

ISSN 1655-5295

IBON

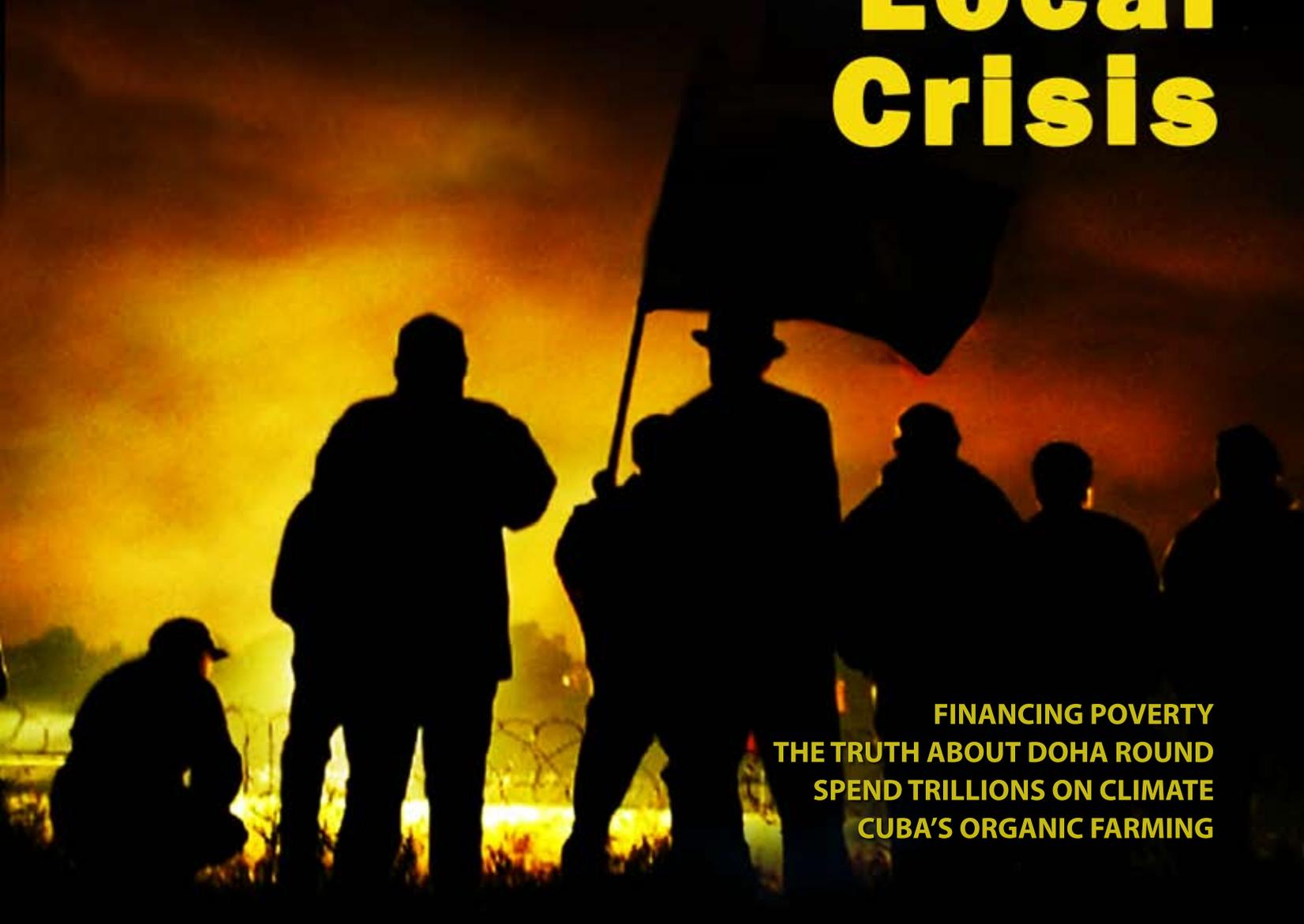
EDM

Education for Development

Vol. 7, No. 3

November - December 2008

Global Recession, Local Crisis

The lower half of the cover features a dramatic, high-contrast photograph. In the foreground, the dark silhouettes of several people are visible against a bright, orange and yellow background that resembles a fire or a sunset. One person in the center is holding a large flag. The overall mood is one of protest, struggle, or crisis.

**FINANCING POVERTY
THE TRUTH ABOUT DOHA ROUND
SPEND TRILLIONS ON CLIMATE
CUBA'S ORGANIC FARMING**

COVER



3 Global recession, local crisis

Rosario Bella Guzman

8 NEWS



WORLD ECONOMY

- 11 The truth about the Doha Round**
John Madeley

CLIMATE CHANGE

- 16 Spend the trillions on climate**
Martin Khor

GLOBALIZATION ISSUES

- 18 The crisis in 2009: Back to basics**
IBON Foundation, Inc.

- 21 Financing Poverty**
Dr. Mae-Wan Ho and Prof. Peter Saunders

ALTERNATIVES

- 25 Organic Cuba without fossil fuels**
Dr. Mae-Wan Ho

COMMENTARY

- 31 Why bombing Ashkelon is the most tragic irony**
Robert Fisk

LETTERS

- 33 Peoples statement on the global crisis**
- 39 Global climate destruction is the worst human rights violation**

STATS & NUMBERS

Education for Development Magazine
is published by



IBON International
IBON Center

114 Timog Avenue, Quezon City
1103 Philippines

E-mail Address: ibon.international@ibon.org

Tel. Nos. +632 927 7060 to 62

Local 202

Fax +632 927 6981

Antonio Tujan, Jr.
International Director
International Department

Maria Theresa Nera-Lauron
Head, International Department

Layout Artist
Florenio Bambao

Cover Artist
Jennifer Padilla

Photo Credits

AFP

Xiaming/flickr.com

Brandan Mc Dermid

Matt Watts

refugees.org

Roberto Pinavim

Shawn (uncultured/flickr.com)

wto.org

UN/Mark Garten

Gualterio Pulvirenti

AP/KM Chaudary

John Morgan/postcarbonworld.com

cubaagriculture.com

pfi.iastate.edu

Reuters



IBON International holds the rights to the contents of this publication. The publication may be cited in part as long as IBON International is properly acknowledged as the source and IBON International is furnished copies of the final work where the quotation or citation appears.

GLOBAL RECESSION, LOCAL CRISIS

Rosario Bella Guzman
IBON Foundation, Inc.

A worker ponders his future in the face of global crisis.

PHOTO COMPOSITE FROM AP/WIDEWORLD AND XINXING

THE current episode of the US financial crunch is expected to drag the entire global economy into recession.

The International Monetary Fund (IMF) says the US economy may shrink 0.7 percent by the end of the fourth quarter of 2008, while growth in other centers of capitalism such as Europe, Japan and Canada would substantially slow down to 0.9, 1.4 and 1.3 percent, respectively.

On the whole, the IMF now sees a 25-percent chance of global economic growth slowing to 3 percent or less in 2008 and 2009, which according to the multilateral agency is equivalent to a global recession.

Broadly speaking, recession refers to the fall in economic activity. It is a phase often technically measured as two or more consecutive quarters when the growth rate of the gross domestic product (GDP) - the total production of goods and services of an economy - is negative.

Recession is the contraction phase or the "downtime" in the business cycle. Thus, it is often reflected not

only in declines in industrial production and sales but also in employment and real income (or the income relative to the increase in the prices of basic commodities).

Boom-bust cycle

Recession is a phenomenon of capitalism - an economic system that is known for its boom-bust cycle and inherent problems of glut and retrenchment.

Capitalism is the dominant economic system in industrialized countries, often characterized by high levels of technology, production and productivity, and dominated by capital, machines and commodities. Mass of workers come together to produce a commodity for exchange and create a value over and above the value of capital that the businessman puts in and the wages that the workers themselves receive.

Capitalist production therefore creates a profit, which however is pocketed by the capitalist, who either spends it on luxury items or reinvests it in production.

The reinvestment advances technology further and makes production cheaper and more efficient, but shortens the turnover cycle, increases inventory, reduces the workforce and consequently the purchasing capacity of consumers, and eventually decreases the profitability of the capitalist.

Depression

Extend this bust period for two consecutive quarters and spread it across industries and the entire economy, it is what is considered recession. Prolong recession, it is what is considered depression.

Recession may be accompanied by deflation (falling prices), which may be closely associated with the labor reduction that has just happened thus resulting in falling demand, or by inflation (increasing prices), which may be due to reluctant reinvestment and sales or simply hoarding thus falling supply.

Inflation may go with economic stagnation (stagflation), which is simply, on an economy-wide scale, the inability of capitalists to invest in new productive capacity.

Limits of capitalism

Capitalism has its limits. In order to solve the crisis of overproduction, which decreases profitability (take note, the crisis is not about falling profits but falling rates of profits), the businessman has to think of a solution to continue making money out of its finance capital that is lying around and get out of the bust period.

One classic way is to invest more in production, which has been proven to only aggravate the surplus and reduce the purchasing capacity of the workers who are the foremost consumers. This classic solution has already reached its limits and only asserted themselves. The businessman has to think of more creative ways therefore to “correct” capitalism.

One solution is to lend money - to consumers, households, industries, and governments - in order to artificially inflate demand, bloat investment and facilitate trade and investment flows.

Another solution is to open up new markets by exporting goods, capital and the entire production stages, and take advantage of cheaper wages and raw materials in the host countries.

The other solution is to invest the profits from production (the finance capital) in financial activities, which promise big returns out of earning interests from lending and mere speculation.

Globalization

All these cross-border solutions have been facilitated by globalization - a policy that has caused governments (especially the weaker ones) to open up their economies, privatize key economic sectors including public utilities and social services, and deregulate key industries, presumably to “level the playing field” for the incoming foreign capital, products and corporations, and to propel them to development.



Traders scramble for diminishing profit.

PHOTO: BREIDAN MC DERMID

But then again, as underscored by the recent explosion of the global capitalist crisis, globalization has only routed the local businessmen and farmers, depressed purchasing power, further contracted the global market, and worsened the glut in finance capital.

Pre-industrial level

The Philippines, among the weaker economies, has been at the receiving end of globalization policies. By bearing the capitalist crisis, does recession happen in the Philippine economy?

Technically, the Philippine economy is going through a crisis that is characterized not by overproduction but by low technology, low productivity and shrinking production of its productive base - agriculture and manufacturing. It is not qualified therefore for a boom-bust cycle, as there is no boom in the Philippine economy - rather its crisis is permanent.

The Philippine economy is not dominated by capital and machines and the production of commodities. In fact, its production remains at pre-industrial level - agriculture remains more than 90 percent unmechanized while industry remains more than 90 percent on handicraft level.

The entire economy is propped up by services (as a malfunction of diminishing productive base) rather than the production of commodities.

Subsistence

Workers are not mobilized en masse for production. In fact, 75 percent of the Philippine economy is composed of peasants who produce on small-scale and subsistence level. The Philippine economy creates a surplus value (in the form of rent rather than profit) that has low rates of return, thus it barely qualifies for a “crisis of overproduction” of some sort.

Given its colonial history, the Philippine economy is also dominated by foreign

capital and products, which are not circulated or re-created in the domestic economy in order to contribute to long-term capital formation. Rather, foreign corporations repatriate their profits or capture and dominate the domestic market without transferring technology and creating domestic savings.

Poverty

The Philippine crisis has created permanent unemployment and abject poverty - a surplus and steady supply of labor and needy people - a condition, as in supply-demand equations, which has cheapened labor and increased living costs.

The Philippine economy therefore is not qualified technically for a recession, but it is one of the more vulnerable underdeveloped countries that global capitalism would bring down with it in a recession, with graver repercussions than the already felt effects of the global crisis on the economies of industrialized countries.

Links to US economy

The Philippine economy will be affected by the global recession through its three aspects: It is significantly linked to the US economy and other foreign economies; it has basic weaknesses and vulnerabilities; and it is a “client” of globalization.

The US economy will definitely slow down, which will reduce Philippine exports to the United States and cut down US investments in the country. The US slowdown will put strong downward pressure on all the economies it relates with, including Europe, Japan, China and other East Asian countries.

The Philippines has varying degrees of economic dependence on these other

The Philippine economy therefore is not qualified technically for a recession, but it is one of the more vulnerable underdeveloped countries that global capitalism would bring down with it in a recession...

countries - 90 percent of its total foreign trade and investment is with these countries - so there will be a cascading effect through various countries.

