that was the city's sewerage treatment plant. He said, No, that was the city's water reservoir. I soon learned there was no sewage treatment plant. The people stopped by the side of the road to defecate or

relieve themselves. The ditch in front of the Himalaya Hotel was there for a purpose. Some years later I read that USAID was helping to fund a project to improve Kathmandu's water supply. None too soon I might say. After seeing that sight, we drove toward the mountains outside of the city.

About five miles outside of town, we started up into the mountains. Two things struck me: first, how utterly barren the hills were, and second, how soon the road narrowed from two lanes to one, and then to an unpaved track that was barely passable. There was obviously no such thing as road maintenance. We finally made it to our destination, a small restaurant located on top of a hill. We stopped there and had lunch while looking at the barren hills in the near vision and the snow-capped mountains in the distance. After lunch we drove back to Kathmandu.

While we were in Kathmandu, Michael Henriques, our ILO project officer from Bangkok, came to see us and find out what we were learning. Michael was Danish, with Portuguese ancestry, and had an MBA from Harvard. I asked him how someone with a Harvard MBA wound up working for the ILO instead of a major corporation where he could make lots of money. He told me that he was more interested in helping people than in making money.

Michael became a good friend. I worked with or for him on a number of other ILO projects over the coming years as he rose through the ranks of the ILO hierarchy. He later took Jurgen von Mural's place as the Department Head in Geneva when Jurgen retired several years later.

While we were in Nepal, another ILO staff member from Bangkok was also in town for a few days. Over dinner he regaled us with his exploits while living and working in Bangkok. On one occasion he told us about his experiences touring the nightspots (fleshpots?) of Bangkok. One time he either became drunk or was given a drug and woke up several days later somewhere else; lucky to be alive but without his money and documents. Before he left to return to Bangkok, he went to the Tibetan refugee camp on the outskirts of Kathmandu to buy some rugs made by the people there. He carried them to the airport for the return trip to Bangkok, but found that the flight was cancelled. So, he lugged them back to our hotel and stayed overnight before getting a flight out the next day.

After making a number of site visits, meeting with government officials, employers, etc., and reading what documents were available, we began writing our final report and had it typed up at the local UN Country Office several blocks from our hote. When we finished the report, it was reproduced and submitted before the conclusion of the mission and our return to Bangkok. (My wife remembers me telling her that I was so eager to leave Kathmandu that I checked out of the hotel and went to the airport several hours before my flight was scheduled to leave.)

Upon completing our work, Keith Lewis and I returned to Bangkok March 16-18 to report to Michael Henriques, the Regional ILO officer, and turn in our receipt for payment of our expenses and services. I stayed at the Royal Hotel. March 19-20, Keith and I went to Geneva, Switzerland, to be debriefed and report on our Mission at the ILO Headquarters. Stayed at the Hotel Eden. Thus ended my first "mission" for the ILO. March 21-22, I went to Washington, D.C., and stayed at the New Hampshire Suites before flying home.

My recollection is that there was considerable unrest and other problems in Nepal after we completed our mission and left the country. For a time it looked like Keith's assessment would be fulfilled -- nothing would come from our report and recommendations. However, several years later I remember reading in some ILO publication that the Nepalese government

had set up a productivity center and productivity improvement program. So, our mission to Nepal and recommendations eventually made some kind of a contribution, however small, to the future development of that country.

August 31, 1994, I received a fax from Michael Henriques at the ILO inviting me to participate in a five-week mission to Bangladesh during the first part of October to “strengthen the institutional capabilities of the productivity service wing under the Bangladeshi Employers Association to improve its productivity service. (August 31, 1994 Fax from Michael Henriques to GBH) The start of fall quarter classes at USU prevented me from accepting that assignment.

2. Assessing the Bangladesh vocational training system for the Asian Development Bank

Fielding a team and working with Yun Kim

In the spring of 1995, Professor Yun Kim, a USU sociologist, wrote a proposal responding to an RFP from the Asian Development Bank (ADB) to conduct an assessment of the vocational training system in Bangladesh for the Government of Bangladesh and the ADB. The final proposal was bid on by several international bidders. As I recall, Yun Kim had a good Korean friend who worked at the ADB, and that probably helped USU win the bid to carry out the design mission.

Yun Kim approached a number of USU faculty members to help write the proposal and then, if USU won the bid, serve on the design mission to Dhaka in June 1995. USU wanted the money that project could bring to the university. I had known Yun Kim for many years as a fellow faculty member at USU and had doubts about working with him as the project director. But I agreed to help as much as I could with that proposal. In addition to teaching classes, I was also doing consulting work for the ILO in Geneva. So I asked Chris Fawson, a USU Economics Department colleague, to pick up the other piece of the proposal that needed working on and see it through to the end.

Two eventful weeks in Dhaka, May 28 – June 15, 1995

On May 28, 1995, I flew to Los Angeles and from there to Singapore and on to Dhaka, Bangladesh, to spend two weeks working with the USU team helping the Government of Bangladesh prepare a report on the design of a national Technical and Vocational Training System for their country. Because of a mix-up with travel arrangements and time differentials on both sides of the International Date Line, by the time I arrived at LAX, I found that the time of my arrival in Dhaka would be different than originally communicated to Yun Kim. So I had to find a fax machine at LAX to send him a fax with the correct date and time of my arrival. That situation did not help to start my tour of duty, May 28 – June 15, 1995, on the right foot.

While in Dhaka, I stayed with the other team members at the Project’s headquarters hotel [name of hotel?] where Yun Kim held court. That was one of the two or three Hotels that were

considered decent by international standards. As I recall, first lady Hilary Clinton stayed there when she visited Bangladesh. The hotel was like a little first-world enclave or island surrounded by third-world slums. Looking out of my 7th or 8th floor window I could see hundreds of people living in tarpaper shacks and washing their clothes in a little stream that meandered through that area behind the hotel compound. Every day we went in and out of our heavily guarded hotel. Drivers took us to the Ministry building where we had an office, and on visits to see existing vocational training facilities and to talk with local government officials.

Every site visit was an eye opener. Bangladesh reminded me a great deal of Nepal. The training facilities we visited were poorly equipped, outdated, and lacked any modern equipment or other attributes of decent training facilities. The only place that intrigued me was a training center run by a Swiss charity that provided housing and school facilities for young people plus some commercial production activities the students worked at to help pay the costs of their schooling and board. It looked like the kind of facility that was needed to help young people gain an education and skill training in a very poor country like Bangladesh. Consequently, I wrote a section for the project report that included a proposal for the creation of a unique Technical Training Center that would replicate in innovative ways some of the things I saw at the Swiss-run project.

June 11, I made a presentation on “Micro-OIS: An introduction to computerized occupational information systems for vocational educators” at the National Vocational Educators Workshop, Dhaka, Bangladesh. The following day, June 12, I prepared a proposal for the inclusion of an enterprise development technical training center (EDTTC) as part of the Bangladesh project design. Unfortunately, the innovative EDTTC concepts that I had proposed were never picked up by the Bangladeshis or any of the other ILO projects that I worked on.

My other recollections of Dhaka were that it was a very poor, backward and teeming city of millions. Just driving around the city was a major ordeal. Although we never experienced any problems, there was always a hint of danger in the air as the country was prone to civil unrest.

Dhaka was not a great place to find good, safe food. The hotel restaurant menu had lots of rice and not much else, so we looked for other places to eat. Yun Kim, as expected, had found a good Korean restaurant, and we went there regularly. He also found a good Thai restaurant. We also went to the Sheraton Hotel for some of our meals. I remember having dinner at the Sheraton with Ejvind Mogensen, a good friend and colleague who worked for the ILO in New Delhi, but in Dhaka for some purpose.

While in Dhaka, I got acquainted with Kurt Becker, a USU faculty member in the Industrial Technology Department, who prepared a list of equipment the training centers needed. Working together in Dhaka resulted in my subsequent recruitment of him to work on some USDOL-funded Quick Start projects in Central and Eastern Europe several years later.

Upon returning home from Dhaka, I completed my section of the project design document. I coordinated with Chris Fawson, whom I had recruited to complete another part of the project that I could not complete because of time constraints, and Herb Fullerton, another

Econ faculty member recruited by Yun Kim to help write the final project document. I completed my part of the project in mid-June 1995 and sent a memo to Yun Kim informing him of my actions.

I have given the file containing the section on labor market information I prepared while in Dhaka to Chris Fawson. It covers most of the topics that will be needed as part of Chapter 5 (in the June 14 version of the outline), or wherever it fits in the latest outline. I identified those items or sections which needed his input or further clarification and suggested that he add his material and make any changes or additions to my draft that he deems appropriate. He will be doing this during the next two or three days. We will then go over it and see if it covers the subject properly. This LMI section and Chris's other material can then be merged in the draft final report in the appropriate places by Herb when you get back.

Chris has invited Bruce Heath from the Utah Department of Employment Security (DES) to come to Logan on Friday morning to meet with us to see what part he and the Utah DES LMI unit may be willing to play in the subsequent implementation phase of the project, and also to get his ideas and input on: (a) what kind of TA and other inputs would be required to set up a good LMI system in Bangladesh, and (b) what TA or other inputs would be needed to design and implement the Micro-OIS capability. Once we have met with him on Friday we should be in a better position to flesh out this part of the proposal.

If I can be of any further assistance in getting the draft final report out, let me know when you return to Logan. (June 20, 1995 memo from GBH to Yun Kim)

After completing my part of the Bangladesh project, I had no desire to work on any more projects with Yun Kim. However, I did continue to work with Katherine McConkie, the International Programs Assistant to the Director, in writing and editing some of the other sections of the final ADB report. We commiserated about what it was like working for and with Yun Kim.

October 23, 1995, Yun Kim sent those of us who had served on the Bangladesh Vocational Training Project Consulting Team a copy of the ADB fax he received after submitting our final report.

Attached please find a copy of a Fax letter that I recently received from the Asian Development Bank shortly after submitting the Final Report of the Bangladesh Project. The letter is self explanatory. I would like to add my personal appreciation and thanks to you all for assisting me in the implementation of the Project and the preparation of the reports. In spite of all the difficulties that we experienced in scheduling and logistic problems, I think, we managed and worked well as a team for completing all the Project activities in a timely manner.

I have already submitted all the monthly reports required by the Bank, and the Project's financial reports including receipts will be submitted by early November.

It is my understanding that the Bank will be sending a Fact Finding Mission in November to Dhaka and the Government of Bangladesh will be submitting the Project request to the Bank early next year. The Bank will go through their internal review and approval processes sometime next spring and early summer. It is anticipated that the Project will be ready for implementation starting September, 1996. I will keep you informed about the progress of the Bangladesh project. Regards, Yun Kim

The appropriate sentences from the ADB fax that was attached to Yun Kim's memo follow:

11 October 1995

Re: TZ No. 2150 SAN Vocational Training Project

I refer to your fax message of 27 September 1995 regarding the submission of the final report of the above captioned report. We acknowledge the receipt of 50 sets of the final report.

