LOK SAMVAD

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Editorial

The Corporate Bagpipers

So, much awaited 'Doha' is over. But without much gain to the developing countries. Though it is being claimed that success has been achieved in getting rules modified in the fields of TRIPS, Agriculture, Anti-Dumping and Implementation issues, a closer look at the Doha Declaration document suggests that these changes are more of cosmatic nature than real. For, mere change of nomenelature does not alter the pith and substance of the process, which has always been loaded in favour of the developed nations. The only success seems to have been achieved in the field of Drug Patents wherein the Doha declaration recognises the fact which was implicit under Aritcles 7 and 8 of TRIPS that considerations of Public Good which include Public Health could be the overriding factor while offering IPR protection for medicines for specified diseases and 'epidemics' particularly for DCs and LDCs.

But the term "epidemics" is not defined and would give room for differing interpretations. Besides, there will be a substantial time gap between an acute need in the wake of an unexpected epidemic and implementing a Compulsory Licence (CL). Moverover, the concessions granted under IPRS at Doha are meant only for "epidemics" and specified diseases whereas the drugs for many common diseases are still beyound the reach of the majority of people in developing and least developed countries.

What is important to note is the fact that the real clincher behind the TRIPS agreement was the emerging threat of 'Anthrax' which forced US to realise the need for cheap generic drugs in emergencies.

Whereas no serious attempt was made to rectify the violations of earlier agreements regarding trade issues by the developed countries or difficulties being faced by the developing countries in implementing them, the question of outstanding implementations issues was made the integral part of the 'Work Programme' thereby further extending the life-span of present regime of unfair trade-practices by the developed nations. Moreover, negotiations on New Issue was given a go by putting it under th garb of 'Work Programme' thereby giving the impression that the launch of New Round issues has been postponed for two years. But a closer look at the language and content of the so-called 'Work Programme' under specific subjects is enough to see the real designs. The way the Geneva and Doha processes have been run and things decided leave little doubt that full-fledged negotiations are, in fact, sought to be put under way.

But, then, there should be no element of surprise in this. Given the notion in Political Science that the 'Political Class' consisting just 20 per cent of the population of a country dominates its public and economic affairs, the minority of world nations has always been dictating and setting the agenda of world economic order. What, however, is shocking and needs to be seriously considered is the fact that it is not the governments of the developed nations but their large business corporates who are behind setting the agenda of world economic order through the multilateral organisations like WTO.

In fact, the Ministerial meetings of WTO convened from time to time seems to be just an eye wash. For, the truth behind the veneer is that the agenda of WTO meetings is actually drawn up much

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earlier by the corporate giants of the developed nations. Says Director of the WTO's Services Division, David Hartridge, "without the enormous pressure generated by the American financial services sector, particularly companies like American Express and Citi Corp, there would have been no agreement." In somewhat similar vein researcher Scott Sinclair says that GATS is designed to facilitate international business by constraining democratic governace.

A series of articles and reports published in this issue of **Lok Samvad** is witness to this game of one-up manship being played by the corporate giants of the developed nations in the name of WTO. That too, at the cost of national laws and regulations and the welfare of the poor people.

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The WTO's Hidden Agenda

By Greg Palast

Three confidential documents from inside the World Trade Organisation Secretariat and a group of captains of London finance, who call themselves the "British Invisibles," reveal the extraordinary secret entanglement of industry with government in designing European and American proposals for radical pro-business changes in WTO rules.

One set of documents, minutes of the private meetings of the Liberalization of Trade in Services (LOTIS) committee were discovered by the Dutch think tank Corporate Europe Observatory. They record 14 secret meetings from April 1999 and February 2001 between Britain's chief services trade negotiators, the Bank of England and the movers and shakers of the Euro-American business world. Those attending the closed LOTIS committee meetings include Peter Sutherland, International Chairman of US-based investment bank Goldman Sachs and formerly the Director General of the World Trade Organisation.