Remittance

The other direct link is through the employment of overseas Filipino workers (OFWs) and remittances. It is unlikely that the number of OFWs in the United States will go down - they

may be the first to be sacked as the US economy shrinks but they will also be the first to be rehired in cheaper and lower quality jobs as the US economy continues to reel from the crisis.

It is also unlikely that the number of OFW deployment in other countries, especially those dependent

on US trade and investments will go down, as migrant labor has always been a vent of the global economic crisis. What is likely, however, is that OFW remittances will slow down due to falling and negative incomes and social services, and mounting debts in the host countries, particularly the United States.

Export processing zones

All these will result in job losses and wage pressures domestically, especially in export processing zones, manufacturing and financial sectors and call centers - the main destinations of American capital. Foreign capital will pour

in, on a race-to-the-bottom approach however, in agriculture-based and extractive industries such as the sectors of energy, gas, water and mining.

Banks will be prudent in lending, especially to the already marginalized sectors of agriculture and small businesses. This will translate to a business slowdown, especially for small local capitalists. Slower remittances will aggravate the credit squeeze and the resulting overall business slowdown, as consumer spending will be tepid.

Apart from these direct links, the Philippine economy has basic vulnerabilities. One vulnerability of the Philippine government is its fiscal crisis. The fiscal balance is an indicator watched by foreign investors and creditors, and the unresolved fiscal crisis means that the Arroyo administration is still pressured into making it appear that its fiscal house is in order - e.g., higher taxes, tighter spending, sustained debt payments to maintain credit worthiness and support credit ratings.

Foreign debt

Another weakness is the administration's overdependence on foreign debt. The credit crunch that will emanate from the United States with higher risk premiums and interest rates will mean higher borrowing costs and much larger debt service for the Philippine government and local firms.

The colonial financial and trading system, which serves as a conduit for foreign capital and remains dominated by foreign banks, insurers and fund managers, is a basic weakness. At the minimum, this colonial system, coupled with financial deregulation, makes the country too vulnerable.

All these, however, do not worry the Arroyo administration as annual OFW remittance of \$16 billion to \$20 billion is a significant foreign exchange buffer to external financial shocks, far greater than the proceeds from net

PHOTO: MATT WAITS



A Filipino worker

exports, investments, debt and official development assistance.

This makes the Philippines relatively better off than other Southeast Asian countries which do not have such a steady source of foreign exchange. What also makes the Arroyo administration more confident is that the risk of sudden adverse trends in remittances is unlikely because millions of Filipinos are spread across so many countries, which will suffer a crisis but a number of which may deal with migrants more “favorably.”

Lower pay

But migrants will stand to face even lower pay, less benefits and worse working conditions as employers pass the burden of economic adjustment to them.

Finally, the long-standing backwardness of the domestic economy is the most basic backdrop of the global turmoil. The Philippine economy has been distorted which is why recent growth has been so disconnected from jobs and income creation. No amount of hype on OFW remittances on the part of the administration can cover up the fact that the Philippine economy is in permanent crisis.

As in the past stages of the general crisis of global capitalism, industrialized countries have concocted ways in order to pass on the burden to underdeveloped countries such as the Philippines, the latest concoction being globalization. Yet, globalization has long been debunked as an effective policy in addressing the global crisis and has been exposed as an offensive on weaker economies and peoples, pushing them into greater difficulties.

Globalization offensive will be heightened in the face of the latest crisis episode. Foreign corporations will be more ferocious in continuing the plunder of weaker economies through investments and debt. This ferocity will

take advantage of cheap labor in host countries by creating permanent unemployment and employing schemes such as contractualization, flexibilization, downsizing, rotation and the like.

Extractive industries are currently the No. 1 investment destination all over the globe, and such search for cheap raw materials will intensify with the global financial crisis.

Speculation

Speculation, especially on energy and food commodities, will also intensify to artificially inflate demand, and this will translate to unwarranted price increases. The collapse of a large segment of the parasitic financial instruments implies that there is going to be a shift from mortgage to speculation, another parasitic activity.

TNCs will also pick up the drive for the privatization of social services and public utilities worldwide as new avenues of capital and profits. Domestic fiscal crises will be made as the excuse.

Weak governments such as that in the Philippines will be made to increase regressive taxes and the value-added tax in order to ensure fiscal and financial health for further trade and investment liberalization.

Finally, migrant labor will be promoted more aggressively and efficiently.

This will be recession Philippine-style, which will be reminiscent of, yet more acute than, the crisis periods of the 1980s and 1990s. After all, as many fear and predict, the global economic crisis that has perpetuated and precipitated our very own crisis, is going to be the worst since the Great Depression.

This will be recession Philippine-style, which will be reminiscent of, yet more acute than, the crisis periods of the 1980s and 1990s. After all, as many fear and predict, the global economic crisis that has perpetuated and precipitated our very own crisis, is going to be the worst since the Great Depression.

Rosario Bella Guzman is the executive editor of the research group IBON Foundation. This article first appeared in the Philippine Daily Inquirer's "Talk of the Town" section on 11/01/08.

Aid Effectiveness Linked to Better Financing for Development in Doha

The Reality of Aid organized a side event entitled “*Accra to Doha: from Aid Effectiveness to Better Financing for Development*” during the International Conference on Financing for Development on December 1, 2008 at the Dukhan Function Room of the Sheraton Hotel in Doha, Qatar.

The two-hour forum aimed at getting key actors from government, donors and CSOs reflect on the possible implications of the Accra Agenda for Action to the negotiations that will inform the finalization the Doha Outcome Document.

The session was facilitated by Jasmine Burnley of CONCORD/ ActionAid. The panelists were: Dr. Debapriya Bhattacharya, Bangladesh’s Permanent Representative to the UN; Richard Carey, Director of OECD’s Development Cooperation Directorate; Terri Hassdorf, Director of USAID’s Centre for Community and Faith Based Initiatives; Charles Mutasa, Executive Director of African Forum and Network on Debt and Development (AFRODAD); and Antonio Tujan Jr., Chairperson of Reality of Aid.

Dr. Bhattacharya shared his view that the aid effectiveness principles of ownership, harmonization, managing for

results, predictability and shared accountability should be tested in all modalities of financing for development in the light of the financial crisis. He cited the following challenges to this test as: (1) ensuring financial flows to developing countries; (2) new sources of financing; and (3) trade financing. He also pointed out the need to look at institutional mechanisms particularly the tension between the Monterrey commitments and the IFIs that impose governance when they themselves fail to look at their own governance. Related to this is the politics of rules setting in financing and follow-up mechanisms.

Richard Carey highlighted the place of aid within the broader framework of the financing system, explaining that aid is a transition mechanism that paves the way for more sustainable financing mechanisms.

Terri Hassdorf observed that CSOs are a powerful voice in the aid effectiveness agenda but also mentioned the seeming challenges in coordination between faith-based organizations and the rest of the CSOs.

Charles Mutasa called attention to the challenge translating commitments in implementation given the capacity of many developing countries. He pointed

... the value of aid is in addressing funding gaps, catalyzing poverty alleviation schemes and building the capacity of developing countries governments.

out that technical assistance remains to be supply driven. As regards financing systems, Mr. Mutasa advocated for a multilateral approach to changing financial systems and development cooperation. He stressed the need to reform the Bretton Woods institutions adopting the aid effectiveness principles in defining the principles of the financial system and developing financial modalities that are workable to mitigate the impact of the financial crisis.

Antonio Tujan premised his discussion with a remark that aid effectiveness is misunderstood in financing for development and the same can be said about financing for development being misunderstood in aid

continued next page

Irene Fernandez is Acquitted

Minutes later, Irene walked out of the court-room, free at last, saying, “I’m relieved that there’s light at the end of the tunnel.”

“I spoke the truth (and now) the conviction has been set aside,” she added.

It was a day of double surprises. The defense lawyer, M. Puravalen had asked that the motion of appeal stay. Turning the Public Prosecutor Shamsul Sulaiman, the judge then asked if the prosecution opposed the motion.

“Having been served the type-written notes, and having thoughtfully studied the notes, I have decided in the interest of justice, that justice itself would not be served by opposing this appeal.”

“You do not oppose, does that mean that you concede the case?” the judge asked.

“We do not oppose the appeal,” was the quiet reply.

The defense then asked that the conviction and sentence be set aside. Then came the final surprise. From the bench, the judge gave his decision. “In the light of the respondent and Public Prosecutor is not opposing the appeal, I set aside and reverse the conviction and sentencing.”

The court room erupted into continuous loud cheers which the judge had to wave down. It has been thirteen long years, too long for anyone to wait to have their name cleared by the courts. But Irene has finally found closure.

Surrounded by her family, friends, colleagues and supporters, Irene said that the rights of defenders must be upheld. Ultimately, it is the people that we work with – migrants and refugees – that have been handed this victory. There is also vindication in the work that Irene does, and the organization that she heads.

The Kuala Lumpur High Court has acquitted Dr. Irene Fernandez, co-founder and executive director of Tenaganita.

The first words as she was congratulated, Irene said, “I am free! At last I am free!”

A scheduled court appeals hearing, which was to last until Friday 28 November was ended on 24 November when Judge Mohamad Apandi Ali gave his decision and set aside her 2003 conviction and reversed the conviction and sentencing.

continued from previous page
effectiveness. He clarified that the question should be - how do we finance a country’s development? He supported Mr. Carey’s point of aid being a transition financing modality and explained that the value of aid is in addressing funding gaps, catalyzing poverty alleviation schemes and building the capacity of developing countries governments. While Mr. Tujan emphasized that aid effectiveness is not an agenda for

aid dependency, he indicated that it is erroneous and dangerous to accept that aid will decrease due to the financial crisis.

Around 35 participants coming from different stakeholders including governments, donor agencies, CSOs, think-tanks, and representatives from various networks working in the development sector attended the side event some of whom expressed their opinion and

asked questions during the open forum that ensued after the initial discussions of the panelists.

Key points that came from the floor include an observation that the principles of the AAA is not reflected in the Doha outcome document, the need to strengthen the linkage of aid to other financing modalities, and the difficulty of getting independent feedback on how ‘effective’ aid is.



Reality of Aid 2008 Report Launched in Doha



Charles Mutasa and David Culverhouse discuss their contributions to the report.

A side event entitled “The Reality of Aid 2008 Report: Aid Effectiveness, Democratic Ownership and Human Rights” was organised by the Reality of Aid secretariat during the CSO Forum on Financing for Development on 27 November 2008 in the Ramada Plaza Hotel in Doha, Qatar.

The two-hour forum-launch aimed at highlighting the findings of the Reality of Aid (RoA) report and supplement discussions in the CSO forum on technical and financial assistance as a modality of financing for development.

The session was facilitated by Roberto Pinaun of IBON/Reality of Aid- Asia Secretariat. The panelists were: Charles Mutasa, Executive Director of African Forum and Network on Debt and Development (AFRODAD); David Culverhouse, Director of the Center for International Development (CID) in New Zealand; and Don Marut, Director of International NGO Forum on Indonesian Development (INFID).

Charles Mutasa discussed the AFRODAD contributions to the report. He highlighted that the principle of ownership comes with the assumption of the capacity of developing countries to exercise ownership,

citing that most countries do not even have an aid policy. Mr. Mutasa observed that while donors are ‘gentle’ to each other, they are harsh to partner countries.

David Culverhouse presented the provided some updates on the contribution from CID to the report. He explained that NZAID exercises autonomy from government in that aid coming from NZ are grants and not loans and there is very little tied aid. He discussed the shift from the emphasis from poverty eradication to economic development, the threats to the autonomy of NZAID and the likelihood of aid remaining at 3.5% of the NZ GNI.

Don Marut discussed INFID’s contribution to the report. He cited that in most cases in Indonesia, donors categorise CSOs and marginalise those perceived as radical, they establish their own NGOs to implement their programme or otherwise contract multi-national private firms. He also explained that donors prefer working with international NGOs. This led him to the observation that

donors say one thing at the global level but do something else at the national level.

Around 25 participants coming from different CSOs including international and national NGOs, think-tanks, peoples organizations and representatives from various networks working in the development sector attended the side event some of whom expressed their opinion and asked questions during the open forum that ensued after the initial discussions of the panelists.

Key points that came from the floor include the lack of fixed approach on direct budgetary support which is often dictated by real or perceived level of corruption in partner country government, due diligence and extraterritorial obligation as the dimension of human rights that is relevant to aid and an observation that Paris Declaration has failed in its commitment. Reality of Aid was also asked to clarify its position vis-à-vis AAA, since it was referenced in the discussion a number of times that may be construed to wholesale endorsement. The facilitator clarified that RoA recognises the modest gains in Accra and but wants to elevate the discussion from aid effectiveness to development effectiveness with development outcomes such as poverty eradication, environmental sustainability and gender justice at the core of development cooperation. It was further clarified that despite its limitations, the AAA - much like many international instruments – can be used to leverage many of the CSO advocacies.