We reviewed it thoroughly and found it well prepared. We are satisfied with the contents of the final report and the suggested loan project.

Please accept our appreciation for you and your team's good job. We will keep you posted on the development of the project.

As I recall, the Australians or Canadians were the successful bidders on the Bangladesh Vocational Training project when it was put out for bid. However, USU's successful work on the Bangladesh design project paid off handsomely when the ADB sent out an RFP for the implementation of a technical and vocational training project for the Government of Thailand.

With the experience gained in designing the Bangladesh Project, and with Yun Kim's leadership and connections, USU successfully bid to implement a \$10 million five-year vocational training project for Thailand that had been designed by one of the other international groups we had competed with for the Bangladesh project design contract. After USU was awarded the Thai contract, Yun Kim went to Bangkok and directed that project over the five plus years of its life. A number of other USU faculty members participated with him on that project, including Kurt Becker and Gary Stewardson, with whom I had worked on the Bangladesh design project. I subsequently recruited Becker and Stewardson to work on some USDOL projects in Central and Eastern Europe.

Although I provided some modest assistance in helping to write the Thailand proposal and to host their delegation when it came to Logan to decide whether USU would be a suitable contractor to carry out the project, I had no desire to work for Yun Kim on the Thai project.

Several years later, on March 5, 1998, while I was in Bangkok working for the ILO on the 1997-1998 Asian Financial Crisis, I stopped by the USU Thai Project office. While my visit with Yun Kim was cordial, later some of the USU Thai project team members told me that working with Yun Kim was very difficult and that I had made the right decision to not work with him again.

3. Helping the ILO respond to the Asian Financial Crisis, February – March 1998

The Asian financial crisis

In January 1998, I corresponded and talked on the telephone with Michael Henriques, who was now head of the Enterprise Department at the ILO in Geneva. Among the issues we

discussed were the work that I had done with Maria Heidkamp in implementing an LED component as part of the USDOL Rapid Response Project in Hungary and my paper outlining the development of a “USDOL Adjustment model” to provide assistance to workers, communities and enterprises dealing with economic restructuring. Michael indicated that he believed I could help them on some LED-related projects they were considering at the ILO, plus there “are several other ongoing issues too in which we may need inputs from someone like you.” (January 27, 1998 email from Michael Henriques to GBH)

A month later, February 24, 1998, I received an urgent email request from Michael asking for my help in developing an ILO response to the “Asian Financial Crisis.”

Dear Gary: You probably remember our conversation concerning the Asian crisis and the potential adaptation of some of your work in North America and CEE. It now looks as if that may be able to be tested out in an ILO context. We will be fielding a mission in early March 3-10 to selected Asian countries to start formulating proposals. Would you be available for such a mission? If not would you be able to work with some of our people by e-mail over the next weeks on ideas and proposals? I have also given your e-mail to Gerry Finnegan who is coordinating things at the Asia end. Looking forward to hearing from you urgently. (February 24, 1998 email from Michael Henriques to GBH)

February 24, 1998, the same day I heard from Michael, I also received an email from Gerry Finnigan at the ILO ROAP office in Bangkok. He said he was temporarily on assignment in Bangkok (from New Delhi), and Michael Henriques had assigned him to lead the ILO Enterprise Department’s input on the Asian Financial Crisis. Furthermore, he wanted to know if I could participate with him on that assignment. In Gerry’s email to me, he confirmed Michael’s request and outlined when he wanted to get started.

I'm leading the Enterprise component into ILO's response to the Crisis in Asia, and we are preparing a paper for a high-level meeting in April (21-23 April). I have proposed to Michael Henriques that ENT/MAN could provide someone to accompany me on a mission within Thailand to assess the extent of the problem - mainly in relation to enterprises, both large and small - as well as to come up with a range of options which fall within ILO's area of competence. Michael has immediately identified your good self as the appropriate person, and having already had some interactions with you and having seen your publications, I would concur wholeheartedly. Michael may have already made contact with you by now, but better to receive two messages than none at all!

Given the sense of urgency about this matter, we are obliged to move very quickly. I would propose to carry out the mission from 2/3 March to 9/10 March. My first question to you concerns your availability. I promise that you will find it a very interesting assignment, and Michael has already indicated that the two of you had discussed the relevance of various approaches to Asia a few weeks ago.

I would appreciate it if you could contact both Michael and myself to indicate your availability. Thereafter we will respond quickly with the necessary details. In my case, you should reply during your working day (Tuesday) to Bangkok, thereafter up to the weekend, to Delhi. (Feb. 24, 1998 email from Gerry Finnegan to GBH)

I have summarized the following account about the Asian Financial Crisis from several Internet sources, including Wikipidia, IMF Factsheet, and “Banking Crises in East Asia: The

price Tag of Liberalization?” from Asia Pacific Issues, *Analysis from the East West Center*, No. 78, November 2005.

The Asian (or East Asian) Financial Crisis was a major international financial crisis that gripped much of Asia beginning in the summer of 1997 and raised fears of a worldwide economic meltdown.

The crisis started in Thailand with the financial collapse of the Thai baht (currency) caused by the decision of the Thai government on July 2, 1997 to float the baht, cutting its link to the US dollar, after exhaustive efforts to support it in the face of a severe financial overextension that was in part real estate driven.

From 1985 to July 1, 1997 the baht had been pegged at 25 to the US Dollar. On May 14 and 15, the Thai Baht was hit by massive speculative attacks. On June 30, 1997, the Thai Prime Minister said that he would not devalue the baht. That was the spark that started the Asian Financial Crisis. On July 2, 1997, the Thai government stopped supporting the baht, and it collapsed, reaching its lowest point of 56 to the USD in January 1998.

On August 11, 1997, a month after the collapse of the baht, the International Monetary Fund (IMF) provided a rescue package for Thailand of \$17 billion, followed by another \$3.9 billion on August 20, 1997. The IMF also required conditionalities such as passing laws relating to bankruptcy procedures and establishing strong regulatory frameworks for banks and other financial institutions.

The result of the baht's collapse brought Thailand's booming economy to a standstill, causing massive layoffs in finance, real estate and construction, and resulting in some 600,000 foreign workers being sent back to their home countries, and causing thousands of Thai workers to return to their home villages in the countryside from major cities such as Bangkok. The Thai stock market dropped 75 percent in 1997, and Finance One, the largest Thai finance company, collapsed.

As the crisis spread, most of Southeast Asia and Japan saw slumping currencies, devalued stock markets and asset prices, and a precipitous rise in private debt. Indonesia and Korea were among the countries most seriously impacted, but most other Asian economies were hurt as well.

The Thai economy suffered for several years before beginning to recover. By 2001, Thailand was doing reasonably well and seemed to have recovered. The tax revenue allowed the country to balance its budget by 2004, four years ahead of schedule. The Thai baht also made considerable improvement. By November 2006, the baht reached 36.5 to the US Dollar, and as of May 2007 it became even stronger, at approximately 33 baht to the US dollar.

Just before I left for Bangkok, the importance and severity of the Asian Financial Crisis in Thailand were dramatically illustrated by two articles in the *Wall Street Journal*--Paul M. Sherer, "Revised IMF Pact with Thailand Takes Account of Slower Economy, February 25, 1998; and Paul M. Sherer, "Thailand's Safety Net: Farms and Faith," February 27, 1998. Those articles discussed its severity and what steps were being taken by the IMF to help bail out the Thai economy. An excerpt from one of those articles follows:

The International Monetary Fund's revised agreement with Thailand recognizes a slowing economy and commits the country to privatize some of its largest state enterprises, while giving local banks a temporary break from stricter regulations.

The Thai cabinet approved a third letter of intent, containing Thailand's commitments to the IMF in return for an expected third quarterly drawdown of funds from the \$17.2 billion rescue package assembled in August. The letter represents a contract to carry out specific economic policies, and is an important indicator of government economic policy. IMF directors will review the letter March 4 and vote on releasing a third tranche of bailout funds, which Thai officials put at \$1.9 billion.

I notified Michael and Gerry Finnegan that I could come to Bangkok per Gerry's timetable. After some additional correspondence and calls, my travel arrangements were quickly made—flying from SLC to Portland, Seoul, and Bangkok. February 28, 1998, I departed in order to meet Gerry's recommended work schedule.

Yes, I do remember talking with you in Geneva several years ago. Good to hear from you again.

I received your email and Michael's this morning.

I would be delighted to participate in your mission to help ILO develop a response to the Crisis in Asia. The timing appears quite good, since I was scheduled to go on a mission to Poland this week but it was cancelled yesterday.

I am prepared to come to Bangkok on the 1/2nd of March as you propose, and return home on the 8/9/10th. If these dates are firm, I will need to know what travel arrangements I need to make immediately, since I will have to leave here (Logan) this Saturday, Feb. 28 to arrive in Bangkok per the schedule you propose.

Michael indicated to me in a telephone conversation we had this morning that he would prepare a contract and complete the other necessary financial paperwork just as soon as I contacted you and you were able to inform him of the schedule and arrangements. (February 24, 1998 email from GBH to Gerry Finnegan)

Because I would be leaving one of my classes a week before the end of the quarter, I had to find things for them to do while I was away. I wrote them a memo explaining what was happening in Asia and why I was going on such short notice. I also had to obtain approval from the University to be away.

Assembling a team and making a study

I would be working on the Thailand assessment team with two other people. Our team was part of a larger ILO Task Force. The program of what we were expected to accomplish in the limited time available was very ambitious, considering how useful our efforts might *really* be compared to the terms of reference. Under our terms of reference we were given 12 tasks to complete during our week in Bangkok:

- 1 Identify the impact which the financial crisis has had on a range of enterprises in Thailand, both large and small, as well as formal and informal enterprises.
2. Identify specific sectors which have been adversely affected by the Financial Crisis and assess the impacts (the financial and construction sectors are among the sectors which have already been highlighted).

3. Assess the extent to which displaced workers, both women and men, have been affected by the crisis and identify the extent to which there is movement into the informal sector or micro and small enterprise activities - possibly acting as a type of informal "safety net".
4. Identify and assess the appropriateness of measures which Royal Government of Thailand has taken as a result of the current crisis to support enterprise restructuring and enterprise development.
5. Identify examples of enterprises which have been restructured and highlight changes which have arisen resulting from the restructuring.
6. Assess the measures and activities carried out by employers' and workers' organizations in response to the crisis, and identify potential roles which they could play in enterprise restructuring and enterprise development.
7. Review the actions being taken by ILO, with particular reference to Thailand, Indonesia and Korea, in response to the crisis.
8. Formulate a range of responses and options which ILO could carry out in a pilot manner and develop further in association with its constituents and/or donors.
9. Make additional contributions as appropriate to the *Work Programme and Terms of Reference** for the Enterprise components into the Report of the Task Force.
10. Where appropriate, to make additional recommendations on actions which could be taken by ILO in response to the crisis in Indonesia, Korea and other countries in the region which have been adversely affected by the crisis.
11. in order to enhance ILO's knowledge of the impact of the crisis on enterprises and workers, quantifiable evidence and situational descriptions should be gathered/provided where available.
12. Prepare components which can be submitted as Enterprise inputs into the Report of the Task Force.