LOTIS is chaired by The Right Honorable Lord Brittan of Spennithorne Q.C., who, as Leon Brittan headed the European Union. He currently serves as Vice-Chairman of international banking house UBS Warburg Dillon Read. Other LOTIS members include the European chiefs of US service industry giants Morgan Stanley Dean Witter, Prudential Corporation and PriceWaterhouseCoopers. LOTIS is an outgrowth of the self-styled, "British Invisibles," more formally known as the Financial Services International London group. They were joined at various times by specially-invited members of the European Commission's trade negotiating team.

The minutes indicate that the government officials shared confidential negotiating documents with the corporate leaders as well as inside information on the negotiating positions of the European community, the US and developing nations. At the meeting held on February 22nd of this year, Britain's chief negotiator on the General Agreement on Trade in Services (GATS) made reference to the European Commission's paper on industry regulation which had been privately circulated to LOTIS members for their comment.

GATS is a far reaching agreement that would affect every public service from healthcare and education to energy, water and transportation. It would challenge national environmental, labour and consumer laws as barriers to trade, making these and other critical services totally unregulated, say critics.

Barry Coates, director of the WTO watchdog organisation the World Development Movement, said he was surprised to learn that the LOTIS industry members received documents which the British government had refused to give his organisation, even papers "which they told us did not exist."

Coates was somewhat amused that the minutes indicate that LOTIS members, whose companies represent over $100 billion in assets, seemed fixated on countering the arguments and actions of Coates' low-budget organisation. Two of the LOTIS meetings concentrated on hiring consulting firms and academics to provide the government agencies with answers to the World Development Movement's arguments which question GATS and the wider globalisation agenda. The minutes noted that "the pro-GATS case was vulnerable when the NGOs asked for proof of where the economic benefits of liberalization lay." (LOTIS minutes No. 9.2, February 22, 2001 at London)

Reuters executive Henry Manisty offered his news service to the LOTIS propaganda effort. Manisty told the LOTIS group he "wondered how business views could best be communicated to the public." Reuters, he said, "would be most willing to give them publicity." (LOTIS minutes No. 9.3)

"For a long time conspiracy theorists thought that there had been secret meetings between governments

and corporations," said Coates. "Looking at these minutes, it was worse than we thought. The WTO GATS proposals are a stitch-up between corporate lobbyists and government."

A Question of Necessity?

Besides having advance or exclusive access to otherwise confidential governmental negotiating documents, the minutes indicate that the industry chiefs, as members of the European Services Forum, held exclusive meetings with the "Article 133" group, which sets the European Commission's trade policies. The Article 133 group's deliberations are supposedly confidential.

At least one such gathering with the Article 133 committee, held on October 30th, has been independently confirmed by investigators from the think tank Corporate Europe Observatory.

Two other sets of documents suggest that LOTIS and other corporate lobbyists appeared to have been astonishingly successful in getting Western governments to adopt their plans to radically expand the reach of the GATS treaty. A confidential memo dated March 19th obtained from inside the WTO's Secretariat, written four weeks after the LOTIS meeting on the matter, indicates that European negotiators had accepted industry-favored amendments to GATS Article VI.4, known as the "necessity test."

According to the secret March 19 memo from the Working Party on Domestic Regulation, issued to WTO members by the organisation's Secretariat, European negotiators reached a private consensus to change the worldwide GATS agreement to include a much stronger form of the necessity test than found even in NAFTA. The Agreement between the US, Canada and Mexico only requires that a nation's regulations be "least trade restrictive."

Under the GATS, as proposed in the memo, national laws and regulations would be struck down if they are "more burdensome than necessary" to business. The difference between the NAFTA language and the proposal for GATS is subtle, but the effect would be enormous. The language in the WTO memo effectively removes trade from the equation. Rather, a nation would have to adopt rules which are, in the memo's words, the most "efficient" -- that is to say those which carry the lowest cost to business.

NAFTA on Steroids

The changes, as proposed, would slash regulatory controls over local businesses as well as foreign operators seeking entry to a market.

The WTO Secretariat's proposals follow lines suggested in another confidential document from the European Community's Working Group dated February 24 and entitled "Domestic Regulation: Necessity and Transparency," issued just after LOTIS meeting on the matter with European trade negotiators.