PHOTO: SHAWN UNICULTURED/FELICKR.COM



THE TRUTH ABOUT the Doha Round

John Madeley

John Madeley is a UK-based writer on development issues and author of Big Business, Poor Peoples: How Transnational Corporations Damage the World's Poor. He reported from the WTO meetings in Seattle and Doha for The Observer.

Despite being billed as “Bretton Woods 2” the G20 leaders meeting in Washington in November came up with little of substance. World leaders agree to instruct their trade ministers to try to conclude the Doha Round by the end of the year, as they believe this would help to stimulate the global economy.

The Doha Round was supposed to be a development round. Leaders of Western countries see it differently. They see it as a device to boost the global economy. And this is the second time that Doha has been used this way. Look at how the Round came to be launched.

The World Trade Organisation’s (WTO) meeting in Seattle in late 1999 was called to launch a new round of trade liberalisation measures. It failed. It failed basically because developing countries were united in their view that trade liberalisation was not helping the poor.

The first few months after the Seattle meeting found trade liberalisation advocates in a state of shock. The realisation dawned on WTO officials that developing countries had been treated badly and that they had fences to build. Mike Moore, the then WTO director-general, began to talk in earnest about making the next round of talks a “development round” for the poor. “Development-related issues are

at the forefront of the new work programme,” he said. Developing countries felt the tide was moving their way.

Attention began to turn to WTO’s next Ministerial meeting in November 2001 in Doha. In May that year, 2001, the big Western countries - the US, EU, Japan and Canada - launched “a diplomatic effort to coax developing countries into backing the start of a global trade liberalisation round”. They had far from given up on their trade liberalisation agenda.

Developing countries wanted changes in WTO rules to make the Round to be launched in Doha, a genuine development round. But in the months preceding Doha, there was huge concern among them about the stance of Western countries. The Malaysian ambassador in Geneva, said, for example: “It is abundantly clear the differences in positions are intractable. We run the risk of a ‘Seattle Two’ if we continue with the all-or-nothing course.... It is clear we are in a state of impasse. We characterise the situation as discouraging, discomfiting, demoralising and even depressing”.

On August 31 and September 1, 2001 a WTO “mini-ministerial” was held in Mexico. Seventeen countries were invited to attend. But the meeting made little

progress. Then 10 days later came 9/11. It is not possible to over-estimate the importance of this for what happened in Doha.

9/11 injected a new impetus into the West’s preparations for the Doha meeting and was a major factor leading to the launch of a new round. The US and EU used 9/11’s aftermath to push the need for another round. Robert Zoellick of the US and Pascal Lamy, then of the EU, claimed that a new round would revive the world economy from recession and will send a positive signal to the stock markets. Note the priorities.

Developing countries felt the situation was being used to manipulate them into accepting a new trade liberalising round. An Africa trade negotiator said: “We have been in recession for about 10 to 20 years now. Do you think the current ‘recession’ affects us? The IMF and World Bank policies under Structural Adjustment have already brought us under tremendous strains. The new round isn’t our answer to our recession.”

Naomi Klein told a meeting in London: “The free traders didn’t take much time to mourn after September 11th. The US and EU are using this moment of distraction to ram through their trade agenda. It’s obscene. The US is re-branding the trade talks as part of the war on terrorism - if

Naomi Klein: “The free traders didn’t take much time to mourn after September 11th. The US and EU are using this moment of distraction to ram through their trade agenda. It’s obscene.”

PHOTO: AP



Pascal Lamy, then of EU, and Robert Zoellick, then of US, pushed for the Doha Round.

you’re not with us you’re against us.”

Seven African countries - Kenya, Mozambique, Nigeria, Tanzania, Uganda, Zimbabwe and Zambia - asked the WTO secretariat to carry out a study of the impact of trade liberalisation before launching another trade round. Structural adjustment policies they said, did not offer much flexibility in their tariff-cutting exercises.

“Consequently, many businesses were shut down as uncontrolled imports flowed into the countries, resulting in widespread unemployment and the collapse of local industries”, they said. The reduction in customs tariffs has led to losses in government revenue leaving many countries with budget deficits and insufficient resources for development, the seven went on. Their request fell on deaf ears.



The Group of 77 and China said in a statement: We reiterate the need for full and faithful implementation and the redress of existing imbalances arising from the Uruguay Round Agreement, which is an important step towards confidence building.

As the arguments moved to Doha, developing country delegations in Geneva were unhappy about what they believed was the biased role of the WTO Secretariat, with Mike Moore promoting negotiations on a much broader agenda than all its members are willing to accept, and the power used by the EC and US in particular to change country positions and break developing country coalitions.

A few days before Doha started, the Indian trade minister Murasoli Maran threatened to leave the WTO because developing

countries had no part in shaping the trade agenda.

When the Doha meeting started, the atmosphere was weird. In the aftermath of 9/11 and the riots in Seattle, nothing was left to chance. Every quarter of a mile or so along the roads, a heavily manned road block complete with armed guards held up the vehicles; police cars were dotted in between blocks while helicopters circled overhead. In the tight security not a single protest was seen. The US delegation had brought their own security guards and we journalists attending US press conferences were “double-frisked” at gun point.

On the streets virtually no one was to be seen. The only thing that moved were limos taking trade ministers from the WTO’s member countries to the meeting’s venue, and buses carrying lesser mortals to the conference centre, a large hotel.

When the meeting started, developing countries were again united in standing up for the kind of trade round they wanted. But they were subjected to considerable arm-twisting by Western countries to agree to launch a new round. The arm-twisting paid off. A Jamaican delegate at the talks told me: “we are being made to feel that we are holding up the rescue of the global economy if we don’t agree to a new round here”. Two countries were threatened with the removal of access for their goods to rich country markets if they did not support a new round. Uganda’s President Museveni was telephoned by a US trade official and asked to remove his trade ambassador in Geneva on spurious grounds. The real reason was the ambassador’s

effectiveness in opposing US trade policy.

Five leading NGOs took the unusual step of making a plea to Western countries in Doha to sign a code of conduct, “pledging they will not use economic and diplomatic threats and bribes”. Western countries did not make such pledges.

“Poorer countries are being bullied. Given that these talks were supposed to be for developing countries, it’s completely hypocritical what’s going on”, said Green Party MEP, Caroline Lucas.

Progress on agriculture, the key issue, made little headway. The European Union was reluctant to agree to talks that might end in it dropping its huge subsidies on agriculture. The talks dragged on for an extra day. The EU finally agreed that the negotiations on agriculture in the new round be conducted “with a view to phasing out all forms of export subsidies”. The EU insisted on an assurance, however, that this did not

The truth about Doha is that it was a farce from the start. It never was a development round. It was launched in an atmosphere of arm-twisting and fear.

“prejudge” the outcome. But the phasing out may take a long time.

Eighteen hours after the meeting had been scheduled to end, ministers concluded with a declaration that launched a “work programme...’to address the challenges facing the multilateral trading system’ – in other words a new round of talks to liberalise world trade. The round covers agriculture, services, textiles, tariffs on industrial goods, electronic commerce, and limited aspects of the environment. But talks on agriculture, services and textiles would have gone ahead anyway. They did not require the launch of a “new round”. The deal reached in Doha was such a compromise that a *Financial Times* leader described it as “almost meaningless”.

The truth about Doha is that it was a farce from the start. It never was a development round. It was launched in an atmosphere of arm-twisting and fear. With the global economy still jittery after 9/11, ministers of developing countries were persuaded not to risk eroding of confidence by failing to agree. But they received so very little out of it. If 9/11 had not happened, I do not believe there would have been a Doha Round.

It was Barry Coates, director of the World Development Movement who pointed out: “developing countries had made more than 100 concrete proposals to make WTO rules fair to the poor. Very few of these were taken on board in Doha. This makes a mockery of the idea of a development round to help reduce poverty”.

Said Jayanti Durai of Consumers International. “This does not alleviate the imbalances in the

WTO. Doha was a lost opportunity to move towards a fairer multilateral trading system”.

And there were serious gaps with regard to tackling the huge corporate influence in world trade. The role of transnational corporations (TNCs) in international trade was not raised at the meeting. While TNCs account for over two-thirds of world trade, their role was missing from the Doha agenda. There were no ideas on how they might be regulated. Can you imagine a conference on malaria that does not discuss the mosquito? That was Doha. But the corporations lie outside the WTO’s remit.

There’s an old proverb: “A man convinced against will is of the same opinion still”. Developing countries were convinced against their will. The seven years of futile negotiations that we have witnessed since the Doha meeting in 2001 have arisen because developing countries were not willing to let go of the idea of making trade work for development, and because Western countries were not willing

to let go of their dogma, a dogma that believes trade liberalisation is good for the poor.

What happened in July this year at the WTO’s mini-ministerial meeting when negotiations broke down, was symptomatic of the problems. The immediate cause was disagreement between rich and poor countries over the degree to which poor countries should be allowed to safeguard their farmers from imports. The WTO has a device known as the Special Safeguard Mechanism. This is a system that allows developing countries to raise their import tariffs to protect their farmers if imports surge over a certain level.

This July, developing countries said that what they were being offered by Western countries was not good enough. For it would only have allowed them to safeguard products after they had imported a considerable volume, sometimes 40 per cent. It could have meant that for some products, domestic production would be wiped out before they could stop imports. This was



Participants to the WTO General Council Meeting in July 2008. Doha negotiations break down.

PHOTO: WTO.ORG

This issue goes to the heart of what the Doha Round was supposed to be all about – people-centred development. If poorer countries are to develop they need to pursue policies that improve food security, increase incomes and improve livelihoods.

not acceptable, and the talks collapsed.

This issue goes to the heart of what the Doha Round was supposed to be all about – people-centred development. If poorer countries are to develop they need to pursue policies that improve food security, increase incomes and improve livelihoods. But there are other issues on which there are differences between rich and poor - including rules and procedures governing manufactured goods, the service industries, and specific agricultural products such as cotton and bananas. Developing countries again want changes that help not hinder their development efforts.

Pascal Lamy has indicated he would call trade ministers back to Geneva only if there is a good chance of reaching a deal. A breakthrough would require the chairmen of various negotiating groups based in Geneva to quickly produce new texts. A deal is possible. But for the poor it would be meaningless.

The WTO is unfit for this purpose. The problem of course is that its philosophy governs all other trade agreements, such as the Economic Partnership

Agreements. There is an urgent need for reform. Also a serious re-think is needed about the role of trade. Listen to some of the views from a wide range of sources:

The benefits of liberalisation to low-income agricultural producers are likely to be very limited
- UNCTAD report

Don't count on trade to help the bottom billion
- Paul Collier (*The Bottom Billion*, p. 79)

When huge gains are attributable to trade reforms, we need to look at the fine print: almost all those gains accrue to the richest countries and the middle income countries, not the poorest countries and especially not the poorest countries in Africa. How could trade alone help isolated villages in Africa to meet their basic needs
- Jeffrey Sachs (*The End of Poverty*, p. 281)

Don't cry for Doha. It never was a development round. The talks were never really about development. Their collapse doesn't change anything

- Dani Rodrik (*The Guardian*, 8 August 2008)

For more substantial gains (towards food security) countries will have to encourage the expansion of their domestic food production sectors
- US Dept. of Agriculture report

There are alternative ways forward.

1. Developing countries could cooperate to trade lower volumes for higher returns. Take coffee, for example - between July 1975 and the March 1977 the world price rose from £500 a tonne to £4000 a tonne. Why? Because coffee exports fell by 25 per cent.
2. Fairtrade - setting a new pace for international trade. In 2007 the volume of Fairtrade goods sold in Britain more than doubled over 2006. Fairtrade products have now expanded far beyond food and drink. The question is increasingly being asked - why cannot all trade be fair trade? The opposite of fair trade is unfair trade. Fair trade shows the positive role that trade can play in development.
3. Food sovereignty - growing food for local people rather than for export, ensuring that farmers, rather than TNCs, are in control of what and how they farm; ensuring that communities have the right to define their food and agricultural policies to suit their social and economic circumstances, in line with their cultures and environments, encouraging local investment in local markets and genuine agrarian reform. **Third World Network Features.**

SPEND THE TRILLIONS ON CLIMATE

Martin Khor

PHOTO: UN PHOTO/MARK GARTEN



UN Secretary General Ban Ki-moon (third from left) opens the United Nations Conference on Climate Change on December 11, 2008 in Poznan. Ban Ki-moon called for a “Green New Deal” to tackle climate change and the world financial crisis.