The field work of the task force on the Asian Financial Crisis was to be completed and our Enterprise inputs were to be submitted to Eddy Lee at the ILO in Geneva by March 9, 1998. Consultations on the Enterprise Department inputs and final drafting of the report would take place under the coordination of Eddy Lee, and this would occur in Geneva from March 16-20, 1998. The planning of the Bangkok Meeting and presentations to be made would follow, and the ILO Meeting would be held in Bangkok April 20-23, 1998.

My March 3, 1998 email to my family gives an account of my arrival and first few days in Bangkok:

...I arrived at midnite on Sunday. The temperature ranges between 85 and 90 degrees with about 70 percent humidity. It is like being in a steam bath. Fortunately, it is dry and not rainy to go along with the hot weather. We were supposed to have a meeting at the Ministry of Labor this morning at 8:30AM. But it was postponed until 6PM. So, we are waiting for the next appointment. This person is supposed to come to our office.

There are three members on our task force team. The leader is an Irishman from [ILO's]

Delhi [office], and the other person is a young Japanese fellow on the ILO staff here in BKK. He has an MBA from Stanford. Our mission is to assess the impact of the crisis on enterprises in Thailand (and several other countries such as Indonesia and Korea) and recommend inputs to the ILO report representing the ILO Enterprise Dept's concerns, expertise and interests.

They want a month's worth of work done in 5 days, an impossible task. The first thing the EASMAT director told me when I arrived was that the man writing the report in Geneva [Eddie Lee] had probably already written the report with his own interests and concerns covered, so it would not matter what we did. How is that for a start to your mission!

Anyway. I better get back to work (reading tons of documents and background papers to see what the situation is—just in case we do have any useful recommendations to make. (March 3, 1998 email from GBH to family)

Excerpts from my emails to my family on the following days describe what we were doing and how busy our schedule was.

March 4, 1998:

We just returned from our late afternoon appointment. After another 4 plus hours of meetings this afternoon we drove over to the Dept. of Skill Development (DSD) to see the head of the research dept. She had been to Logan last fall as part of the Thai delegation that came to USU after the ADS [ADB?] contract was signed. We spent an hour with her learning what DSD has been doing to help solve the problems of the fiscal crisis, and then at 7:30 PM drove back to the ILO office to get our stuff and return to the hotel.

While at the DSD, the research lady, who turned out to be the second cousin of our ILO escort and translator, showed us the USU office (on the next floor above). It is very nice, with new carpets, furniture and computers. Yun Kim has a great big enclosed office befitting his position. The only person there at that time of night was one of the Thai staff members.

It is now 8:30PM. Gerry is writing an email so I decided to write one to you all as well, reporting on my day.

Since it is so late, and we are all worn out from a full day of interviews, we decided not to go out with Taka and his wife for dinner. They have a six-month old baby so I think his wife decided it was better to pass as well. .. In a few minutes we will go back to our hotel and get a quick bite to eat and fall into bed. (March 4, 1998 email from GBH to family)

March 5, 1998

It is now 4:30PM. We just finished our last interviews for the day. The day started at 7:30AM. We had appointments with the Secretariat of the National Committee on Unemployment Alleviation, Ministry of Public Welfare, Department of Employment, and a Professor who is a member of the rural employment creation sub-committee of the National committee named above. Some of these people are very able and seemed to be on top of things, Others were a bit out of it.

While we went to the Dept. of Employment this afternoon, we were a floor above the USU/CID project. So, after our meeting concluded we stopped by and surprised Yun Kim. He did not know I was here, although I had talked with Steve Soulier [another USU faculty member and my neighbor] on the telephone on Tuesday. I made the introductions and we chatted for about 10 minutes and then we had to leave to make our next

appointment back at the ILO office.

Tomorrow we have 5 more appointments and a briefing of the EASMAT team at 7:45AM. Looks like another tiring day. The briefing is to make sure that others in EASMAT do not feel neglected or left out since this is a very important, high profile task force and most of them were not chosen to participate. Even worse, our team leader is from another Multiple Disciplinary Team in New Delhi, and I was sent here by Headquarters in Geneva. So only one team member, Taka Ueda, is from EASTMAT, and we are working in their back yard.

Two more days of field visits (interviews) and then we have to write up some ideas on Sunday for inclusion in the "Eddy Lee report" being drafted in Geneva. It looks like I will have to stay over one more day, since we have to present our ideas to the EASTMAT group for their input on Monday morning. Gerry is leaving at 4PM Monday afternoon to return to New Delhi, but by the time we finish our meetings on Monday it will be too late for me to catch any flight back to the U.S. So, I will be coming home on the same routing as on my ticket, but a day later, arriving in SLC at 3:50 PM. (March 5, 1998 email from GBH to family)

March 6, 1998

We just returned to the ILO office after a full day of interviews. We finished up at 6:30 PM, but the traffic was very heavy on a Friday evening. It is now 8PM.

Tomorrow we begin the task of writing up our report and recommendations. They have to be ready by Monday morning so we can present them to the people here in BKK. So, it will be a long weekend. (March 6, 1998 email from GBH to family)

March 9, 1998

It is 17:47 in Bangkok. I have just completed my work of making the last changes in the "Enterprise Project Ideas" (EPI) document. We worked all day Saturday and Sunday on the various documents. My job was writing the EPI document. Gerry was writing the *aide memoire* for BAO, and the basic document. I finished my draft of the EPI at 2300 last night. However, Gerry shoved another document under the door about the time I went to bed. Then, he put a third document under the door before I got up at 0600. I made the changes in the first document and printed it out on *my* printer. When I reached page six the printer ran out of ink. So, I brought the file and the other document with me to the ILO office at 0730. We finished the changes in all the documents and printed them out for our 1030 mini briefing with the Director of EASMAT. At 1100 we went to a more formal briefing with the Director of BAO (the EASMAT director's wife). After that briefing, Gerry packed his bag and headed back to the hotel to pick up bags and supply of frozen meat (which he purchased on Saturday and had frozen. He stored it in the freezer at the hotel, and then planned to carry it back to Delhi in an insulated bag. (As you know the Indians frown on killing cows for meat, so, unless you are a vegetarian...))

Taka and I went to lunch at 1200 and then picked up our car and driver at 1230. He drove us to the Thai Productivity Institute for a 2 hour meeting on their views about the crisis, etc. etc. It was a little late to get their input into our documents, but Taka wanted to go anyway since he had other business to conduct. From there we returned to the office at 1530. At that point the First Secretary of the American Embassy came to see me about what we had learned during our stay in Thailand. We talked for about 45 minutes. He already had a pretty good handle on the situation, but he wanted any input that would be useful to help Pres. Clinton in his meeting with the President of Thailand, who will be visiting the U.S. next week. It seems that Bill does not have many goodies to give the Thai's in their hour of need, just a few inexpensive baubles.

I told him that we could provide some great projects if Uncle Sam wanted to spare a dime or two. He indicated that Uncle Sam does not have any spare dimes at this time. Furthermore, he (Uncle Sam) had spent \$20 billion in the last 20 years helping create the Thai miracle (?) and there was no reason to put more money into the pot. Most cynical I thought.

After he left, I talked with Duncan Campbell. He is an American now working for EASMAT, who moved here from ILO hqtrs in GVA. Said he is enjoying the work, but his family is a little less enthused - Bangkok is not GVA.

All in all it has been a busy day and week. I am now writing emails to let you all know that I am finished, and will be packing tonight to leave tomorrow morning,

We won't change the world, but it has been an interesting exercise. The team worked really well together, and we delivered our product on time and it is pretty good. Duncan Campbell is in his office down the hall still working on his group's report. He said he had to get it to GVA by 1925. It will be interesting to see what they produce. (March 9, 1998 email from GBH to family)

Potential for USDOL involvement

Immediately after returning from working on the Asian Financial Crisis for the ILO in Bangkok, I informed John Ferch and Jim Perlmutter about the potential for USDOL to become involved in developing some projects in the region using the USDOL Adjustment Model in Thailand and possibly several other Southeast Asian countries. I urged them to get involved and send someone to the ILO's scheduled April 1998 meeting in Bangkok to discuss the recommendations of the task forces that were included in the ILO document prepared for the meeting. Sydney Smith was supportive of my suggestion. So we moved forward discussing the issue of USDOL involvement and actually began writing a proposal. Bob Shepard, the OFR designated Southeast Asia coordinator, found that the World Bank had allocated some \$300 million for projects in Thailand.

Unfortunately, the OFR proposal to get involved in Thailand or elsewhere was not approved by someone higher up at USDOL. It turned out that they (OFR staff) were too busy working on organizing a trip for the Secretary of Labor to Africa to do much else, and Thailand and Asia were not high on the department's priority list.

One more trip to Geneva

I soon learned that my involvement with the ILO Task Force on the Asian Financial Crisis would have one more chapter. March 13, 1998, I received an email from Michael Henriques asking me to come to Geneva for a week to help Gerry Finnegan modify or add to the EPI document we had prepared in Bangkok and submitted to Michael Henriques in Geneva.

March 16, 1998, I received a telephone call from Gerry Finnegan. He said that I should plan on coming to Geneva on March 23, 1998 and be prepared to spend the week working on our EPI document. Our paper with the six EPIs had been circulated in Geneva among the Enterprise Department staff at ILO, A day or two later alarm bells started ringing with people asking what about recommendations for Indonesia and Korea, etc.? That was a surprise, since we had been

told to confine our efforts to Thailand. Gerry said that he had sent 4 pages more and did some reading of Eddy Lee's paper, and added some material plus adding some more to our EPI's. Taka had added a #7 EPI, and Gerry said that several more were needed: #8 on women entrepreneurs; #9 on disabled persons; #10 on improved quality of work; #11 on Indonesia; #12 on Korea; and a #13 on vocational training which would be written by Trevor (?) at ILO ROAP in Bangkok. Finally, Gerry told me that he had seen about 30 other inputs—all in typical "ILO-speak."

Once again, I had to make some travel arrangements and also obtain permission from USU to take some more consulting leave. March 22, 1998, I traveled to Geneva to work with Gerry Finnegan, Duncan Campbell and others to finalize our Enterprise inputs to the ILO response to the Asian Financial Crisis. I returned home on March 29, 1998.