Spokespersons for Britain's Department of Trade and Industry, a leader in the EC Working Group, responded to our discovery of the documents by stating that the GATS changes, as proposed, would still allow nations their "sovereign right to regulate services" to meet "national policy objectives."

However, according to the confidential March 19 memo, in the course of secret multilateral negotiations trade ministers have agreed that, before a WTO tribunal, a defense of, "safeguarding the public interest... was rejected."

In place of a "public interest" defence, the WTO Secretariat suggests in the memo that the trade body adopt an "efficiency principle." This has the advantage, states the official Working Group paper, of allowing Presidents and Prime Ministers hostile to environmental protection regulations to eliminate them -- not through votes of a nation's congress or parliament, but through an edict of WTO which a nation would be powerless to reverse. "It may be politically more acceptable," says the memo, "to countries to accept international obligations which give primacy to economic efficiency."

A World Trade Organisation spokesman acknowledged the authenticity of the March 19th note. However, he said, the internal discussion document could not be read to suggest that WTO has the, "power to strike down national laws or regulations."

Barry Coates of the World Development Movement disagrees, "At its heart, it is a direct attack on the democratic process."

Greg Palast is an investigative journalist who writes a column called "Inside Corporate America" for the Observer, Britain's most respected Sunday newspaper

Enron: Washington's Number One Behind-the-Scenes GATS Negotiator

By Tony Clarke

So, what do Enron Corporation and the General Agreement on Trade in Services (GATS) have in common? After all, Enron is primarily a giant energy corporation specialising in everything from natural gas pipelines to electricity. And the GATS is a new body of rules at the World Trade Organisation (WTO) which is designed to liberalize cross border trade-in-services. Why, then, is Enron such a big player in the GATS negotiations at the WTO?

Well, for one thing, Enron is not just another energy corporation. It has recently been reorganised to become one of the largest, multi-sector, private service providers in the world. While specialising in energy services, Enron's product lines now include a broad range of services from transportation to electronic commerce. Since Enron markets its services on a global basis, the GATS rules being negotiated at the WTO provide the power tools that can be used to knock down any barriers that may exist to profitable cross border trade-in-services.

For these reasons, Enron has positioned itself to be a leading player in the major big business lobby machines driving the GATS negotiations. But, on top of this, Enron has enormous economic and political clout, even as it currently faces serious troubles. Enron is still a player despite a Securities and Exchange Commission investigation into transactions by its former Chief Financial Officer. More importantly, Enron's connections with the Bush Administration make it one of the most powerful corporate players in Washington today. And these connections make it an even more influential player in the WTO's service negotiations.

While it was founded just over 16 years ago with its origins in the natural gas business, Enron has quickly become a high-powered, diversified, global services corporation.

Today, trade-in-services is the fastest growing sector of the global economy. In order to globally market its energy and related services, Enron needs favorable GATS rules to promote the deregulation of services in other countries and provide conditions for the privatization of public services (so that it can buy up more subsidiaries). The existing GATS rules already contain mechanisms, such as the 'domestic regulation' provisions, which provide built-in instruments to compel governments to eliminate regulations governing services and set conditions for the privatization of publicly delivered services.

Enron is now poised to become a prime example of how transnational corporations not only influence, but actually determine, global trade rules through the WTO, especially the GATS. It is well known that the US Coalition of Service Industries (UCSI), which is composed of most of the largest pro-profit service corporations in the U.S., has played a powerful role in shaping the agenda for the GATS negotiations. In 1999, Enron was also a top sponsor of the World Services Congress in Atlanta, where the big business agenda for GATS 2000 was consolidated. In addition, Enron is an active member on the Board of the National Trade Council which is internationally recognised as a strong backer of the WTO, as well as a prime mover behind granting the President fast track authority over all trade negotiations.