The two crises of our times — economic recession and global warming — should be tackled together. The trillions of dollars earmarked for economic recovery can be spent to fight climate change.

The economic crisis should not stop governments from serious action to combat climate change, but should instead be an opportunity to fund climate-related activities.

This was a clear message that came out of the last days of the United Nations climate talks at Poznan in Poland.

The two major crises of our times – the economic recession and global warming – were addressed by the UN secretary-general and some world leaders at the opening ceremony of the ministerial segment of the two-week talks.

If the US and Europe can come up with so many trillions of dollars to save their financial institutions within a few months, surely there is money to tackle the climate crisis, which is a far bigger problem involving the world’s survival.

This point was made most emphatically by Guyana President Bharrat Jagdeo, who warned of an emerging mood that countries cannot act on climate when there is an economic crisis.

“If Europe sends a signal that it can make commitments on climate only in prosperous times, what are developing countries, including India and China, going to say?” he asked. “Some balk at the financial resources required, but if there is political will this money can be found, like the US\$7 tril (RM25tril) raised for tackling the financial crisis.

“We hear the banks and financial institutions need to be bailed out as they

Martin Khor is Executive Director of Third World Network. This article is from the newspaper column Global Trends in The Star daily of Malaysia.



are too big to fail. Climate change is an even bigger problem, in which we cannot fail.”

UN secretary-general Ban Ki-Moon said the world faced two crises, the financial and climate crises. He proposed that a big part of the fiscal stimulus that countries are planning to counter the recession with be spent on investing in a green future that fights climate change and creates jobs.

He said that leadership is needed, and mentioned Europe, the US (where the incoming administration is putting energy and climate at the centre of US policy), China (where one fourth of its fiscal stimulus package is to scale up energy conservation and environmental protection), and India (with its climate plan and its development of solar and wind energy).

“The coming year is the year of climate change,” Ban said. “While the economic crisis is serious, the stakes in climate are higher, and climate change must be at the top of our national agendas. There can be no backsliding.”

He called on countries to break free from entrenched positions, from who is to blame and who will move first.

Tuvalu Prime Minister Apisai Ielemia, whose Pacific island state is facing extinction from rising sea levels, attacked the lack of progress in the fund under the Kyoto Protocol meant to help countries adapt to climate change.

“We need the funds now as climate change is already affecting us,” he said. “But some key developed countries are making the adaptation fund inaccessible to developing countries. This is totally unacceptable.”

While the Poznan talks were going on, bad news came from a summit of European leaders in Brussels which decided to lower the targets set for their industries to comply with regulations to limit their Greenhouse Gas emissions.

The companies are asked to cap their emissions at specified levels and those exceeding these have to pay for permits under the original scheme.

The Brussels meeting last Friday agreed to exempt many of the

most polluting industries from payment, after complaints from auto and other companies affected by the recession.

Major groups such as Friends of the Earth, Greenpeace and Oxfam immediately attacked the decision as a betrayal of what had previously been European leadership on climate action.

Although the European Union is to keep its target of reducing emissions by 20% by 2020, the groups estimated the Summit decision will allow companies to pay others outside the EU to undertake up to two-thirds of the total reduction for them.

There will thus be little domestic action to curb emissions.

The high rhetoric in Poznan was thus being contradicted by the political decisions in Brussels.

The Poznan meeting was given a little boost by the presence of some American figures linked to US President-elect Barack Obama, like Senator John Kerry who promised the new administration would soon take climate action at home and globally.

The proof of the pudding is, however, in the eating, and we will soon see if this rhetoric is matched or contrasted with real action by the US, which under President Bush has been the worst “climate sceptic” refusing to take action.

The Poznan talks ended early on Saturday morning, and there will be many more meetings next year as the countries race to reach a global deal on actions by December.



Retrenchments and closures will be particularly felt in the electronics sub sector.

The Crisis in 2009: Back to Basics

IBON Foundation, Inc.

The global economic situation is expected to continue deteriorating until 2010 and even beyond, and the Philippines is going to be severely affected by the worsening crisis. Yet it is still possible to mitigate the effects on the country, and more importantly, to emerge from this period of crisis with a genuinely strengthening and forward-moving economy.

Various factors will come into fuller play by next year and action must be taken as soon as possible. The economy has been deteriorating steadily in recent years despite government hype and,

as it is, growth has been slowing since the start of the year. The onset of global financial and economic turmoil however now pushes it into a deeper crisis that it is poorly equipped to deal with.

Economic distress

The slowdown that begun in 2008 and will carry through until next year is clear. Growth this year and next year could easily turn out the slowest in a decade. Joblessness will increase and add to the 4.1 million unemployed – estimated to include the jobless statistically removed from the labor force to lower officially reported figures – and 6.8 million underemployed as of 2007. The number of jobless and underemployed next year will very likely rise to well over 11-12 million.

Retrenchments and closures will be most immediately felt in the goods and services export sectors. Particularly affected will be the major sub sectors of electronics (67% of exports in 2007),

apparel and clothing (5%), and furniture and woodcrafts (2%). The US in particular is the largest buyer of Philippine garments and furniture and receives 80% of total garments exports and 60% of total furniture exports. The crisis will weaken global demand for laptops, cameras and cellular phones which are the primary users of the semi-conductors and microprocessors that the country exports. As it is, the country's export-oriented electronics sub sector employs some 500,000-600,000 workers. The US is also the world's largest end-consumer of electronics.

The business process outsourcing (BPO) industry will also likely be badly affected with the US accounting for over two-thirds of foreign equity and 90% of BPO export revenue. The grand target of 940,000 BPO jobs by 2010 is even more impossible especially with employment at most at just 320,000 now. Similarly with local tourism and business travel outfits where hotels and restaurants will feel the pinch of less foreign and domestic visitors.

The jobs situation has clearly started to worsen in 2008. The number of jobless Filipinos drastically increased by 279,000 in October from the same period last year and increased the unemployment rate by 0.6 percentage points. Rough approximations correcting for the government's recent maneuver of underestimating unemployment place the number of jobless Filipinos at around 4.3 million and the unemployment rate at over 11 percent.

The important manufacturing sector lost another 159,000 jobs from the year before, the transport, storage and communication sector lost 10,000 jobs, and

financial intermediation lost 4,000 jobs. These trends are likely to continue until next year and be aggravated by deteriorating jobs in construction, finance and wholesale and retail trade. Small and medium enterprises in particular will have a harder time borrowing with creditors preferring perceived "safer" large borrowers.

Filipinos working overseas in distressed countries and sectors face layoffs or at least lower incomes. This is not just in the US where the crisis first erupted but also wherever in the world they might be and no country is untouched by the tumult. The US is notable though in that over half of all remittances – reaching 52% or US\$7.6 B of US\$14.5 B in 2007– come from the US or via US-based banks.

Overseas Filipinos will do their best and be making even greater sacrifices to maintain remittances to their families in the country. But remittance flows are still certain to weaken in 2009 and perhaps even significantly. At the very least there will be a slowdown in deployments to the US, Europe, Middle East, East Asia and seaborne work where the overwhelming number of overseas Filipinos go and a corresponding drop in growth of remittances from abroad. The corresponding drop in

household incomes will have repercussions on domestic sales of consumer goods and services and even of residential real estate.

The job losses and squeeze on wages, benefits and remittances will combine with rising prices and have an immediate impact on household incomes that will cause poverty to rise. But the spending will also have further depressing effects – possibly beginning with domestic wholesale, retailing and food services as stores and restaurants face lower consumer spending. Additional pressure comes from the generalized slowdown due to overall economic uncertainty, lower consumption, tighter credit and depressed investments. The poorer business sentiment and tightening of capital flows is already reflected in steep stock market drops and much higher interest rates.

External financing for the country is dropping steeply. The US\$912 million net outflow of foreign



A medical transcription employee

portfolio investments in the January-October 2008 period is a drastic reversal from the US\$3.7 billion inflow in the same period last year. Net FDI is going in the same direction and fell by more than half to US\$1.1 billion in January-August 2008 from US\$2.5 billion in the same period in 2007. There is also a strong possibility that the rate at which official development assistance (ODA) is declining will worsen in the coming years as donor governments prioritize domestic financing needs. As it is ODA has already fallen 30% to US\$9.2 billion last year from US\$13.2 billion in 2001.

Immediate relief and strengthening the economy

There are two stages in coping with the crisis. The first stage is to arrest the slowdown in economic activity and the corresponding worsening in unemployment, incomes and poverty. This is critical especially since the country has already been suffering record unemployment, falling incomes and rising poverty in the last few years.

The effects of the economic downturn must be countered by stimulating the economy through expansionary and, importantly, equity-building policies. This includes:

1. Providing immediate emergency food, income and work relief;
2. Increasing public spending on health care, basic education and housing for the people and restoring real per capita social services spending to at least 1997 levels;
3. Increasing public spending on labor-intensive and rural infrastructure projects that will directly improve people's livelihoods;

...the stubbornly elite-biased and increasingly "free market"-oriented policies are a development dead-end.

4. Public resources can be freed by:
 - suspending debt payments. This can begin with, but not be restricted to, debt to foreign creditors receiving bail-outs from their governments;
 - drastically reducing military spending; and
 - cracking down on corruption. This is especially critical to prevent leakages into politicians' electoral war chests for 2010;
5. Giving priority to Filipino producers in government procurement and aid-funded projects;
6. Implementing a P125 across the board nationwide wage hike and a PhP3,000 increase in government salaries;
7. Removing the VAT on oil products and increasing taxation of wealth, luxury goods and services, and on unproductive assets and transactions; and
8. Reducing interest rates while ensuring that credit remains available.

There is also a need to immediately stabilize capital flows with capital controls, especially against outflows right now, and supporting the exchange rate. Capital controls must be used to defend against speculative attacks or financial transactions not related to trade and production.

The advanced capitalist countries are pushed to become all the more aggressive in pushing to open up neo-colonial countries as vents for their crisis. There are two particular areas of concern.

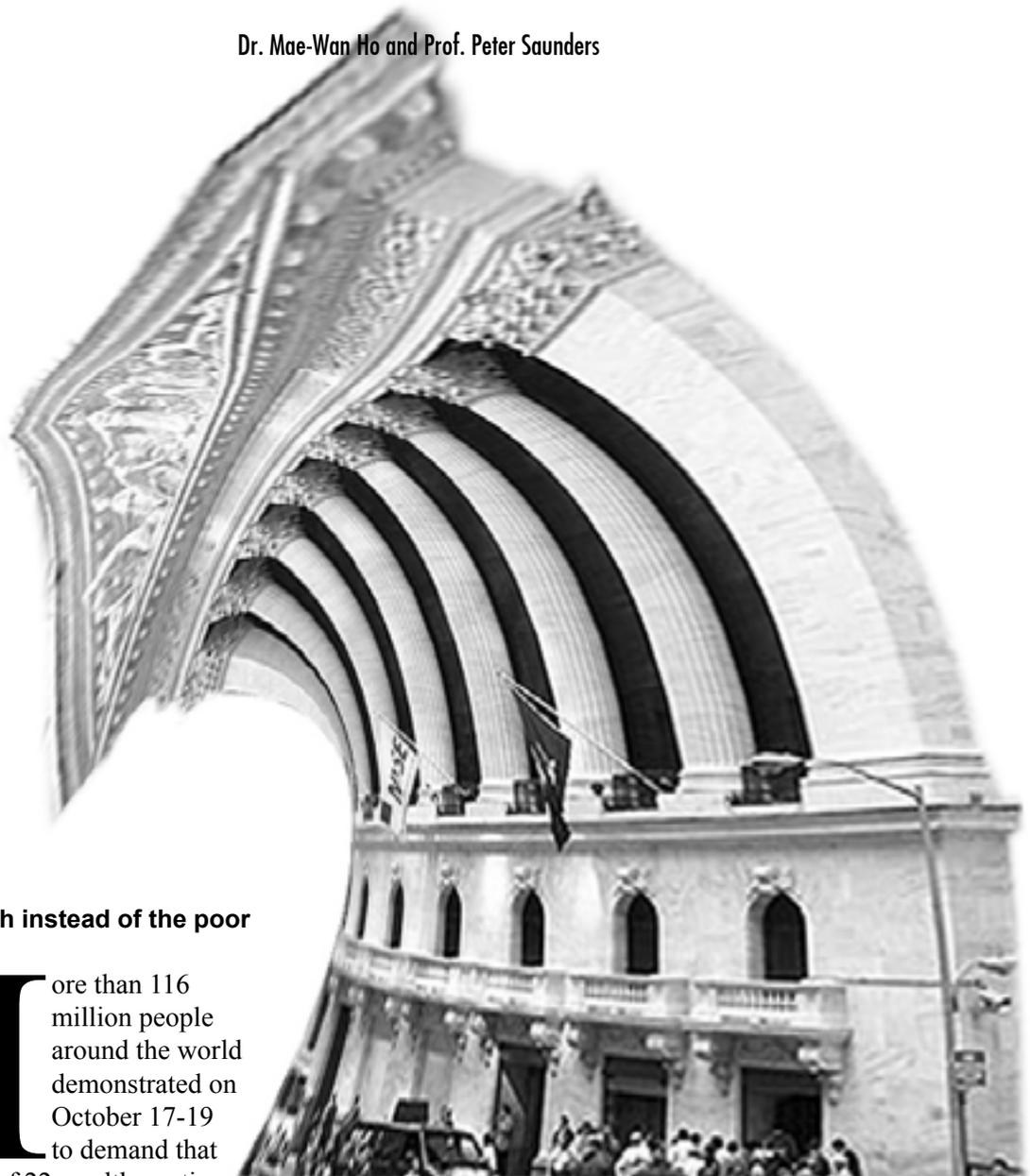
The first is how the International Monetary Fund (IMF), World Bank and other creditors will exploit the situation to leverage further policy conditionalities through their loans and aid. The second is how free trade agreements (FTAs) will be packaged as solutions for slowing domestic economies. This includes not just FTAs between vastly unequal parties but also those packaged as intra-Third World deals that merely create regional production lines for the benefit of the big powers. All maneuvering such as these must be vigorously opposed.