The nature of my work during my March 22 – 29, 1998 trip is described by excerpts from emails I sent to my family during my stay in Geneva, Switzerland.

March 24, 1998

We received a copy of the Eddy Lee's draft document at about 1PM, and then spent the next one and one half hours hurriedly reading it (about 60 pages) before going to a meeting with the ADG (boss lady) from Bangkok—who is in town for the meeting of the [ILO] Governing Body. Our meeting with her lasted for over an hour. We tried to convince her of the changes needed in the document and the format for the meeting at which it will be used, but to little avail. We also learned that someone in BKK is writing the final chapter of the document, so we encouraged her to have our items included in it. Duncan Campbell was pretty upset after the meeting, as was Gerry. Oh well, such is the Byzantine world of the ILO.

March 25, 1998

It is 6:20 pm. Gerry has gone back to his hotel. I just finished xeroxing a document to take with me to the Citadenes so I can work on my section tonite. We met with Michael H. this morning to decide where to go from here. After we came up with some ideas, we spent several hours (until 3PM) working on our respective pieces. Then we had a meeting with Michael and Mr. Ishida (successor to Jurgen von Muralt).

Mr. Ishida is a very nice man, (he is a former Japanese manager who came to ILO a couple of years ago to spend some time prior to retirement). Unfortunately, he wanted to give his favorite lecture on his solution to the Asian financial problem. It is a standard lecture that M & Gerry had heard before, so they had to endure it again. After all was said and done, and one hour had passed, there was not much input from him, other than agreeing that we needed to add more enterprise input into the document. We could have done it if not sitting in his office for an hour.

Apparently, our meeting with Mrs. Horiouchi (ADG for BKK) yesterday had some impact. Gerry met her on the bus this morning and she now wants some Enterprise input into the Eddy Lee document. So, we are hard at work trying to craft some new language to get our message included.

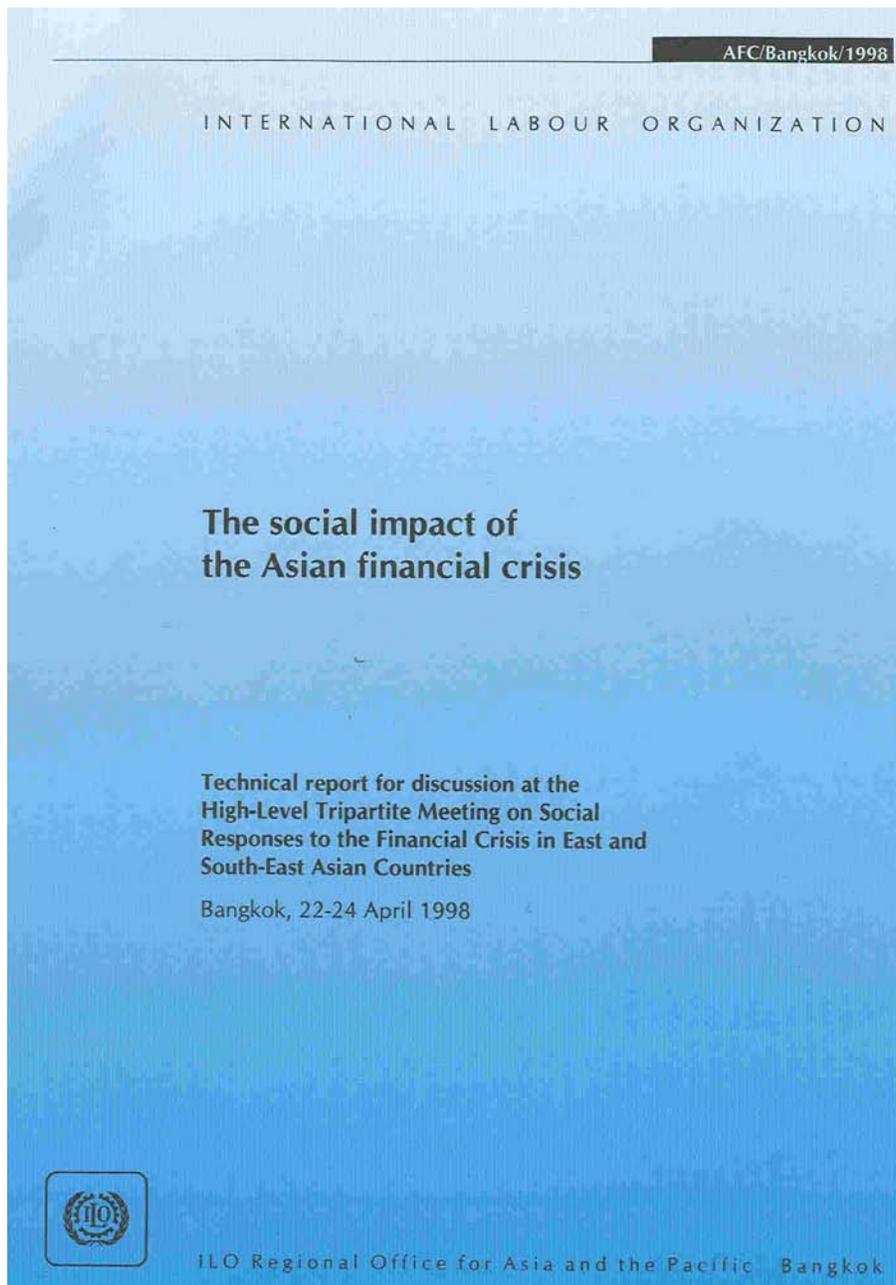
March 27, 1998

Yesterday was another change in our fortunes. Seems the ARM had a meeting with the dept. heads to discuss the report, and Eddy Lee got roasted. Chapter 4 was weak, etc., etc. However, Mr. Ishida was not invited to the meeting, and the other Dept. heads, lobbied to have their material included, and ours appears to be left out. The decision has also been made to have Duncan Campbell write chapter 5 before he goes

back to BKK, instead of having Mary Johnson do it in BKK. He is supposed to get it written today. We got our input in to Eddy Lee and Mrs. Horiouchi yesterday afternoon, and to Duncan last night, and lobbied with Duncan to have some of our material included in Chapter 5. It will be interesting to see what happens.

Today, we are boiling the 13 project ideas down we wrote to 6 to be more manageable for Duncan to consider using in Ch 5.

The final version of the ILO report prepared by Eddy Lee was entitled *The Social impact of the Asian financial crisis: Technical report for discussion at the High-level Tripartite Meeting on Social Responses to the Financial Crisis in East and South-East Asian Countries., Bangkok, 22-24 April 1998.* (Geneva, 1998) 66 pages



Preface

The present report was written as the main technical paper for the ILO's High-Level Tripartite Meeting on Social Responses to the Financial Crisis in East and South-East Asian Countries to be held in Bangkok from 22 to 24 April 1998.

The first chapter documents the severity of the crisis in terms of its macroeconomic impact and briefly discusses its nature and origins. Chapter 2 then traces the social impact of the crisis in the three most severely affected countries, namely Indonesia, the Republic of Korea and Thailand.

The third chapter reviews the policies and programmes that have been adopted so far to contain the social costs of the crisis. A particular concern was to identify 'needs that were still unmet and ways in which this gap can be narrowed in the short term.

The fourth chapter attempts to draw some lessons from the weaknesses in past policies and institutions that have been revealed by the crisis. It suggests priority areas for policy and institutional reform that need to be addressed immediately in order to overcome the current crisis, to reduce the risk of similar crises in the future, and to improve the capacity to cope with a large and unanticipated rise in unemployment and poverty.

Given the centrality of international labour standards and tripartitism to the work of the ILO in general and the important role that standards can play in promoting a socially equitable and harmonious way out of the current crisis, section 4.2 of Chapter 4 is devoted to this topic.

A separate paper on ILO action presents proposals on how the ILO can assist its constituents in the light of the analysis of problems and possible solutions contained in the present report.

Most of the writing for the report was completed in mid-March 1998 and information used in it does not, therefore, go beyond what was available at that time.

4 April 1998

This ended my involvement as part of the ILO Asian Financial Crisis Task Force. I had not been invited to attend the actual scheduled April meeting to be held at a hotel near the ILO Regional Office for Asia and Pacific (ROAP) headquarters in Bangkok. This was probably a good thing, since I had been away from my classes for several weeks in March while in Bangkok and Geneva.

The agenda for the High-level ILO Tripartite Meeting held April 22-24, 1998 was as follows:

Draft Programme

High-level Tripartite Meeting on the Social Responses to the Financial Crisis in East and South-East Asian Countries Bangkok, 22-24 April 1998

AMARI WATERGATE HOTEL

Wednesday, 22 April 1998

- | | |
|-------------|--|
| 09:00-10:00 | Inaugural Ceremony <ul style="list-style-type: none">• Welcome Address by the Assistant Director-General responsible for ILO activities in Asia and the Pacific, Mrs Mitsuko Horiuchi• Introductory Remarks by the Director General of the International Labour Organization, Mr Michel Hansenne• Statement by the Minister of Labour and Social Welfare, H.E. Mr Trairong Suwankiri• Opening Address by the Prime Minister of Thailand, H.E. Mr Chuan Leekpai |
| 10:30-12:30 | <u>Plenary debate</u> on the social responses to the financial crisis |
| 14:30-17:00 | Plenary debate on the social responses to the financial crisis (continued)
(Depending on time involved in the plenary debate, <u>the technical debate</u> could commence on the first day.) |
| 18:30 | Reception hosted by the ILO at the Amari Watergate Poolside |

Thursday, 23 April 1998

- | | |
|-------------|-------------------------|
| 09:00-12:15 | <u>Technical debate</u> |
| 14:30-17:00 | <u>Technical debate</u> |

Friday, 24 April 1998

- | | |
|-------------|--|
| 09:00-12:15 | <u>Dialogue between international and regional financial institutions and the ILO's constituents</u> |
| 14:30-17:00 | <u>Discussions and adoption of follow-up action</u>
(Concluding remarks by the ILO, if necessary) |

Note: Group meetings (government, employers, workers) will be fixed shortly.

A week later, on April 29, 1998, I received copy of the draft conclusions of the ILO high-level Tri-partite Meeting in Bangkok from Michael Henriques. I also received copies of the “draft follow up actions,” the technical report of discussions, and the published version of the “Eddy Lee Report,” *The Social Impact of the Asian Financial Crisis*, to which we had contributed much time and effort.

Six weeks later, on June 19, 1998, I received an email from Gerry Finnegan reporting on what had happened to our contributions to the technical report and other activities surrounding the ILO April 22-24, 1998 Tripartite Meeting that discussed the Asian Financial Crisis, and the subsequent ILO Governing Body meeting held in Geneva in early June. His email succinctly described the final results of our efforts. Copies of all of those documents are in my Archive.