White House Power Broker

What makes Enron even more pivotal in the GATS negotiations is its extraordinary economic and political clout. Between 1999 and 2000 alone, Enron's total revenues increased by a whopping 151.3 percent, from $40.1 billion to 100.8 billion -- putting its current financial woes in context. During this period, the corporation's electricity sales doubled, mainly due to exploiting the California energy crisis, while its sales in natural gas rose by a third. As a result, Enron was ranked 16th on the Global Fortune 500 and 8th on the U.S. Fortune 500 in 2000. In the first quarter of 2001, the company posted a 28.1 percent increase in revenues and a 20 percent increase in net income.

At the same time, Enron's reach into the White House has become legendary in Washington circles. While the corporation's political ties were well established with the presidencies of George Bush Sr. and Bill Clinton, they are now much more entrenched in the administration of George W. Bush. Enron's CEO, Kenneth Lay, is especially well placed. During the 2000 presidential campaign, Lay was a leading member on Bush's Pioneer Group, composed of the 400 plus people who personally contributed one hundred thousand dollars or more to his election drive. Lay was the number one career donor to the Bush campaign, contributing $318,050 in 2000. Enron gave another $300,000 to Bush's inauguration party.

When it comes to energy policies, Enron's political clout in the Bush Administration is simply awesome. According to Mother Jones magazine, Enron's Kenneth Lay is Bush's top energy advisor. Not only is Lay a key player on Bush's 48 member Energy Advisory panel but he also works closely with Vice President Dick Cheney's new Energy Policy Development Council formed to find short term solutions to energy problems. During the 2000 election

campaign, Enron's Political Action Committee contributed to the senatorial campaigns of: Spencer Abraham (R-Michigan), who became Bush's Secretary of Energy; Jeff Bingaman (D-New Mexico), who became the new Chairman of the Energy and Natural Resources Committee in the now Democrat controlled Senate; as well as the re-election of Tom Delay (R-Texas) who sponsored the bill that mandated the deregulation of electricity across the U.S. Moreover, three top White House advisors involved in drafting President Bush's national energy strategy are reported to have either held stock or earned fees from Enron: Karl Rove, Bush's chief political strategist; Lawrence Lindsay, Bush's chief economic advisor; and Lewis Libby, Cheney's chief of staff.

US Energy Deregulation, A Blueprint for the WTO?

The recent deregulation of energy services in the U.S. became a major demonstration case of Enron's political clout, as well as perhaps a major clue as to how the new GATS rule making could play out on the international scene. Known as the 'Enron Bill' in D.C. circles, Sen. Tom Delay's legislative package called for a national deregulation of energy, particularly electricity.

Meanwhile, Enron was able to reap huge profits from the California energy crisis. When sudden energy shortages translated into massive cost increases, major suppliers of commercial and industrial energy like Enron were able to cash-in big time. In the last quarter of 2000, Enron raked in $377 million in profits, largely due to the California energy crisis. The market should be even more deregulated, argue Enron officials, to allow 'demand' and 'supply' forces to resolve the ongoing energy crisis. A cartel of corporations, including Enron, are now being investigated by California state officials for holding back the supply of power through plant shutdowns in order to spike prices and profits. In addition, the Los Angeles Times has reported that the CEOs of energy corporations took advantage of the California crisis to pocket unusually high options transactions themselves. Enron's Ken Lay, for example, is reported to have netted $123 million in 2000, which is three times higher than his 1999 take and ten times higher than what his 1998 figures.

In effect, Enron's strategy on the GATS negotiations is to develop new trade rules to consolidate internationally what it has accomplished on energy deregulation in the U.S. To pry open new markets for energy and related services in other countries, Enron's plan is to ensure that GATS rules are established through the WTO that can be used to accelerate the deregulation, and where necessary the privatization, of these services. Once again, Enron has equipped itself for this mission. The current U.S. Trade Representative, Robert Zoellick, who is responsible for U.S. input into the GATS negotiations, has reportedly been the recipient of a $50,000 'advisory fee' from Enron. James Baker, former U.S. Secretary of State, and Robert Mosbacher, former Secretary of Commerce, are both on the Enron payroll as advisors on overseas projects and international negotiations. Enron's Board includes Charles Walker, former U.S. deputy Treasury Secretary; John Wakwham, former British Secretary of State for Energy, who specializes in providing advice on European businesses; and Frank Wisner, former U.S. Ambassador to India. With CEO Ken Lay already serving as Bush's number one energy advisor, it becomes increasingly clear that the U.S. negotiating position in the GATS round will go a long way to reflect Enron's interests.