The second stage involves laying the foundations for economic development and reducing internal and external vulnerabilities to inevitable crises.

The economy's problems are far beyond piecemeal solutions. A radical change in socioeconomic policies is needed if there is going to be any hope of lifting the tens of millions of poor Filipinos out of their deprivation. This much is clear from the Philippine's poor development experience and chronic poverty over the last six decades: the stubbornly elite-biased and increasingly "free market"-oriented policies are a development dead-end. Alternative socioeconomic policies must be geared towards what is strategically necessary to improve the economy and people's welfare. In the concrete economic and political conditions of Philippine society today this can only mean genuine agrarian reform and national industrialization. **IBON Features**

FINANCING POVERTY

Dr. Mae-Wan Ho and Prof. Peter Saunders



Rescuing the rich instead of the poor

More than 116 million people around the world demonstrated on October 17-19 to demand that the governments of 22 wealthy nations meet the promises they made at the Millennium Summit 2000 to wipe out extreme poverty and disease in the developing world by 2015. The rich nations had undertaken to dramatically increase their foreign aid, and this commitment is reaffirmed every year by the leaders of the G8 nations. But shamefully, not only has foreign aid not increased, it has actually shrunk in real terms for the past two years.

Within the past few months, a financial crisis of unprecedented proportions has hit Wall Street and rapidly spread to Europe and the rest of the world. And in complete contrast to the slow, miserly way in which the wealthy nations have treated the poor, they sprang to action with the utmost generosity to rescue the rich.

The New York Stock Exchange, or Wall Street, gets hit.

Dr Mae-Wan Ho is Director of ISIS (Institute of Science in Society) and Prof. Peter Saunders is Professor of Applied Mathematics in King's College, London, UK. The above article is reproduced from ISIS Press Release, 3 November 2008.

By the end of October, £1.8 trillion have been wiped off the global economy, according to Bank of England's latest estimate. The US bailout alone has already cost the taxpayer more than US\$1 trillion. That's a huge amount, but still small compared with the total value of the world's economy at \$65 trillion, and a mere drop in the ocean against the \$596 trillion in outstanding global derivatives (financial contracts). The taxpayer's money is being thrown into a "bottomless pit", says David Korten, a long-time critic of the financial system and author of the international bestseller, *When Corporations Rule the World* (1995, 2001). The danger is that if governments continue to misdirect massive public funds towards rescuing the financial system, its collapse will bring down the *real* economy.

It is important to distinguish between the real economy of people trading in goods and services based on real value, and the financial system, which trades in money as such, in sub-prime mortgages, derivatives, hedge-funds, and private equities that have become "reckless speculation that produces nothing of real value". It is the difference between "Main Street" and "Wall Street".

What's more, it is the financial system that has impoverished people and planet because mainstream economists and governments advised by them are committed to the dominant



model of unlimited growth based on the ideology that competition in the "free market" will fix all, and because they cannot see the difference between money and real wealth.

Market is not free, and money is not wealth

Conventional wisdom in economics has it that markets freed from government interference will self-correct. That's an important assumption for the theory and much of the justification for opposing regulation, but it is simply not the case. As George Soros ("speculator, investor, philanthropist, political activist") – someone who understands the system well enough to have benefited enormously from it – describes in his book, *The New Paradigm for Financial Markets: the Credit Crisis of 2008 and What It Means*, whenever there is anything more than a minor

fluctuation, the authorities have generally come to the rescue, though not to the extent of imposing the necessary regulation.

What is happening today is unusual only in the magnitude of the intervention; there are many earlier examples, including the bankruptcy of Continental Illinois in 1984 and the failure of Long Term Capital Management in 1998.

Korten writes: "We can now see clearly that the more Wall Street freed itself from regulatory oversight, the more its most powerful players manipulated markets and politics to their personal benefit. The more reckless their risk taking became, the greater the instability of the financial system, and the greater the threat to the rest of the economy."

Korten clearly distinguishes money from real wealth. Money is

an essential medium of exchange, and makes modern economic life possible. “In our current money system, the money that Main Street depends on to facilitate productive economic exchange and investment is created when Wall Street’s private banks issue loans. You might say that the business of Wall Street is creating money. This does not in itself create wealth. Money is only an accounting chit useful as a medium of exchange. Wealth creation is the business of Main Street. *This suggests that the only legitimate reason for the existence of Wall Street is to provide an orderly flow of money to meet the needs of Main Street.*” [emphasis added].

So long as appropriate public regulation was in place after the financial crash of 1929 to hold it accountable to Main Street, Wall Street performed its appropriate tasks reasonably well. As it became less and less accountable, however, it turned from serving Main Street to preying on it, creating “a mind boggling variety of ‘heads I win, tails you lose’ financial games.” People were encouraged to run up credit card and mortgage debts beyond their means, then hit with fees and

usurious interest rates as they fell behind in their payments. The banks sold the high-risk mortgages on to brokers who packaged them into tradable securities and sold them on again to other banks, and used the proceeds to finance more lending to unqualified borrowers. Many of these overrated securities ultimately ended up in the portfolios of retirement funds, and so the risk is passed to unsuspecting Main Street workers and pensioners.

“Wall Street also found it profitable to merge regulated banks with unregulated investment houses to facilitate insider dealing and finance a proliferation of highly leveraged hedge funds and private equity funds that specialize in gambling with other people’s money using exotic financial instruments no one fully understands.”

In short, Wall Street players created and profited from financial and real estate bubbles and debt pyramids “that used borrowed money to create paper assets that became collateral for more borrowing to create more paper assets to justify compensating packages for themselves in the hundreds of millions of dollars.”

In 2007, the 50 highest paid private investment fund managers got an average \$588 million in compensation, which is 19,000 times the average worker’s pay. As Korten says, and many would agree, “It may be legal, but it is not wealth creation. It is an act of theft.”

Toxic money

Wall Street and its globally extended financial system create not wealth but paper money based on usury at the expense of unbearable debt, misery and poverty to the most vulnerable people and the most vulnerable nations.

Worse still, the enormous paper assets created out of nothing go to fuel conspicuous consumption and exploitation of the earth well beyond what it can thermodynamically sustain.

Indeed, money in an economic system is often compared with energy in the living system. When money ceases to flow, the economic system collapses, just as the living system cannot function without energy flow.

This analogy holds so long as Wall Street is held accountable to the real economy, but breaks down completely with the proliferation of the unregulated financial sector.

Be warned: all money is not equal; that created in the financial sector is not energy as much as pure entropy, the toxic dissipation that ultimately kills the system. In healthy systems, money, like energy, flows symmetrically in just exchange based on real values

Wall Street and its globally extended financial system create not wealth but paper money based on usury at the expense of unbearable debt, misery and poverty to the most vulnerable people and the most vulnerable nations.



PHOTO: AP/WIDE WORLD

Wealthy nations' help for the poor was slow and miserly, but quick and generous for the rich.

of goods and services, so little entropy or waste is generated (see *The Rainbow and the Worm, The Physics of Organisms* for a detailed exposition on a new theory of the organism relevant to this discussion).

Rein in the financial predators and shift to a circular economy of nature

Korten argues that instead of trying to bail out Wall Street's financial predators, we need a proper plan to rid Wall Street of its predatory elements and create a new system accountable to the needs of the real economy.

Hedge funds and private equity funds should be dismantled, as they "pose great risks to society while performing no beneficial function". Anti-trust laws should be used to break up all excessive concentrations of corporate power, especially the banking

conglomerates that have been fuelling speculation in global financial markets. A system of federally regulated community banks should be created that act as intermediaries between local people who want to deposit their savings securely and others who need a loan to buy a home or finance a business. (Until recently, the UK had a large number of "building societies" which traditionally played this role for mortgages. Over the past 10 or 15 years, almost all of them, including Bradford & Bingley, Halifax and Northern Rock, have turned themselves into banks, with disastrous consequences that are all too well known. Korten's plan would reverse the process.)

Finally, proceeds from "taxes on the ill-gotten gains of those who created the financial mess" should compensate pensioners and home-owners and others they victimized.

In addition, we would like to see the dominant model replaced by a circular economy that mimics nature, in maximising the efficient use of renewable energies, the sequestering of carbon from the atmosphere, and the recycling of "wastes" into resources. This circular economy will prove itself most effectively in organic, localised food and energy systems that can free us from fossil fuels while feeding and energizing the world (see *Food Futures Now: Organic Sustainable Fossil Fuel Free*, *ISIS* publication).

After all, if you grow your own food without having to buy fertilizers, pesticides, or seeds, you are not only safe from financial predators, but also from corporations like Monsanto that aim to monopolize your food supply. In that way, we can save ourselves, the economy and the climate all at once. **Third World Network Features**



PHOTO: JOHN MORGAN / POST CARBON WORLD

ORGANIC CUBA

without fossil fuels

Dr. Mae-Wan Ho

Cuba's experience has opened our eyes to agriculture without fossil fuels, a possibility rapidly turning into a necessity for mitigating climate change as world production of petroleum has also peaked.

Dr Mae-Wan Ho is Director and co-founder of the UK-based Institute of Science in Society <www.i-sis.org.uk>, Editor of Science in Society magazine and scientific adviser to the Third World Network.

CUBA is where agriculture without fossil fuels has been put to its greatest test, and it has passed with flying colours.

The year 1989 ushered in the 'Special Period', a scenario that will hit some countries in the not-too-distant future unless they prepare for it right now.

Before 1989, Cuba was a model Green Revolution farm economy, based on huge production units of state-owned farms, and dependent on vast quantities of imported oil, chemicals and machinery to produce export crops. Under agreements with the former Soviet Union, Cuba had been an oil-driven country, and 98% of all its petroleum had come from the Soviet bloc. In 1988, 12-13 million tons of

ALTERNATIVES

Soviet oil were imported and of this, Cubans re-exported 2 million tons. In 1989, Cuba was forced to cut the re-export in half and in 1990, oil exports were cut entirely as only 10 of 13m tons promised by the Soviet had been received. At the end of 1991, only 6 of the promised 13m tons was received, and the shortfall in oil began to severely affect the nation's economy.

While oil was critical, other losses were also important, as 85% of all Cuba's trade was with the Soviets. Cuba exported 66% of all sugar and 98% of its citrus fruit to the Soviet bloc, and imported from them 66% of its food, 86% of all raw materials, and 80% of machinery and spare parts. Consequently, when support from the Soviet bloc was withdrawn, factories closed, food scarcity was widespread and an already inadequate technology base began eroding.

The collapse of the Soviet bloc and the tightened US trade embargo exposed the vulnerability of Cuba's Green Revolution model, and it was plunged into the worst food crisis in its history.