Mea culpa, mea culpa!

Well, Gary, I have returned from a long home leave and now feel guilty that you're sitting by your computer waiting for a response from myself or Michael. Anyway, here goes with a quick opener from me.

I'm going to send you hard copies of several documents.

1. The Report presented to the meeting - we had virtually no mention in It as It was the original THREE chapters.
2. The Conference Room paper into which we had a substantial Input.
3. The governing Body paper with conclusions of the Meeting. We had SIX (!!!!) conclusions. That is the bottom line and that is what counts most! I'm sure you'll recognise most of the language. The Employers' group were fantastic allies and wouldn't let our secretariat (yes, ILO colleagues!) away with anything.

Writing "The Asia Paper"

While in Geneva, March 22 – 29, 1998, to work on the Asian financial crisis report I met with Michael Henriques and discussed the possibility of writing a document for the ILO Enterprise Department setting out a variety of practical activities and steps that could be taken to mitigate the impacts of the Asian financial crisis on workers, enterprises and communities in Southeast Asian countries. Michael agreed to pay for that paper, which I called "The Asia Paper." It would be about 60 pages long.

Upon returning home from Geneva I began writing a draft of "the Asia Paper" for the ILO. April 22, I sent a draft of the paper to Michael Henriques for his review. Although he liked the paper and made some suggestions for its improvement, the project soon came to a screeching halt. The problem, as it turned out, was due to some bureaucratic snafu at the ILO. The ILO had a rule that anyone over sixty (the retirement age for their own employees) could not be directly hired on ILO RBTC funds to work for them. Since I was over sixty, Michael got into trouble when he tried to make arrangements to pay me for my Asia Paper, and, subsequently, had to renege on his promise to pay for my Asia paper after I had completed a third draft. (Sometime later, I was able to get recompensed for my work by using much of the material I had written for my ASIA paper when the USDOL and USAID, as part of their CEE Regional Project, asked me to write *A Guide to Enterprise Restructuring and Competitiveness*, published for them in 2001.)

In my last email from Gerry Finnegan, dated July 10, 1998, he reported on what he had been doing to follow up on our "Asian Financial Crisis" work. He also elaborated on the problem Michael had trying to pay me for my work on the "Asia Paper." Some excerpts from his email help to explain what had happened.

Very good to hear from you. I was just getting around to thinking of a reminder to you - in case you hadn't received my earlier message. Then, presto, this morning your message came. Glad you received all the hard copies - and that you shared my own pleasure at the final outcomes. Well. I guess "outcomes" of our efforts. You're right in saying that we need to follow-up to have impact at the local and country level....

Looking forward to getting your final draft of your [Asia] paper. I'd like to share something with you and it's a bit sensitive. (I hope we know each other well enough.)

When I was in Geneva immediately prior to coming here, I heard whispers (nothing official, but I guess pretty reliable) that there had been a bit of difficulty over your contract. It's the "old" thing we touched on on one occasion. The Organization is pretty strict about given contracts involving its own funds to people over 60 - some deal struck with the

union a few years ago. It is more flexible when handling external sources of funding. Also, it can be "avoided" by engaging organizations which may or may not have age criteria. I did not discuss this directly with anyone, but I had a good idea about the background. So, I'd ask you to see if you can subtly help Michael to find a way out of the problem. For my part, I'd be very happy to engage you (of course using external funding). And you may have an opportunity to stop over in GVA en route (etc.). I can't promise anything, but your final draft (see above) may provide an opportunity if we were to give it something like a country-specific focus (which I could provide) and if we were to piggyback it on a new or existing donor-funded project.

..
I hope you get my drift, but I do know that people like us (and I'd like to think MH too) frequently do things on trust and hope everything will work out and be appreciated on the basis of impact, etc. Please let me know what you think, and please don't indicate your source. I'm only trying to find a way out. (Excerpts of email from Gerry Finnegan to GBH July 10, 1998)

My recollection is that we could not find a suitable ILO solution to the Asia paper funding. But, as noted above, I did have an opportunity to use most of that paper on another project. Furthermore, my age was not a problem in my next project for the ILO because it was funded by UNDP funds and administered by the ILO.

4. Designing a survey for the Chinese Ministry of Labor and Social Security, December 1998

My work in China started inauspiciously as a result of a September 23, 1998 telephone call from Gerry Finnegan at the ILO and an email he sent me the next day, September 24, 1998. The email referred to some projects Gerry was trying to get started in Thailand as a follow-up to our March 1998 work as part of the ILO response to the Asian Financial Crisis. In the meantime, the ILO had received a TOR (terms of reference) for another UNDP-funded project in China that had been wending its way through the various bureaucracies and now appeared to be reaching fruition.

Hello again, Gary.

As I mentioned to you yesterday, the Thai thing is not coming forward as quickly as I had hoped - but all is not yet lost.

I want to know if you would be interested and available if I put your name forward to the MOL, China PR, for a definite 3-4 week assignment during Oct/Nov 1998. The TORs [Terms of Reference] (drafted earlier and in need of some updating) are attached. We will be submitting 3 names for the consideration of the Chinese authorities.

I would anticipate that the fourth week should be taken up in consultations (involving briefing and debriefing) here in Bangkok.

That might provide us with an opportunity to look at other Thai possibilities.

Your early response would be greatly appreciated. Gerry Finnegan
(Sept. 24, 1998 email from Gerry Finnegan to GBH and attached TOR)

The background and terms of reference for my proposed ILO/UNDP project in China sent to me by Gerry Finnegan was quite interesting and made it an attractive assignment—at least in the beginning.

Background

Since the early 1980s, China has achieved remarkable economic growth following economic reforms involving transition to a market-based socialist system. Significant gains have been achieved in total employment and diversification of sources of employment especially towards secondary and tertiary sectors.

Given the large size of the labour force and the restructuring associated with the reform process, rural and urban employment remains a major concern of the Ninth Five Year Plan(1996-2000). A key issue in addressing urban unemployment is the redeployment and re-employment of workers who become redundant due to economic restructuring and the deepening of enterprise reforms. Since the late 1980s, national efforts have focused on this aspect of urban unemployment. In support of these national efforts the Ministry of Labour proposed the Re-employment Project and has piloted the approach in 30 cities since 1993. The main elements of the Reemployment Project are:

- a) strengthening of the operations of the various employment service and job centres;
- b) organizing programmes for skills upgrading and refraining of redundant workers so they can be redeployed within the enterprise or re-employed in another enterprise;
- c) providing additional incentives to state-owned enterprises to establish labour employment services enterprises (LSEs) with emphasis in the re-employment of redundant workers;
- d) allowing redundant workers to undertake subsistence production activities within the enterprise or at home; and
- e) encouraging redundant workers to be self-employed and undertake small business ventures.

In April 1995, following the pilot implementation in the 30 cities, the State Council called on the Ministry of Labour to implement the Re-employment Project nationwide with the plan to have eight million workers served by the Project

The Project on Urban Employment Promotion (CPR/96/504) provides assistance to the government programme of redeployment and re-employment of workers made redundant because of enterprise reforms. It supports the nationwide implementation of the MOL Re-employment Project. It allows for testing on a pilot basis in four cities of new systems and approaches aimed at strengthening the various components of the Re-employment Project. These relate to labour market policy formulation and analysis; provision of employment services; promotion of the non-state sector, particularly the labour service enterprises and self-employment activities of redundant workers; and coordination of training and retraining programme activities with other elements of urban employment promotion strategies. A system for effective planning, monitoring and evaluation of the Re-employment Project will also be set up by this project

This part of the TOR turned out to be much more difficult and daunting than I had anticipated, especially when I learned that they wanted everything completed in less than two weeks time, and delivered to them before I left Beijing for home..

Duties and Responsibilities

The expert will provide technical inputs and support to the MOL and the Reemployment Leading Groups to achieve Output 2.2 "A report on the operations problems, productivity constraints, management and supervisory development needs of LSEs and urban collectives in the two pilot cities and on the major constraints they face in pursuing the deepening of enterprise reform", particularly to Activity 2.2.2 "Design of the scheme for regular collection of the information on the development needs of LSEs and urban collectives including its institutional framework, sample survey methodology, data collection and analysis instruments." Such a scheme may not necessarily include regular sample surveys but could be through regular reporting from LSEs and collectives. The expert is expected to advise on an appropriate scheme in consultation with national and local counterparts and others. Nevertheless, a first round of field survey will be necessary to generate basic data on the profile of LSEs and to develop and test key indicators among others.

Specifically, the expert will:

- a) consult with counterpart agencies in Beijing on any existing systems for monitoring LSEs and urban collectives and their plans for setting up or improving the monitoring system;
- b) undertake field visits to Shenyang and Qingdao and have consultations with local agencies on relevant issues;
- c) undertake visits to typical LSEs and urban collectives to assess their performances, problems, and management and supervisory development needs;
- d) assist national and local counterparts to design the regular monitoring system of the development needs of LSEs and urban collectives, including its institutional framework, sample survey methodology, data collection and analysis instruments; and,
- e) submit a technical report on the assignment with specific recommendations and implementation schedule for achieving Output 2.2.

Two weeks later, on October 14, 1998, I received another email from Gerry Finnegan indicating that my CV had been accepted by the Chinese MOL. He wanted to know if I would indeed take up the assignment and when I would be available.

Thank you for your reply on China. Given our earlier correspondence on your possible availability, as well as my own eagerness to "get you over here" when I did not hear from you earlier. I submitted your CV to China. And Presto! you have been accepted.

Now I need to check and see what dates you might be available for at end of Nov. - early Dec. (as indicated in your last message). Also, I will need to send a holding message to ILO Beijing indicating that you are not immediately available and asking them about the acceptability of a delay or taking a "second choice" of consultant. (Oct. 14, 1998 email from Gerry Finnegan to GBH,)

My recollection is that I had already sent him a reply accepting such an assignment, if offered, but that because of prior commitments to the USDOL for an assignment in Poland I would not be able to go to China until after Thanksgiving. Apparently that delay was acceptable to the Chinese MOL.

Monday, November 30, 1998, I received an email from ILO's regional office in Bangkok outlining the arrangements for my trip. As with many such assignments, the approvals were slow in coming, creating considerable difficulty in making arrangements. That was certainly true of my trip to China.

The following paragraphs are excerpts from the email Chomesri Vichitiekakarn at ILO's Bangkok Office sent me on November 3, 1998.

Mr. Finnegan has asked me to reply to your e-mail concerning the contractual arrangement and practicalities for the above.