Enron uses its political clout internationally with U.S. embassies and even the CIA to win lucrative contracts overseas. **In India, Enron eventually won the $2.8 billion contract to build the Dhabol Power Plant in 1995 after then U.S. Ambassador, Frank Wisner, exerted enormous pressure on the Indian government and the CIA provided Enron with strategic intelligence on its competitors and the bidding process.** Later, when local villagers protested against the construction of the Dhabol project which threatened the environment and their livelihood, Enron paid state forces for security which resulted in a crackdown on protesters.

Enron's influence peddling has had far reaching consequences in other countries as well. In 1989, George W. Bush intervened, as governor of Texas, urging the Argentine government to grant Enron the contract to build a pipeline from Argentina to Chile. The Argentine Minister of Public Works told reporters that Bush's intervention amounted to influence peddling. Nevertheless, Enron was awarded the contract shortly after Bush was publicly seen socializing with then president of Argentina. **In 1995, the Clinton Administration threatened to cut off development aid to Mozambique if it did not sign a deal for Enron to construct a pipeline from Mozambique to South Africa. Declared Mozambique's natural resources minister, John Kachamila: "Their diplomats, especially Mike McKinley (deputy chief of the U.S. Embassy), pressured me to sign a deal that was not good for Mozambique. He was not a neutral diplomat. It was as if he was working for Enron."**

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He wrote this article on October 25, 2001

Look, How Discredited Are the Real Players in the Globlisation Game !

.. I ..

Enron, once exalted by Wall Street as a money-making paragon of the new economy, came apart at the seams following disclosures of large-scale fraudulent practices by the company in the United States.

At present under investigation by the US securities and exchange commission, Enron has been virtually wiped out as a much smaller energy firm Dynegy Inc. belonging to the Chevern Texaco Group agreed to buy Enron Corp. for a paltry $ 9.12 billion stock swap. Earlier, Enron's share value plummeted from $ 90 last year to $ 7 in the month of November this year, following disclosures that its senior officials had been transferring funds to their own private companies without reflecting this in the balance sheets for the last five years.

It was discovered that the company's Chief Financial Officer was involved in the scam. Though the man behind the scam was subsequently sacked but the step could not save the company as it failed to explain the big gap in its balance sheets. It is reported to have gone down taking $ 72 billion in shareholders money with it. In fact, the President and CEO of Hallibruton, Mr. Dave Lesar, is on record as saying that Enron's "credibility is finished because they did not provide financial information and, therefore, investor confidence declined". Halliburton claims to be the world's largest provider of products and services to petrol and energy industries, functinging in 120 countries with US Vice-President, Dick Cheney being the eralier CEO of the company.

Following the expose, Enron's Wessex Water operations in the United Kingdom came under scruteny with the entire range of utility and energy assets being given a close look.

Similarly, pressure is being exerted now on the Maharashtra Government to get the records connceted with Dabhol project opened and the entire deal investigated. Shri Probir Purkayastha of the Delhi Science Forum which had led a major campaign against the Enron Power Project in India has said that the US company has survived entirely "on energy trading and influence brokering". The company had extremly close contacts with the Republican Party, including former President George Bush.

When Bush Jr. administration assumed office in US, tremendous pressure was exerted on India to withdraw its objections and clear the project. The new US Ambassador to India, Mr. Robert Blackwill is on record saying that India-US relations could be summed up in just five alphabets : "Enron". In fact, shortly after assuming office in New Delhi, the Ambassador addressed several business and corporate meetings and pushed for the quick clearance of the stalled Enron project.

(Based on the report of Seema Mastafa in Asian Age)

.. II ..