In early 1990, a survival economy was put in place as 100,000 tons of wheat normally

obtained through barter arrangements failed to arrive and the government had to use scarce hard currency to import grain from Canada¹. The price of food went up and bread had to be rationed. Overall, food consumption was said to decrease by 20% in calories and 27% in protein between 1989 and 1992.

To make matters worse, Cuba's efforts to reverse the trend of rural-urban migration over the past decades failed to stem the increasing tides of rural migrants to the cities, especially to Havana. In 1994, 16,541 migrated to Havana from all over Cuba, more than any year since 1963. By 1996, the figure had reached 28,193 at pre-revolution level. Shortages of food and medicine and gasoline were driving people to the capital.

Policies to stop the inflow were put in place in 1997, but not before the

population density in the capital reached 3,000 inhabitants per square kilometre.

Cuba was faced with a dual challenge of doubling food production with half the previous inputs, with some 74% of its population living in cities. Yet by 1997, Cubans were eating almost as well as they did before 1989, with little food and agrochemicals imported. Instead, Cuba concentrated on creating a more self-reliant agriculture: a combination of higher crop prices paid to farmers, agroecological technology, smaller production units, and most importantly, urban agriculture. Urbanisation is a growing trend worldwide. More people now live in cities than in the countryside. By 2015 about 26 cities in the world are expected to have populations of 10 million or more. To feed cities of this size requires at least 6,000 tons of food a day.



PHOTO: CUBANAGRICULTURE.COM

The growth of urban agriculture was largely due to the state's commitment to make unused urban and suburban land and resources available to aspiring urban farmers.

The Cuban response

The way Cuba responded was an inspiration to the rest of the world. It began with a nationwide call to increase food production by restructuring agriculture. It involved converting from conventional large-scale, high-input monoculture systems to smaller-scale, organic and semi-organic farming systems. The focus was on using low-cost and environmentally safe inputs, and relocating production closer to consumption in order to cut down on transportation costs, and urban agriculture was a key part of this effort.

A spontaneous, decentralised movement had arisen in the cities. People responded enthusiastically to government initiative. By 1994, more than 8,000 city farms were created in Havana alone. Front lawns of municipal buildings were dug up to grow vegetables. Offices and schools cultivated their own food. Many of the gardeners were retired men in their 50s and 60s, and urban women played a much larger role in agriculture than their rural counterparts.

By 1998, an estimated 541,000 tons of food were produced in Havana for local consumption. Food quality also improved as people had access to a greater variety of fresh fruits and vegetables. Urban gardens continued to grow and some

neighbourhoods were producing as much as 30% of their own food.

The growth of urban agriculture was largely due to the state's commitment to make unused urban and suburban land and resources available to aspiring urban farmers. The issue of land grants in the city converted hundreds of vacant lots into food-producing plots, and new planning laws placed the highest land-use priority on food production.

Another key to success was opening farmers' markets and legalising direct sales from farmers to consumers. Deregulation of prices combined with high demand for fresh produce in the cities allowed urban farmers to make two to three times as much as the rural professionals.

The government also encouraged gardeners through an extensive support system including extension agents and horticultural groups that offered assistance and advice. Seed houses throughout the city sold seeds, gardening tools, compost and distributed biofertilisers and other biological control agents at low costs.

New biological products and organic gardening techniques were developed and produced by Cuba's agricultural research sector, which had already begun exploring organic alternatives to chemical controls, enabling

Cuba's urban farms to become completely organic. In fact, a new law prohibited the use of any pesticides for agricultural purposes anywhere within city limits.

The introduction of a diversified market-based system for food distribution has spurred increased agricultural productivity¹. The United Nations Food and Agriculture Organisation estimated that between 1994 and 1998, Cuba tripled the production of tubers and plantains, and doubled the production of vegetables, which doubled again in 1999. Potatoes increased from 188,000 tonnes in 1994 to 330,000 tonnes in 1998, while beans increased by 60% and citrus by 110% from 1994 to 1999.

Anecdotal information suggests that thousands of families have left cities and large towns to make their livelihood from the land. Other information suggests that thousands of unemployed - including rural migrants - have found employment in urban agriculture.

Rural agroecology and land restructuring

Agroecological methods were introduced into Cuba's rural communities largely out of the necessity of coping without artificial fertilisers and pesticides; but this was also amply supported with substantial government resources, state-funded research, and fundamental policy shifts at the highest levels of government¹. Agroecological farming in the countryside and organic urban agriculture were the key to stabilising both urban and rural populations.

The agroecological methods introduced include locally produced biopesticides and

biofertilisers substituting for the artificial chemical inputs, complex agrosystems designed to take advantage of ecological interactions and synergisms between biotic and abiotic factors that enhance soil fertility, biological pest control, and achieving higher productivity through internal processes. Other practices involve increased recycling of nutrients and biomass within the system, addition of organic matter to improve soil quality and activate soil biology, soil and water conservation, diversification of agrosystems in time and space, integration of crops and livestock, and integration of farm components to increase biological efficiencies and preserve productive capacity.

In 1993, the Cuban government unveiled a major reorganisation of agriculture, restructuring state farms as private cooperatives. The new farms, which now make up the largest sector in Cuban agriculture, were called UBPCs or Basic Units of Cooperative Production, based on a growing perception that smaller farms would be more easily managed and better able to take on the sustainable agriculture practices.

The state retains ownership of the land, leasing it on a long-term basis, but rent-free. The cooperative, not the state, owns the production, and the members' earnings are based on their share of the cooperative's income. The UBPC also owns buildings and farm equipment, purchased from the government at discount prices with long-term, low-interest loans (4%). Most UBPCs produce sugar at given quotas, limiting any other crops that they might produce, so they have little to sell in agricultural markets, which restricts their options and income.

In addition to the UBPCs, the break-up of large state farms has freed large plots of land for other use, and land has been turned over to both private farmers and agricultural cooperatives.

Small farmers working on privately owned farms and in cooperatives have made major contributions to the successful implementation of agroecology in the countryside.

Agricultural Production Cooperatives (CPAs) were first created 20 to 30 years ago by farmers who chose to pool their land and resources to attain greater production and marketing and economic efficiency. Although the CPAs were of minimal importance then, they began to rebound in the early 1990s. The UBPCs were modelled after them, except that farmers in the CPAs owned their land.

The Credit and Service Cooperative (CCS) is an association of small landowners joining up with other small farmers to receive credit and services from state agencies. They may also share machinery and equipment, and thus are able to take advantage of economies of scale. CCS members purchase inputs and sell products at fixed prices through state agencies, based on production plans and contracts established with the state distribution system. Any production above and beyond the contracted quantity may be sold in farmers' markets at free market prices. These small farmers have been the most productive sector in Cuban agriculture, outperforming both the CPAs and UBPCs. CCS farmers have higher incomes than members of other cooperatives.

While all farmers continue to sell a percentage of their produce to the state marketing board, farmers are now motivated to produce in excess of their agreed quota, which they can sell to agricultural markets, often at twice the contracted government price. They can triple or quadruple their income.

The urban agricultural miracle

Today, Vivero Alamar (Alamar Gardens) is an oasis amid the monotonous array of perfectly rectangular apartment blocks of Soviet-style housing in the Alamar district of eastern Havana. It is a 27-acre organic farm set in the middle of a city of 2 million people. Founded in 1994 on a small 9-acre parcel of land, it has become a 140-person business⁶ producing a steady harvest of a wide range of fruits and vegetables: lettuces, carrots, tomatoes, avocados, culinary and medicinal herbs,



Farmers sell their organic produce.

chard and cucumbers. After harvest the crops are sold directly to neighbours at a colourful farm stand. *Vivero Alamar* also sells a range of organic composts and mulches and a selection of patio plants. In 2005, this neighbourhood-managed worker-owned cooperative earned approximately \$180,000. After capital improvements and operating expenses, it pays each worker about \$500 a year compared to the Cuban minimum wage of \$10 a month. *Vivero Alamar* is just one example of the revolution in food production that swept Cuba in the early 1990s and continues today. From Santiago de Cuba in the east to Pinar del Rio in the west, thousands of urban gardens are blossoming. Some 300,000 Cubans are busy growing their own fruits and vegetables and selling the surplus to their neighbours.

Although urban agriculture is totally organic, the country as

a whole is not. But the amount of chemical inputs has been drastically reduced. Before the crisis hit in 1989, Cuba used more than 1 million tons of synthetic fertilisers a year. Today, it uses about 90,000 tons. During the Soviet period, Cuba applied up to 35,000 tons of herbicides and pesticides a year; today, it is about 1,000 tons.

Like many small poor countries, Cuba remains reliant on export agriculture to earn hard currency. It is a robust exporter of tobacco, sugar, coffee, and citrus, and is selling a significant amount of the last three as certified organic⁷. Foreign investment in such ventures is on the rise. But when it comes to sustainable agriculture, Cuba's most impressive innovation is its network of urban farms and gardens.

According to Cuba's Ministry of Agriculture, some 150,000 acres of land is being cultivated in urban and suburban settings, in thousands of community farms, ranging from modest courtyards to production sites that fill entire city blocks. Organoponicos, as they are called, show how a combination of grassroots effort and official support can result in sweeping change, and how neighbours can come together and feed themselves. When the food crisis hit, the organoponicos were an ad hoc response by local communities to increase the amount of available food. But as the power of the community farming movement became obvious, the Cuban government stepped in to provide key infrastructure support and to assist with information dissemination and skills sharing.

Most organoponicos are built on land unsuitable

for cultivation; they rely on raised planter beds. Once the organoponicos are laid out, the work remains labour-intensive. All planting and weeding is done by hand, as is harvesting. Soil fertility is maintained by worm composting. Farms feed their excess biomass, along with manure from nearby rural farms to worms that produce a nutrient-rich fertiliser. Crews spread about two pounds of compost per square yard on the bed tops before each new planting.

Jason Mark writes: 'Despite the tropical heat, it doesn't look like drudgery. Among organoponico employees, there is a palpable pride in their creation. The atmosphere is cooperative and congenial. There is no boss in sight, and each person seems to understand well their role and what's expected of them. The work occurs fluidly, with a quiet grace.'

Gardeners come from all walks of life: artists, doctors, teachers. Fernando Morel, president of the Cuban Association of Agronomists, said: 'It's amazing. When we had more resources in the 1980s, oil and everything, the system was less efficient than it is today.'

The hybrid public-private partnership appears to work well. In return for providing the land, the government receives a portion of the produce, usually about one-fifth of the harvest, to use at state-run daycare centres, schools and hospitals. The workers get to keep the rest to sell at produce stands located right at the farm. It is more than fair trade.

The city of Havana now produces enough food for each resident to receive a daily serving of 280 g of fruits and vegetables a day. The UN food programme recommends 305 g.



PHOTO: JOHN MORGAN / POST CARBON WORLD



PHOTO: CUBANAGRICULTURE.COM

Joe Kovach, an entomologist from Ohio State University who visited Cuba on a 2006 research delegation, sums up the situation: 'In 25 years of working with farmers, these are the happiest, most optimistic, and best-paid farmers I have ever met.'

Long queues of shoppers form at the farm stalls; people are shopping for quality and freshness, the produce is harvested as they buy, reducing waste to a minimum.

Urban agriculture nationwide reduces the dependence of urban populations on rural produce. Apart from organoponicos, there are over 104,000 small plots,

patios and popular gardens, very small parcels of land covering an area of over 3,600 ha, producing more than the organoponicos and intensive gardens combined¹. There are also self-provisioning farms around factories, offices and business, more than 300 in Havana alone. Large quantities of vegetables, root crops, grains, and fruits are produced, as well as milk, meat, fish eggs and herbs. In addition, suburban farms are intensively cultivated with emphasis on efficient water use and maximum reduction of agrotoxins; these are very important in Havana, Santa Clara, Sancti Spiritus, Camaguey, and Santiago de Cuba. Shaded cultivation and apartment-style production allow year-round

cultivation when the sun is at its most intense. Cultivation is also done with diverse soil substrate and nutrient solutions, mini-planting beds, small containers, balconies, roofs, etc. with minimal use of soil. Production levels of vegetables have doubled or tripled every year since 1994, and urban gardens now produce about 60% of all vegetables consumed in Cuba, but only 50% of all vegetables consumed in Havana.

The success of urban agriculture is put down to the average Cuban citizen's commitment to the ideal of local food production⁷. There is so much for the world to learn from the Cuban experience, not least of which, agriculture without fossil fuels is not only possible but also highly productive and health-promoting in more ways than one.