We have informed the Ministry of Labour about your availability from 1 to 18 December, and prepared the following schedule. Hopefully, it will be suitable to you:

Wednesday, 2 Dec, Lv. Utah for Bangkok
3-4 Dec Briefing with Finnegan and
Wickramasekara
5 Dec Lv. Bangkok for Beijing
6-16 Dec Beijing Office and Ministry of Labour
17 Dec Lv. Beijing for Utah

To answer your questions:

- 1) a 2-day briefing in Bangkok is required
- 2) yes, you need a visa for China. We have asked for the visa authorization to be sent to Bangkok. Please e-mail your passport details to ILO Beijing at beijing@ilo.org (contact person: Mr. Hao Jian) and copy to Finnegan, Wickramasekara and myself
- 3) please use your national passport
- 4) please make your own travel arrangements. In view of the time constraint, it would be appreciated if you could buy your own tickets.

(Email from Chomesri Vichitiekakarn, ILO ROAP, to GBH, Nov. 3, 1998)

December 1, 1998, I received a fax from ROAP in Bangkok with a copy of the contract for my participation in the China Project. December 2, 1998, the day of my departure, I received a contract from ILO that spelled out my assignment:

to provide technical inputs and support to the Chinese MOL [Ministry of Labor] and the Reemployment Leading Groups to prepare a report on the operations problems, productivity constraints, management and supervisory development needs of Labor Service Enterprises and urban collectives in two pilot cities and on the major constraints they face in pursuing the deepening of enterprise reform," and the design of a scheme for regular collection of the information on the development needs of LSEs and urban collectives including its institutional framework, sample survey methodology, data collection and analysis instruments. The consultant is expected to advise on an appropriate scheme in consultation with national and local counterparts and others. The pilot sites were Shenyang and Qingdao. (Dec. 2, 1998 ILO Technical Collaboration Contract,)

The purpose of my mission was to help the Ministry of Labor and Social Security design a program to strengthen the management and operations of "Local Service Enterprises" -- business enterprises created to provide employment to workers laid off from state-owned enterprises.

As part of the ongoing economic reform and privatization in China, some 200,000 local service enterprises (LSEs) have been organized, employing 8,000,000 redundant workers laid off from State owned enterprises. In December 1998, the ILO and the

Chinese Government asked Dr. Hansen to go to Beijing to help the Chinese Ministry of Labor and Social Security design a program to strengthen the management and operations of the LSEs to make them more competitive. After assessing the management and other problems of LSEs in two pilot cities, Shenyang and Quindao, he designed a survey instrument to monitor the training and development needs of the LSEs and prepared recommendations that will be used to test new systems and approaches nationwide.

When I arrived in Bangkok, there was an email from Jian Hao at the ILO Beijing Office stating that they had “finished all the urgent things except the visa!” It included the name of the hotel, Yuyang Hotel, in Beijing where they had booked me a room for December 6-9, 1998. (Dec. 3, 1998 email from ILO Beijing to ILO ROAP Bangkok.)

Fortunately, I was able to write emails home to my family while in China. They provide the best account of the events that transpired on that trip.

My Dec. 2 flight from Logan to LAX was uneventful, and my trip from LAX to Tokyo was very good. The section I was in had only 4 people with seats for 40. It was almost lonely, and the poor stewardesses did not have much to do. However, my Dec. 3 flight from Tokyo to Bangkok was crowded with lots of important visitors going to BKK for the start of the Asian games. There were lots of people waiting to greet them as VIPs—but nobody to greet me. I felt left out until I got to the place to go through immigration and saw a woman holding a card with my name on it standing there waiting for me. Made me feel better! She whisked me through immigration and helped me get a taxi to the hotel. The hotel was crowded with young people attending a young athletes sports camp prior to the games. Got to the hotel at 1AM and went to bed. Got up the next morning and took the 8AM shuttle to the ILO office.

My stay in BKK was pleasant (especially the warm weather (85 degrees) and the fresh fruit at the Hotel. I talked with Steve Soulier [a friend and neighbor from North Logan who also taught at USU] and learned that things are worse than ever on the ADB project. Yun Kim was nearly fired after a run in with J.K. Lee of the ADB, but the Thai's refused to permit it (according to Steve) because they did not want to allow the ADB to tell them what they could or could not do (national pride, etc.). Anyway, Steve is waiting for his wife Janet to come and plans to vacation and then come home and never return.

I spent Friday meeting with the ILO people and getting briefed about the project. That evening I went to bed early to catch up on my sleep. On Saturday I worked reading all the documents I was given the day before and then Gerry Finnegan picked me up and took me to his place to have dinner with his family.

Each morning while in Bangkok I rode the van provided by the hotel to the ROAP offices, and then walked back the mile or so to the hotel in the late afternoon when finished with my meetings. The trip went by the Thai military barracks, and a big arena for Thai kickboxing matches, and then through a residential neighborhood. It was a pleasant walk, and the temperature was in the mid-80s at that time of the day.

The most difficult task that I had in Bangkok was obtaining a visa at the Chinese Embassy. After a lengthy taxi ride, the driver dropped me off in front of the embassy. After finding the Consular Section, I had to stand in line for several hours waiting to see the appropriate person to apply for and obtain a visa, and then wait another lengthy period while they processed the forms before returning with my visa. Gerry's letter said to call him after I filed my application and received a registration number, so that the ROAP Administrative Officer could follow up on it. There were lots of people in the same situation, so it was a long and burdensome wait before they finally

returned with my visa. Fortunately, I was traveling for the ILO and at the request of the Chinese Ministry of Labor, so they did not give me too much trouble—just made me endure a long wait. Then I took a taxi back to the ROAP office to let them know of my success in obtaining a visa. (Gerry Finnegan had sent me a letter at ROAP which spelled out the process for obtaining a Chinese Visa, and gave me a copy of my authorization to take with my passport to the Consular Section at the Chinese Embassy on Friday, December 4.)

My first trip to Beijing and China

My Dec. 7, 1998 email to my family gave the next stage of my trip to China:

Arrived in Beijing to fog and snow and cold at 4PM. Caught a taxi to the YuYang Hotel (28 stories tall) and in the embassy section of town. Ate a sandwich, watched TV and went to bed.

This morning I walked in the -2C weather (sunshine today) over to the ILO office and met the project officer. He took me to meet the MOL Division Chief to be briefed by them. We spent 2 hours discussing the project and answering my questions. After we finished, we took a taxi back to the office. I started reading some more documents and Hao Jian and the rest of the office staff went to lunch for one of the staff members. They returned at 2:30PM.

The ILO Director in Beijing is from the Cameroon, and knows Mr. Camden (sp?)—the man in the COOP Branch who had invited us to dinner in Geneva in 1991. This man had held the same position in Geneva before coming to Beijing.

The plan was for me to go to Qingdao tomorrow morning and then return to Beijing on Thursday. Then we were supposed to go to Shenyang on Saturday for three days. However, some problems came up and we are now scheduled to stay in Beijing for one more day and go to Qingdao on Wednesday instead, and stay until Friday or Saturday. Then we return to Beijing and go to Shenyang on Sunday or Monday for a shorter visit. I should be back in Beijing by Monday or Tuesday of the next week and stay here for a couple of days before leaving on Thursday to come home. (Email from GBH to family Dec. 7, 1998)

The agenda prepared for my Dec. 6-17, 1998 consultancy mission in China, and the work to be done follows:

**CPR/96/504: Programme for the Enterprise Development
Consultancy Mission**
(6-17 December 1998)

Dec 6 Sun Arrival in Beijing

Dec 7 Mon *8:30 AM Be at ILO office*
9:00 Discussion with the MOLSS

- Briefing on current situation of small enterprise, labour service enterprise and community employment services in China by Mr. Wang Wenlong, Division Chief of Small Enterprise Division, MOLSS

Dec 8 Tue

Afternoon Leaving for Qingdao (MU 5116 18:10-19:10)

Dec 9 Wed

Morning Meeting with officials of Qingdao Labour Service Agency

- Briefing on current situation of small enterprise, labour service enterprise and community employment services in the pilot city by officials from Qingdao Labour Service Agency

Afternoon Visits to small enterprises, labour service enterprises and community employment services

Dec 10 Thu

Morning Designing sampling survey questionnaire scheme

Dec 11 Fri

Designing sampling survey questionnaire scheme

Dec 12 Sat

Morning Back to Beijing (MU5113 8:40 - 9:40)

Afternoon Discussion with the MOLSS

Dec 13 Sun

Morning Leaving for Shenyang (CJ 6114 10:45 -11:45)

Dec 14 Mon

Morning Meeting with officials of Shenyang Labour Service Agency

- Briefing on current situation of small enterprise, labour service enterprise and community employment services in the pilot city by officials from Shenyang Labour Service Agency

Afternoon Visits to small enterprises, labour service enterprises and community employment services

Dec 15 Tue *Evening* *Return to Beijing*
Designing sampling survey questionnaire scheme

Dec 16 Wed

Morning *Designing Sampling Survey*
Back to Beijing (CJ 6102 10:05 - 11:25)

Afternoon Review and discussion with the MOLSS on the draft sampling survey questionnaire scheme

Dec 17 Thu Departure for Utah (10:15 am)

My file contains an exchange of emails between Gerry Finnegan and Arturo Tolentino during the first two or three days I was in Beijing trying to clarify what exactly my consultancy was supposed to accomplish under CPR/95/504. Apparently, another project (CPR/96/513) had also been launched and was supposed to have been completed in December 1997. After the exchange of emails between Beijing, Bangkok and Geneva, it appeared that my mission was to cover the Labor Service Enterprises (LSEs) and urban collectives. The survey (that I was to design) was to focus on the productivity improvement and management development needs of the LSEs and urban collectives. It would have been nice if I could have seen the results of the other project, but they were not available to me.