References

1. Wolfe LR. Rural-urban migration and the stabilization of Cuban agriculture. Food First, Institute for Food and Development Policy, 17 December 2007, <http://www.foodfirst.org/node/1123>
2. Holt-Gimenez E, Altieri MA and Rosset P. Ten Reasons Why the Rockefeller and the Bill and Melinda Gates Foundations' Alliance for Another Green Revolution Will Not Solve the Problems of Poverty and Hunger in Sub-Saharan Africa. Food First Policy Brief No. 12, October 2006
3. Murphy C. Cultivating Havana: Urban Agriculture and Food Security in the Years of Crisis, May 1999, www.foodfirst.org
4. Ho MW. Exploding the food myths in the GM debate. ISIS News 5, July 2000
5. Wright J. Falta Petroleo! Perspectives on the emergence of a more ecological farming and food system in post-crisis Cuba, Wageningen UR 2005 ISBN: 90-8504-197-X
6. 'Success story, urban farming thrives in Cuba (part one)', Jason Mark, 11 April 2007, [peopleand planet.net, http://www.peopleandplanet.net/doc.php?id=3003](http://www.peopleandplanet.net/doc.php?id=3003)
7. 'Success story, urban farming thrives in Cuba (part two)', Jason Mark, 11 April 2007, [peopleand planet.net, http://www.peopleandplanet.net/doc.php?id=3004](http://www.peopleandplanet.net/doc.php?id=3004)

Why bombing Ashkelon IS THE MOST TRAGIC IRONY

Robert Fisk

How easy it is to snap off the history of the Palestinians, to delete the narrative of their tragedy, to avoid a grotesque irony about Gaza which - in any other conflict - journalists would be writing about in their first reports: that the original, legal owners of the Israeli land on which Hamas rockets are detonating live in Gaza.

That is why Gaza exists: because the Palestinians who lived in Ashkelon and the fields around it - Askalaan in Arabic - were dispossessed from their lands in 1948 when Israel was created and ended up on the beaches of Gaza. They - or their children and grandchildren and great-grandchildren - are among the one and a half million Palestinian refugees crammed into the cesspool of Gaza, 80 per cent of whose families once lived in what is now Israel. This, historically, is the real story: most of the people of Gaza don't come from Gaza.

But watching the news shows, you'd think that history began yesterday, that a bunch of bearded anti-Semitic Islamist lunatics suddenly popped up in the slums of Gaza - a rubbish dump of destitute people of no origin - and began firing missiles into peace-loving, democratic Israel, only to meet with the

righteous vengeance of the Israeli air force. The fact that the five sisters killed in Jabalya camp had grandparents who came from the very land whose more recent owners have now bombed them to death simply does not appear in the story.

Both Yitzhak Rabin and Shimon Peres said back in the 1990s that they wished Gaza would just go away, drop into the sea, and you can see why. The existence of Gaza is a permanent reminder of those hundreds of thousands of Palestinians who lost their homes to Israel, who fled or were driven out through fear or Israeli ethnic cleansing 60 years ago, when tidal waves of refugees had washed over Europe in the aftermath of the Second World War and when a bunch of Arabs kicked out of their property didn't worry the world.

Well, the world should worry now. Crammed into the most overpopulated few square miles in the whole world are a dispossessed people who have been living in refuse and sewage and, for the past six months, in hunger and darkness, and who have been sanctioned by us, the West.

Gaza was always an insurrectionary place. It took two years for Ariel Sharon's bloody "pacification", starting in 1971, to be completed, and Gaza is not going to be tamed now.

Robert Fisk is one of the most respected Middle East journalists, has a PhD in political science, speaks Arabic, and has lived and traveled widely in the region.

PHOTO: REUTERS



Missile damage inside a mall in Ashkelon.

Alas for the Palestinians, their most powerful political voice - I'm talking about the late Edward Said, not the corrupt Yassir Arafat (and how the Israelis must miss him now) - is silent and their predicament largely unexplained by their deplorable, foolish spokesmen. "It's the most terrifying place I've ever been in," Said once said of Gaza.

"It's a horrifyingly sad place because of the desperation and misery of the way people live. I was unprepared for camps that are much worse than anything I saw in South Africa."

Of course, it was left to Israeli Foreign Minister Tzipi Livni to admit that "sometimes also civilians pay the price," an argument she would not make, of course, if the fatality statistics were reversed.

Indeed, it was instructive yesterday to hear a member of the American Enterprise Institute - faithfully parroting Israel's arguments - defending the outrageous Palestinian death toll by saying that it was "pointless to play the numbers game". Yet if more than 300 Israelis had been killed - against two dead Palestinians - be sure that the "numbers game" and the disproportionate violence would be all too relevant. The simple fact is that Palestinian deaths matter far less than Israeli deaths. True, we know that 180 of the dead were Hamas members. But what of the rest? If the UN's conservative figure of 57 civilian fatalities is correct, the death toll is still a disgrace.

To find both the US and Britain failing to condemn the Israeli onslaught while blaming Hamas is not surprising. US Middle East policy and Israeli policy are now

indistinguishable and Gordon Brown is following the same dog-like devotion to the Bush administration as his predecessor.

As usual, the Arab satraps - largely paid and armed by the West - are silent, preposterously calling for an Arab summit on the crisis which will (if it even takes place), appoint an "action committee" to draw up a report which will never be written. For that is the way with the Arab world and its corrupt rulers. As for Hamas, they will, of course, enjoy the discomfiture of the Arab potentates while cynically waiting for Israel to talk to them. Which they will. Indeed, within a few months, we'll be hearing that Israel and Hamas have been having "secret talks" - just as we once did about Israel and the even more corrupt PLO. But by then, the dead will be long buried and we will be facing the next crisis since the last crisis.

People's Statement on the Global Crisis

The people of the world suffer the greatest from the current economic and financial crisis, the worst in a century. Supposed measures to deal with the crisis further aggravate the hardship of the world's poor and flagrantly serve to bail out and perpetuate the oppressive and exploitative system of monopoly capitalism. A radical overhaul is needed and societies must be built that deliver livelihoods, incomes, education, health and housing for the people.

The crisis is global and the worst in a century. The global economic recession has begun with consumption and production collapsing in the advanced capitalist United States (US), European Union (EU) and Japan which amount to over half of the world economy. World economic growth is currently expected to keep falling to just 3.0% next year which would already be the slowest in almost a decade. Yet growth estimates are adjusted downwards as often as they are made. Some estimates of the eventual financial losses have been in the order of an unprecedented US\$25-30 trillion worldwide and the effects of this in the real economy will be catastrophic. The world faces the double danger of recession and deflation. The adverse consequences of neoliberal globalization in the past decades will be aggravated all over the globe.

The people were exploited and thus impoverished even before the turmoil and will now suffer even more. Poverty and inequality have been worsening in the last decades. Even if one were to use the underestimated poverty line of \$2 per day, there has been a 50% increase in the number of poor people since 1980 to some three billion today out of the world's total population of 6.4 billion. Around 800 million people are jobless or otherwise still needing additional incomes and work, a billion people go hungry every day, and two billion people do not even have access to clean water. The current turmoil guarantees even more rapid increases in misery in the years to come.

Neocolonial economies are already facing falling exports, dropping commodity prices, speculative outflows and dried up capital markets. Even migration and remittances from abroad are at risk. Domestic growth is slowing and production cutbacks and layoffs are already starting. Hundreds of millions of households are struggling with increasing joblessness, declining incomes and deteriorating welfare. The people who have long suffered from the ravages of neoliberal globalization are faced with the terrible consequences of the rapid deterioration of the economy.

The current crisis is particularly severe and worse is to come in the train of recurrent crises under capitalism. Capitalism is inherently caught up in self-contradiction and is constantly imbalanced. The drive of the monopoly bourgeoisie to extract surplus value and maximize private profits is in contradiction with the social character and rise of production. Thus keeping down wage levels relative to increasing production reduces effective demand. This is reflected in the so-called 'boom-bust cycle' which underscores the periodic episodes of collapsing production and acute crisis. Throughout this, the incomes and welfare of the working people remain miserably low.

Over the last three decades the advanced capitalist countries have tried to keep their economies and profits growing through the neoliberal offensive of exploiting cheap labor, seizing raw materials and dominating markets across the globe. Yet the crisis has continued to deepen. In the 1990s, they resorted more and more to financial devices: speculative profits and debt-driven consumption and production. However, the basic imbalance of capitalism remained and delaying the inevitable through inflating financial bubbles only meant an unprecedented accumulation of problems and instability.

There are limits to how far economies can be propped up by debt that is not based on any real economic values created or that could ever be created. The United States is a clear example. Unsustainable debt-driven pump-priming for its wars of aggression and unsustainable debt-driven household consumption are at the core of its financial and economic disorder.

The crisis erupted when the financial illusions and false dynamic of growth could no longer be maintained. Although manifesting first in the US, the world's most advanced capitalist power and also the most indebted and financially troubled, the EU and Japan likewise have the same problems. The big power governments are now scrambling to mobilize public resources for private monopoly benefit.

The responses proposed are principally aimed at reviving corporate profits at the expense of the people. The imperialist powers are quick to take action to save a few giant financial institutions. They mobilized or otherwise committed trillions of dollars in bail-outs and support ostensibly to restore confidence in financial systems and stop a descent into even greater turmoil. There is, unsurprisingly, no such rapid and meaningful action to help underdeveloped countries or the billions of poor people even only in terms of keeping residents in their foreclosed homes at reduced rent and in New Deal or Keynesian ways such as reemploying people in public works and expansion of social services in conjunction with reviving manufacturing upon the rise of effective demand. And yet the financial lifelines to finance capital are eventually going to be borne by the people in terms of higher taxes, diminished social services, higher inflation, and greater instability.

The advanced industrial powers are further seeking greater trading and investment opportunities abroad to restore their profits at the expense of the underdeveloped countries. At the same time they are compelled to preserve control of domestic markets, as well as push down wages and the benefits of their workers. There are already efforts to revive the stalled World Trade Organization (WTO) talks and to increase the manipulative influence of the International Monetary Fund (IMF) and World Bank (WB). There is also a determined push to multiply imperialist-dominated bilateral and regional free trade and "economic partnership" deals. Insofar as these consolidate economic territories, they foreshadow economic conflicts over the world's finite labor, natural resources and markets.

The most compliant underdeveloped country governments are already working to further remove trade barriers and investment controls. Neoliberal globalization has destroyed domestic agriculture and industry and made hundreds of millions of peasants and workers poorer in economically backward countries. Farmers and agricultural workers around the world lost their livelihoods and were driven off the land, while factory workers were thrown out into the streets into destitution as entire industries were wiped out.

In any case, the world economy is still continuing to unravel. Capitalism is facing a prolonged recession with industrial closures, firm bankruptcies, wage repression, cutbacks in benefits, lay-offs, rural displacement and greater poverty to come. The global credit squeeze, drastic fall in demand for the raw materials and semi-manufactured exports and the depressed prices of these will aggravate and deepen the exploitation and impoverishment of the people in the Third World. There is in fact, a global depression which is becoming conspicuous as the methods of finance capital for covering deficits, funding consumption on credit and thus fabricating economic growth rates become ineffective.

Only a new social and economic order will prevent the worsening of poverty and a recurrence of crisis. The capitalist world economy is at the limits of being driven by debt, speculation, cheap labor exploitation and war. Household incomes and welfare are worsening rapidly both in the advanced centers of capitalism and in the vast backward hinterlands of the world. The current level of the crisis of monopoly capitalism has been on the make for several decades and is likely to be persistent for several years. The global bond market is expected to collapse soon.

Efforts at coping with the crisis under the current system will at best restore growth momentarily until the next bout of intensified crisis. The current global trade and investment regime promotes neoliberal globalization for the benefit of the world's most powerful monopoly capitalists at the expense of the people's welfare. The system itself needs to be radically overhauled with economies producing not for the profit of a few corporations but for the needs of the many for decent livelihood, goods and services.

It is imperative for the people to build an alternative system that is humane, equitable and just. This alternative system is guided by three general principles: social justice and reversing age-old biases

against the working people; the economy and its resources serving the needs of the general population and not the profits of a few; and national independence, genuine democratic participation and environmental responsibility. The people must eschew the anarchic economics and social exclusiveness of the phoney free market of monopoly capitalism .