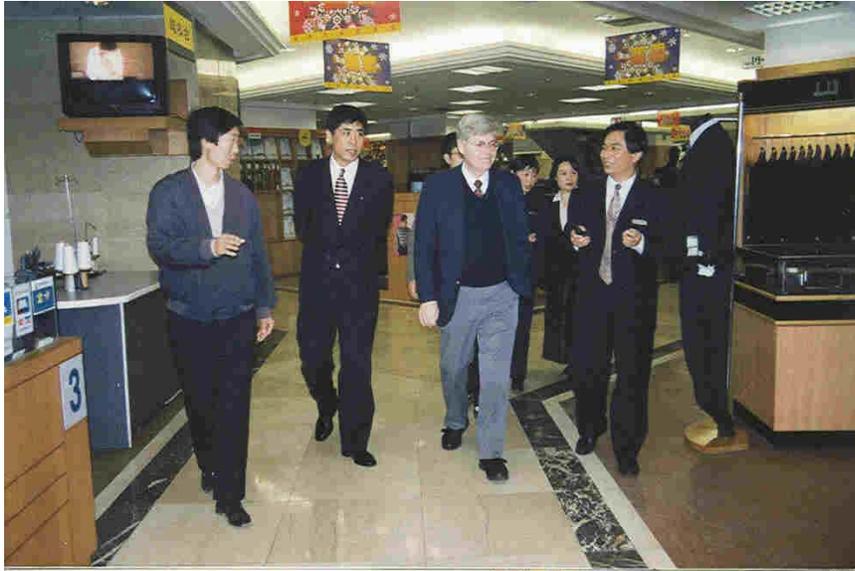
Site visits to Qingdao and Shenyang

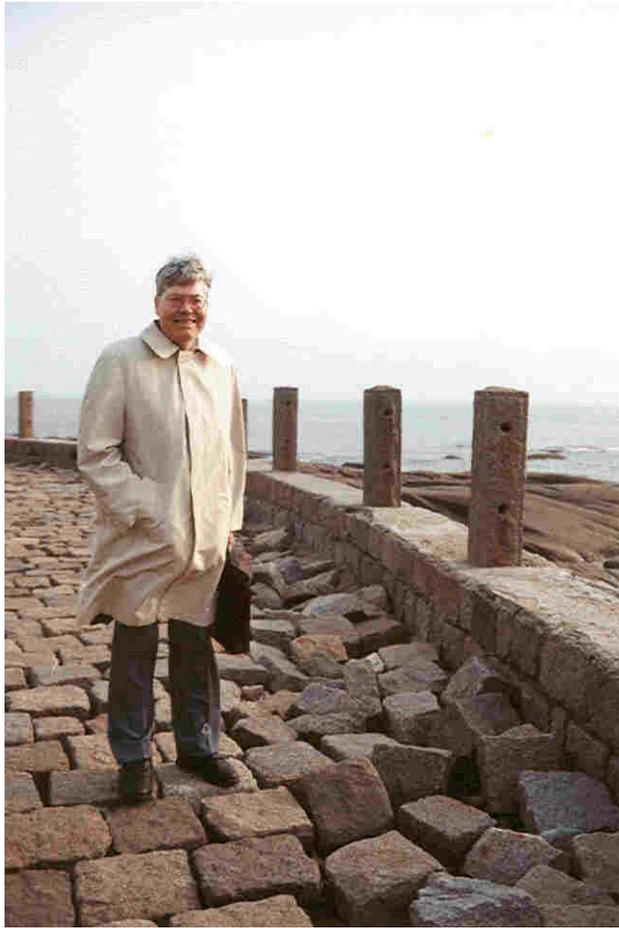
When I traveled to Qingdao, local photographers were there to document our site visits. They supplied me with copies of the photos before we left the area. The following pictures were taken at meetings while I was in Qingdao. I got a grand tour of a high fashion department store, a shipyard, and several other industries, plus meetings with local government employment and economic development officials. Qingdao is a coastal city, seeking to become like Hong Kong of the North.











The other city I visited, besides Beijing and Qingdao, was Shenyang, a dirty industrial city in the north. It was a very run down and depressing place—especially in December. It had a population of 6 million. Unfortunately, nobody took any pictures like the folks in Qingdao, to show the contrasting environments. The email I sent to my family on Dec. 15, 1998, provides a good summary of my trip to Shenyang:

We returned from Shenyang last night about 9:30PM. Had the same experience as in Qingdao, lots of Chinese meals with the locals and three visits to LSEs and Reemployment Service Centers. Arrived on Sunday just in time for welcoming lunch. Found out the city has 31 million people, surrounding area 6 million. Province has 50 million. After lunch at 3PM we had a two-hour briefing session with the Labor Bureau. Then off to dinner for two more hours.

On Monday we started at 8:45AM with a drive to an old industrial area in Shenyang to meet the CEO of the biggest LSE in the area, with 7,500 employees. They make the cabinets, map cabinets, auto marts, etc., and stationary and moving shelving for libraries. Janet would be impressed. Equipment looked quite good, but the equipment was quite old and production was very labor intensive.

After lunch we visited an LSE in the center of town. It was a privately run group with 20 LSEs. They had several stores and a big marketplace with hundreds of individual stalls for sellers. Had 2,000 employees. After this visit we went to a Reemployment Service

Center in a residential neighborhood. They provide help to laid off workers, including lots of women, by giving them some skill training and then sending them out as part of 13 "teams" to sell their services. Such things as selling newspapers, appliance repair, home care, child care, etc., etc. They have some 1700 people on the payroll doing these kinds of things in the neighborhood. (70,000 people in the neighborhood).

Then, instead of going to the airport [which I was very anxious to do], at 5:00PM we went to another restaurant for the final dinner. The District mayor (district has 700,000 people) was present along with the Director of the Shenyang Labor Bureau and their deputies and assistants. Labor Bureau's daughter is getting an MBA at a university in Los Angeles. He had been to America on a Study Tour. At 6:00, (cutting dinner short to one hour instead of the usual two) we gave our farewells and they drove us to the airport for the return flight to Beijing.

Today, I have been drafting the Survey instrument. Will meet with the other members of the team this afternoon or tomorrow morning, and then meet with Mr. Wong tomorrow afternoon to give him the product (or what is done at that time.) He wants to start immediately to train the interviewers and administer the survey. It will be interesting to see what happens.

The email I sent to Gerry Finnegan that same day, December 15, 1998, adds a few more details to the report I sent home to my family:

I returned from Shenyang last night. Trip to Qingdao was quite successful, and we collected considerable info. Jain Hao did the translation so things went quite well. Mr. Liu, out of the MOL, selected because he spoke a little English but knows nothing about LSEs, etc., went along representing the MOL.

The only problem we had in Qingdao was being overwhelmed with hospitality and not having any time to work. They took us to lunch and dinner every day--each lasting 2 hours. I ate 15 consecutive Chinese meals in Qingdao and Shenyang. I believe it is a record (for me anyway).

Trip to Shenyang much less productive. Mr. Hao remained in Beijing—assuring me that there would be a good local translator in Shenyang. Turned out to be bad info. Translator was a recent graduate who had worked for the Labor Bureau for only 2 months and had not practiced her English for two years since college. She was way out of her depth, and could not handle the basic translation needs beyond a little social chit chat. Mr. Liu, the MOL assigned person, was good to work with, but needs practice to get his English up to snuff, plus learning something about LSEs and surveying. He tried his best to help out, so we limped through the meetings. Basically, it was a disaster when it comes to getting any substantive info in Shenyang. Too bad. We did meet and talk to some interesting people who could have helped shape the survey.

Also, you might be interested to know that the ILO is not even known outside of the MOLSS in Beijing (and I am not even sure about here). As far as the locals are concerned, this is a UNDP project. When I tried to explain the ILO role to the Director of the Labor Bureau in Shenyang, he did not seem to understand at all who the ILO was and that I was working for them (of course the translator probably could not translate what I was trying to say anyway). Very disheartening to see ILO in the boot (not even the back seat) on this project. Somebody needs to do a better job of marketing who we are and what (important?) role we are playing. UNDP is just a bag of money. ILO should get top billing for providing technical assistance. They thought I worked for UNDP, and were toasting UNDP. Right now UNDP is getting all the credit.

Talked to Mr. Cummings [another consultant from Australia or New Zealand who was also working on another project for ILO] and he had the same problem with the translator when he was in Shenyang last week.

On to more important topics.

I have prepared a rough draft of the survey instrument and will give it to Mr. Liu this afternoon for translation. We will then meet with the other members of the national team (two other people selected by Mr. Wong, and neither of which made any of the field visits. Only one has any knowledge of SED or LSEs). Later this afternoon or tomorrow morning we will go over the draft and get their input. Then, I will meet Mr. Wong tomorrow afternoon to present it to him. Based on Mr. Wong's timetable, as communicated to Mr. Liu, the conduct of the survey will start immediately. Since I will be leaving on Dec. 17, he wants Mr. Liu to train the interviewers, and get started. This assignment really shook up Mr. Liu, a nice man and bright fellow, who has had no experience in this (LSE or survey) work at all. (He is the editor of a vocational guidance publication in the MOLSS. I will try to slow down the process a bit, since I will not even have time to complete the final layout and format of the questions for proper interviewing. But right now the train appears to be moving down the track and is unstoppable at this point.

Will update you on what happens after our meeting tomorrow.

During the evening of Dec. 15, 1998, I wrote a status report of the LSE survey design to take to the meeting on the morning of December 16, 1998. It painted a pretty grim picture of what had been done and what remained yet to be done. I was operating under the impression that I would prepare a draft survey and they would review it and tell me what changes they wanted and then I would prepare a final draft. Unfortunately, that was not the case. They made that very clear the next day when we met at the MOL to go over the survey draft. My outline of the next steps was rejected out of hand, and they informed me that they wanted the final product—ready to be administered by their staff.

In short, at our morning meeting the people at the MOL informed me that they wanted and expected a final version of the survey instrument before I left Beijing—the following day. What a shock. Consequently, I had to work half the night on December 16 to give them what they wanted. Fortunately, I had my notebook computer with me, and was able to get something—quite rough—completed before I left on Dec. 17. Clearly, the survey instrument and questions were too long and needed pruning and tightening up, but that was not going to be possible. So I did my best, working until about 10PM, and then called my Chinese counterpart to come and get it. He did, and I gave him a disk with the latest version to deliver to them in the morning.

December 16, 1998, while working on the Survey instrument at the ILO office, I met and talked with Ian Cummings, an Australian, who was in the same office working on his report. He gave me a draft copy of his report on the Urban Employment Promotion Project that I did not know about. His project was to study the vocational training piece of the larger project—and clearly included overlapping elements with what I was doing. When we talked, we decided it was too bad we had not known what each other was doing. It might have been possible to combine our efforts. He had gone to Shenyang and Chengdu to collect data and talk with business and government officials. I had gone to Shenyang and Qingdao to do the same thing as part of my work.

After giving the latest version of my survey instrument to Mr. Liu at my hotel, on the evening of December 16, I went to bed exhausted. The status report and schedule of remaining work that I gave to the MOLSS on Dec. 16 is presented below. As noted above, it was rejected. They wanted a final product the

GBHansen
Notes on status of LSE survey design
12/15/98

1

Status of LSE survey design as of 16 Dec. 1998

Work completed to date

Completed field visits to Quindao and Shenyang

Completed a draft design of questions for survey instruments

Presented draft questions to survey team for their input this morning

Next Steps

1. Revise questions based on input from other members of survey design team
2. Use revised questions to prepare four questionnaires (survey instruments)
LSEs
Self-help Production Centers
Reemployment and Community Service Centers
LSCs and Labor Bureaus
3. Select final list of questions for inclusion in the four questionnaires
4. Prepare layout of questionnaire's for ease in computer coding of the results
5. Prepare questionnaire's (interview schedules) for use by interviewers to use
6. Field-test the questionnaires. Mr. Liu (or someone else) should take copies of four questionnaires and go to Quindao and Shenyang. He should conduct interviews with several (3 or 4) LSE managers, SHPC managers, Reemployment Service managers and LSC or Labor Bureau LSE specialists to determine if the questions are understandable to the survey participants and can be answered without too much difficulty.
7. Any changes in the questionnaires should be made based on the results of the pilot test of the survey instruments.

Use training session to accomplish this objective

8. **Select and train interviewers to administer questionnaires in two pilot municipalities Quindao and Shenyang.**
9. **Obtain lists of LSEs, SHPCs and RSCs from pilot municipalities and select stratified sample of LSEs, SHPCs and RSCs to be surveyed. Make sure that key size, industry, and other criteria are met in the subpopulations to be surveyed and then select the individual firms that will be interviewed on a random basis, to prevent the possibility of surveying only successful enterprises or centers. (This situation could occur if the decision about which LSEs to survey is left up to the local LSCs—based on their selection of enterprises for us to visit as part of our field visits.).**
10. **Begin conducting interviews**
11. **Collect completed interviews and begin entry of the data into the computer**
12. **Compile the results**
13. **Analyze the results**
14. **Write the final report**

The morning of December 17, 1998, I packed up, checked out of my hotel and took a taxi to the Beijing airport to fly to Tokyo and then to San Francisco. Because of my trip's proximity to Christmas, I was not required to return to Bangkok for a debriefing after departing Beijing. I think that the stress, bad air, and poor food (rice and who knows what else) in China were too much for my system. I was sick for two days after arriving in San Francisco and did not fully recover until returning home to Logan a week later.

My wife Helen flew from Salt Lake City to meet me at the airport in San Francisco. We rented a car and drove over to visit my sister Lois and her husband Bob Allen in Los Altos. Later that day we drove across the bay to Concord to visit our daughter Karen and her husband Bryan where we stayed for a few days. The following day Karen traveled with us to see the Muir Woods and out to the Point Reyes National Seashore. We went out to dinner with them that night at a Thai restaurant and the next day we drove up to the snow line on Mt. Diablo. December 21 we flew home.

Dec. 22, 1998, I received an email from Gerry Finnegan, who had been in Viet Nam while I was in China. He thanked me for my efforts on the project—undertaken on such short notice.

Firstly, I apologize for not getting in touch with you while in China. I only received your message in Hanoi on Thursday, and realized that you were departing on that morning.

It sounds as though you had an interesting, if mixed assignment. (A "game of two halves")

I look forward, to receiving your report, and would also appreciate your frank assessment of things on the project. as well as ideas about any genuine impact which ILO can have/deliver. Your comments on the profile of ILO were most insightful! You may wish to send these additional observations under "separate cover" if you think they are for limited viewing.

After returning home, I prepared the final report of my China mission for the ILO in a more leisurely manner and submitted it to the ILO. The cover page, table of contents and recommendations follow:

***Final Report of Enterprise Development
Consultancy Mission to China
"Urban Employment Promotion"***

by

Gary B. Hansen

ILO Consultant

ILO/UNDP Project CPR/96/504

December 2-23, 1998

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6. Recommendations

The following recommendations to strengthen the LSE system (including SHPCs and CSEs) are based on the problems and needs identified during my field visits in Qingdao and Shenyang:

1. **Management training.** The most urgent need of the LSEs (and SHPCs and CSEs) is to strengthen the management skills of their managers and supervisors. It is recommended that this be done by:
 - (1) implementing general management training in the form of executive MBA programs;
 - (2) developing and providing specialized management training courses (through LSE associations, LPGs or other suitable intermediaries) in:
 - (a) managing in a socialist market economy,
 - (b) productivity and quality improvement,
 - (c) production,
 - (d) strategy and planning,
 - (e) marketing,
 - (f) business planning for new product development
 - (g) human resources management, and
 - (h) leadership;
 - (3) implementing a basic supervisory training program; and
 - (4) implementing a SYIB-type program to provide entrepreneurial background and understanding to all managers.

1. Providing entrepreneurship training in CSEs and SHPCs. As one of the objectives of the CSEs and SHPCs is to encourage and facilitate the transition of their employees to other employment, including starting their own businesses, it would be desirable for the CSEs and SHPCs to provide or make available a structured course such as the ILO's SYB program to all of their employees—especially those who are considering starting a business. (The SYIB program developed and implemented in Bulgaria might be a useful model for this purpose.)
2. Strengthening the profitability of LSEs. Government policies in support of LSEs are primarily financial, -- tax waivers and reduced taxes on profits. Consequently, it is important to provide LSEs with the types of support that will help them become more profitable. Two essential elements needed to accomplish this objective are: (1) improving and expanding the training of managers, supervisors and workers as outlined in 1 above, and (2) establishing formal productivity and quality improvement programs in all LSEs. These two elements should be the primary focus of efforts to strengthen the LSEs.
3. Providing LSE employees with training in market economy principles. A major issue raised by all LSE managers is workers (and managers and supervisors) with obsolete mindsets. Therefore, it is recommended that a training program emphasizing the essential elements of a (socialist) market economy and what is expected and required of workers and managers to succeed in it be developed and made available to all LSEs for use in their training programs.
4. Strengthening LSE Associations. First, the role and functions of LSE Associations should be reviewed and deficiencies identified. Second, a determination should be made about what services would be most helpful and could be most effectively provided by the Association in order to strengthen the LSEs. Third, a blueprint should be developed that outlines: (a) the types of services that would be most helpful to LSEs, (b) a suitable structure, (c) the proposed method of operations, and (d) the means of obtaining financial support. It is clear that LSE Associations need to be strengthened to provide a broader range of business support services to LSEs and that more management training and study tours are needed. Some LSEs have indicated that they would like the associations to provide them with more information about marketing and trade events and to become a forceful advocate for them. A third issue which needs to be addressed is how to involve the weaker LSEs in the LSE Association. They desperately need help, but they are currently not members and appear to not use even the existing services available from the associations.
5. Strengthening the LPGs. The Leading Project Group in each city is perceived as being a coordinating and policymaking group. The group only meets periodically (quarterly) and has no secretariat or staff other than that provided by the LSC or Labor Bureau. The LPGs are not perceived by LSEs as being operational groups that should be directly involved in providing business support services to LSEs. Therefore, there is some question about expanding the LPG capacity to include providing SOEs with management and technical support in establishing LSEs or in providing technical assistance to LSEs and urban collectives that are having business difficulty. A better alternative might be to strengthen the LSE Associations (as outlined in number 5 above) and by increasing the capacity of the LSCs and LBs to perform certain business support functions (as recommended in number 7 below).
6. Strengthening the LSCs and LBs to provide Business Support Services. It is recommended that each LSC and LB should establish a small unit that would function as an SOE and LSE business support unit. The individuals who would constitute the staff of this unit should be identified and undergo specialized training to broaden their knowledge

and skills in dealing with existing SOEs and LSEs, and to facilitate the incubation of new LSEs. The training course for the members of the unit should include modules such as: entrepreneurial approaches to local economic development, identifying and evaluating new business ideas, business planning for LSE creation, product development and innovation, development and delivery of business services, and management skills for successful LSE operations

7. Strengthening the linkages and coordination between LSEs, LSCs, LBs and LPGs. Everyone agrees that more information and data need to be shared between the LSEs, LSCs, LBs and the government. It is recommended that representatives of LSE Associations, LSCs, LBs and LPGs assess the effectiveness of their current data collection and information sharing and decide what, if any, additional linkages and procedures are needed so the government can quickly know the needs and concerns of the LSEs and how they can be addressed most expeditiously and effectively.
8. Strengthening the linkages between LSE system and existing national and local training institutions. Existing institutions such as business schools, technical institutes, training units of ministries, CEDA/China Enterprise Managers' Association (CEMA), etc., should be mobilized to help strengthen LSEs. It is recommended that the LPG in each municipality identify national and local institutions that can provide high quality training courses and other support services needed by LSEs. Linkages should be established between the LSE Associations and LSC business support units and these institutions so that their training resources and business expertise can be used to strengthen LSEs as part of the Urban Employment Promotion program. .
9. Strengthening the CSEs. Although CSEs have accomplished much with very few resources, they urgently need additional staff training, more resources and better facilities. Specifically, it is recommended that CSE managers be provided special courses or modules in basic management and leadership skills, establishing and operating business teams and LSEs, and developing new CSE operations. It is recommended that the organization and operation of CSE service programs be strengthened. Workers on the various service teams need additional skill training to be more successful in delivering quality services to the public or to special groups in the community. It is also recommended that entrepreneurship training courses should be provided as part of the training available within all CSEs, and as part of the training given to all laid off workers employed on service teams.

7. Status of draft LSE survey instrument

In the course of my mission to China, a draft of an LSE survey instrument was prepared and submitted to the MOL on 16 December, the day before the departure of the consultant. At that time a brief statement outlining the next steps needed to implement the LSE survey was delivered orally to Mr. Wang, the MOL's Division Chief in charge of the project. This statement is included as Appendix B.

Unfortunately, because of the severe time constraints and the urgency expressed by Mr. Wang in conducting the survey, the final version of the survey instrument could not be completed. A translated version of the 2nd draft of the survey questions was provided to the MOL survey team at a meeting on the morning of 16 December 1998. This meeting convened at 9:00AM and lasted three hours. The national consultants' input was received during this meeting, held under the direction of the Division Chief at the MOL. After briefly reviewing the questions, the suggestions and recommendations of the three local consultants (Mr. Ming, Mr. Chen, and Mr. Liu) were received by the international consultant. Later in the day these suggestions were incorporated into the draft survey instrument. At 8PM that evening a 3rd draft copy and computer file containing the revised

survey questions incorporating the changes suggested by Mr. Ming, Mr. Chen and Mr. Liu was delivered to Mr. Liu. He translated it and subsequently delivered this version to Mr. Wang at the MOL on or after 17 December. Copies of the 3rd draft of the survey document and next steps outline document are included as an Appendix A and B to this report.

At the 16 December meeting, Mr. Wang stated that the MOL had already selected the field interviewers and that the questionnaire would be field tested on them the following week as part of their training. He further stated that the actual interviewing would start within two weeks.

I told Mr. Wang that if the Chinese MOL would like additional help from this consultant in conducting the survey, analyzing the data collected, or in writing the final report containing the survey findings, this could be provided by the ILO under the project auspices.

My recollection is that several months later I received an email from the ILO Beijing Office indicating that the survey had been carried out by the Chinese MOLSP. Unfortunately, I never received a report of what they did with the results. Thus ended another interesting experience—not knowing what the outcome may have been. But I had a fascinating first-hand look at life in late 20th century China.