There is no easy way out of the crisis and the people of underdeveloped countries are struggling to assert their economic sovereignty and strive for greater self-reliance and social justice. Among the critical measures that must be taken are:

1. **Stop talks on all neoliberal multilateral, regional and bilateral free trade agreements that have grossly disadvantaged the working people and entire underdeveloped countries; and cancel all current deals.** An international trade and investment regime that recognize economic sovereignty and self-reliant development and the primacy of the people's welfare must be built. Domestic economies must be freed from imperialist exploitation and must have the leeway to implement development strategies as they see fit.
2. **Oppose maneuvering by the IMF, WB and WTO to exploit the crisis and further impose neoliberal policies on the underdeveloped countries.** Their opportunism necessitates the strengthening of the people's demand for these organizations' closure.
3. **Stop speculative financial flows to underdeveloped countries that introduce instability,** reckless speculation in energy and other commodities that causes undue volatility, and irresponsible speculation in food commodities that further disrupts food supplies and feeds hunger.
4. **Execute strategies to build national industry, implement true agrarian reform, realize food sovereignty, and promote gender equality and environmental sustainability.**
5. **Carry out genuine agrarian reform which means immediately giving land to the tillers, providing the means to make this productive, and improving means of rural livelihood.**
6. **Unconditionally cancel foreign debts to stop the outflow of vital domestic resources.**
7. **Put in place schemes that ensure environmental sustainability,** including long-term solutions to climate change that acknowledge the greater accountability of the imperialist powers.

At the same time there is an urgent need for the people to demand and obtain immediate relief against worsening social and economic distress.

1. **Immediate emergency food, expanded unemployment benefits, income and work relief** through expanded public works and social services and shelter at reduced rent for people whose homes have been foreclosed.
2. **A greater share for the working people of the wealth that they produce through wage increases in industry and a larger share of the agricultural produce for the peasants and farm workers.**
3. **Adequate and active provision of health care, public education, housing and other social services for the people.**
4. **Increased public spending on rural infrastructure projects that will directly improve people's livelihoods.**
5. **Drastic reduction of military spending and elimination of bureaucratic corruption.**

6. Reduction of taxes on the poor, and increased taxation on the wealthy and corporations towards a progressive tax system.

Initial list of endorsers:

RESIST!

Asia Pacific Research Network (APRN)
 All Nepal Peasants' Federation (ANFPA), Nepal
 Andhra Pradesh Vyavasaya Vruthidarula Union –APVVU, India
 Angikar Bangladesk Foundation , Bangladesh
 Action, Research, Education Network of Aoteroa (ARENA-NZ)
 Advancing Public Interest Trust (APIT), Bangladesh
 Asia Monitor Resource Center (AMRC), Hong Kong , SAR
 Asia Pacific Mission for Migrants (APMM), Hong Kong , SAR
 ATIK Confederation of Workers from Turkey in Europe
 Balochistan Rural Development and Research Society
 (BRDRS), Pakistan
 Bharatiya Krishak Samaj, India
 Centre for Community Economics and Development
 Consultants (CECOEDECON), India
 Center for Human Rights and Development (CHRD), Mongolia
 Center for Women's Resources (CWR), Philippines
 Confederation for the Unity, Recognition and Advancement of
 Government Employees (COURAGE), Philippines
 Cordillera Resource Center For Indigenous People's Rights
 (CRC-IPR)
 Documentation for Action Groups in Asia (DAGA), Thailand
 DRISTI, India
 Ecumenical Centre for Research, Education and Advocacy, Fiji
 Ecumenical Institute for Labor Education and Research
 (EILER), Philippines
 Equitable Tourism Options (Equations), India
 Equity and Justice Working Group, Bangladesh
 Education and Research Association for Consumer (ERAC),
 Malaysia
 Farms Services Center, Pakistan
 Food Coalition of Mongolia
 GRAPAD, (Groupe de Recherche et d'Action pour la
 Promotion de l'Agriculture et du Développement) Bénin
 Green Movement of Sri Lanka (GMSL), Sri Lanka
 Human Rights Defenders Network, Nigeria
 IBON Foundation, Inc.
 Incidin, Bangladesh
 INTAL, Belgium
 International NGO Forum for Indonesian Development
 (INFID), Indonesia
 Institute for Global Justice (IGJ), Indonesia

Institute for Motivating Self-Employment (IMSE), India
 Institute for National and Democratic Studies (INDIES),
 Indonesia
 Jana Chetana, India
 Jobs Creators Development Society , Pakistan
 Migrante Melbourne, Australia
 National Network of Indigenous Women, Nepal
 Nepal Policy Institute (NPI), Nepal
 NGO Federation Nepal
 NISARGA, India
 OSCAF (Dynamique des Organisations de la Société Civile
 d'Afrique Francophone), Bénin
 PAIRVI, India
 Pakistan Institute for Labor Education and Research (PILER),
 Pakistan
 PASCiB, (Plate forme des Acteurs de la Société Civile au
 Bénin), Bénin
 Peoples Workers Union , Pakistan
 Philippine-Australia Solidarity Association, Australia
 Proshika, Bangladesh
 Roots for Equity , Pakistan
 Rural Women's Liberation Movement, India
 Rural Workers' Movement, India
 SAHANIVASA, India
 Sewalanka Foundation, Sri Lanka
 Sirumalai Ever Green Multipurpose Community , India
 Society for Rural Education and Development (SRED), India
 Tamid Nadu Women's Forum , India
 Third World Network (TWN), Malaysia
 UBINIG (Policy Research for Development Alternative),
 Bangladesh
 WAVE Foundation , Bangladesh
 Vikas Adhyayan Kendra (VAK), India
 Voices for Interactive Choice and Empowerment (VOICE),
 Bangladesh
 OSCAF (Dynamique des Organisations de la Société Civile
 d'Afrique Francophone), Bénin
 PASCiB, (Plate forme des Acteurs de la Société Civile au
 Bénin), Bénin

Individual endorsements:

1. C.R. Bijoy, India

(The People's Statement on the Global Crisis that is initiated by RESIST! and the Asia Pacific Research Network (APRN). RESIST! is an international campaign against neoliberal globalization and war. The APRN is a regional network formed in 1998 to develop cooperation among alternative research centers of NGOs, and social movements in the Asia-Pacific region and raise capacity in advocacy and education, particularly in the conduct of research, education, information and advocacy related activities.)

Global Climate Destruction is the Worst Human Rights Violation

(A statement on the 60th anniversary of the Universal Declaration of Human Rights)

Sixty years ago, the international community proclaimed that “the inherent dignity and the equal and inalienable rights of all members of the human family is the foundation of freedom, justice and peace in the world” as the United Nations General Assembly signed the Universal Declaration of Human Rights (UDHR). The Declaration loudly rejected the “disregard and contempt for human rights [that] have resulted in barbarous acts which have outraged the conscience of mankind.”

Today, the lofty aspirations articulated in the UDHR remain as elusive as ever for the vast majority of the world’s population. More than a billion have limited access to fresh water, about 800 million people are chronically undernourished, 30,000 die each day from preventable diseases including 2 million children who die each year from diarrhea. This is made worse by the impacts of climate change as agrarian communities suffer more droughts or excessive rains; coastal communities are devastated by rising sea levels and tidal surges; indigenous peoples are deprived of their access to natural resources in their traditional domains; and poor people everywhere are confronted with worsening food and water insecurity, diseases and deaths.

As we commemorate the 60th anniversary of the UDHR, the international community is also demanding a new covenant from the world’s leaders now convened in the United National Climate Change Conference that will stop the biggest human rights violation of our time: the destruction of the global climate caused by the unmitigated emissions of greenhouse gasses particularly by advanced industrialized countries to feed the continued accumulation of wealth by the global elites while the vast majority of the world are thereby deprived of their rights to life, security, food, shelter, health, and culture.

Unfortunately the United Nations System, including the UNFCCC process, is increasingly being taken over by corporate interests which are pushing for false solutions or worse, converting the “climate challenge” into business ventures for more private wealth accumulation. Market-based instruments such as carbon trading, emissions trading and offsets have become the preferred means of tackling global warming even as though these have clearly failed to reduce emissions since the Kyoto Protocol came into effect. Worse still, these false solutions are actually causing more damage as they detract from fundamental changes in production and consumption patterns, especially in the North, and are displacing and dispossessing indigenous peoples and other poor communities in the South.

At the same time, governments of the wealthiest countries including the US, EU, Japan, Canada, Australia and others are obligating developing countries to reduce emissions without recognizing their historical obligation to take the lead in reductions and compensate the developing South for the damage they have caused for so long.

The corporate encroachment in the UNFCCC process, the lack of a firm commitment on the part of governments to radically reduce emissions, the lack of commitment of developed countries to provide compensation for developing countries to finance mitigation and adaptation in the South, and the lack of meaningful participation of the most vulnerable communities in the official negotiations compels us in civil society to advance our movements for climate justice and the right to development and create our own spaces where we can forge a genuine alternative to the dominant unsustainable development paradigm of neoliberal globalization that has benefitted only the few at the expense of the vast majority and is compromising even the right to development of future generations.

Uphold human rights!

Uphold the People's Protocol on Climate Change!

Movement for a People's Protocol on Climate Change

Signed:

Aliansi Gerakan Reforma Agraria (AGRA) - Indonesia	International Committee DEFEND Labour, Health and Human Rights Development Centre - Nigeria
All Nepal Peasants' Federation (ANPFa)	Maximiliano Dueñas Guzmán, Ph.D - Universidad de Puerto Rico en Humacao
Andhra Pradesh Vyavasaya Vruthidarula Union (APVVU) – India	Migrante Europe
Asia Pacific Forum on Women, Law and Develop- ment (APWLD)	Narigrantha Prabartana – Women's Resource Cen- tre, Bangladesh
Asociacion LatinoAmericana De Organizaciones De Promocion Al Dessarrollo A.C. (ALOP)	Nayakrishi Andolon - Bangladesh
Bharatiya Krishak Samaj - India	National Agricultural Workers Forum - India
Buriganga Bachao Andolon, Bangladesh	National Concern Society – Nepal
Center for a World in Balance	National Council of Churches in the Philippines
Campaign for Alternative Industry Network (CAIN)- Thailand	National Network of Agrarian Reform Advocates (NNARA)- Philippines
Center for Environmental Concerns (CEC) – Phil- ippines	Nepal Policy Institute
Center for Sustainable Community Development (S-CODE) – Vietnam	Oilwatch Southeast Asia
Coastal Development Partnership- Bangladesh	Participatory Ecological Land Use Management (PELUM) Uganda
CORE India	People's Coalition on Food Sovereignty (PCFS)
Department of Rural Development, Tribhuvan University - Nepal	PIPEC
Ecumenical Institute for Labor Education and Re- search (EILER)- Philippines	SAHANIVASA
Equity and Justice Working Group – Bangladesh	Sewalanka Foundation, Sri Lanka
Kilusang Magbubukid ng Pilipinas (KMP) – Phil- ippines	anggol Magsasaka – Philippines
Krisoker Saar (Farmer's Voice)- Bangladesh	TIE Asia – Malaysia
IBON Foundation, Inc.	Uganda Coalition for Sustainable Development- Rio and beyond
Institute for National and Democratic Studies (IN- DIES)- Indonesia	UBINIG (Policy Research for Development Alter- native) – Bangladesh
	Water and Energy Users' Federation- Nepal
	World Rainforest Movement
	Zero Carbon Caravan – United Kingdom

IBON survey: Most Filipinos reject cha-cha



Majority of Filipinos continue to reject moves to amend the Constitution or charter change (Cha-cha), according to the results of the latest IBON nationwide survey.

Of the 72.4% of respondents who answered that they were aware of the Arroyo administration's moves to amend or change the 1987 Constitution, 77.4% said they were not in favor of such proposals. This is a significant increase from the April 2008 survey round where 68% said they were not in favor of Cha-cha, and from the 74% in October 2007.

Meanwhile, 18.4% said they were in favor of Cha-cha, down from 25.7% in April 2008.

The latest IBON survey was conducted nationwide from October 1 to 10 with 1,494 respondents from various sectors. The survey used a multi-stage probability sampling scheme with a margin of error of plus or minus three percent.

Below is the tabulation of results of people's perception on Charter change.

Do you know that the Arroyo Administration has a proposal to amend or change the 1987 Philippine Constitution?

	Yes	No	No answer	Total
January 2008	69.53	30.21	0.27	100.00
April 2008	68.76	30.90	0.33	100.00
October 2008	72.36	27.18	0.47	100.00

Are you in favor of the proposal of the current administration to change the constitution?

	Yes	No	Don't Know	No answer	Total
January 2008	17.80	72.06	8.33	1.82	100.00
April 2008	25.68	68.00	5.54	0.78	100.00
October 2008	18.41	77.43	3.89	0.28	100.00



Three generations of protesters
© Pooyan Tabatabaei