(Dynergy Inc. has now decided not to buy Enron and the giant player of the energy sector is now on the path of bankruptcy)

Karl Marx once wrote that the development of financial parasitism was “nothing but the rebirth of the lumpen proletariat (semi-criminal elements) on the heights of bourgeois society.” It is a characterisation which readily springs to mind as one examines the collapse of the giant US energy trading conglomerate Enron.With total assets listed at $49.8 billion and debts of $31.2 billion, Enron is the largest bankruptcy in American corporate history.

Enron is now the subject of a Justice Department investigation that will probe the specific role of company executives and leading staff in the collapse and the cover-up which preceded it.

But whatever the specific findings of such an investigation, a more far-reaching verdict has already been delivered. Enron, rated at number seven in the Fortune 500 list and lauded in the financial press, government circles and academia, was a veritable pillar of the so-called “new economy” based on the unfettered operation of the “free market”. Its demise has laid bare the rot, not to say outright corruption, which lies at its heart.

Formed in the late 1980s by the merger of two gas pipeline firms, Enron’s rise was powered by the deregulation of energy markets in the 1990s. In 1986 its revenue was $7.6 billion. By 2000 it had revenue of $101 billion,

and a market capitalisation of $63 billion.

But Enron did not simply take advantage of the new conditions created by deregulation. It worked to create them through its political connections. Its chairman Kenneth Lay is reported to have donated nearly $2 million to George W. Bush and in the 2000 election process the company spent $1 million. Lay was even touted at one point as an energy secretary and was regarded as a key advisor on policy.

In the early 1990s, one of Lay's most well-known recruits to the firm was Wendy L. Gramm, wife of the Texas Republican Senator Phil Gramm. She was the commodities regulator in the first Bush administration and joined the Enron board in 1993 just five weeks after the Commodities Futures Trading Commission, which she headed, brought down a ruling exempting energy contracts from regulation.

Deregulation of energy markets opened up new frontiers for the accumulation of profit, not through the construction of new facilities and the delivery of energy supplies but by buying and selling in the energy market. Enron was more than just a trader, arranging a deal between a buyer and seller and then taking a cut. It was the energy market equivalent of a financial speculator, buying and selling energy contracts stretching months or even years into the future.

In the space of a decade it had become one of America's 10 largest companies and accounted for 20 percent of energy trading in Europe and the United States, with operations extending to some 40 countries. Its activities were not confined to the energy sector. The same business model was applied to other areas as Enron moved from trading in gas and electricity to pulp, paper, water and communications bandwidth.

For a firm such as Enron, whose profits are derived from financial operations, the key to success lies in the constant inflow of funds from banks and other financial institutions, enabling it to increase its leverage and thereby its profit. But the accumulation of debt, to the tune of tens of billions of dollars, depends in turn on confidence—the creation of a publicity momentum in financial markets that the firm seeking the loans is a good investment because of some innovation it has introduced.

Publicity Campaign

Enron could not have done better if it had organised the publicity campaign itself. For six years in a row Fortune magazine named it the most innovative corporation and only last August listed the firm as one of the ten growth stocks to last the decade. As recently as last year, the Economist in Britain praised Enron for having created what might be the "most successful Internet venture of any company in any industry anywhere."

The hype generated around the company was summed up by Hamel, who wrote: "As much as any company in the world, Enron has institutionalised a capacity for perpetual innovation ... [it is] an organisation where thousands of people see themselves as potential revolutionaries."

Besides publicity, good political connections, ensuring a favourable legislative climate, are also invaluable. Enron was not lacking on this score. Its chairman Kenneth Lay had developed close ties with the Bush family, becoming a major fund-raiser for Bush Sr. in the 1980s. When George W. Bush became Texas governor in 1994 Lay became head of the Governor's Business Council.

These connections assumed greater importance when Bush became President this year. A report published in the New York Times on June 3 noted: "At least three top White House advisors involved in drafting President Bush's energy strategy held stock in Enron Corp. or earned fees from the large Texas-based energy trading company which lobbied aggressively to shape the administration's approach to energy issues."

Karl Rove, Bush's chief political advisor, Lawrence Lindsey, his economic advisor and I. Lewis Libby, Vice President Cheney's chief of staff, all had share holdings in Enron. Lindsey received $50,000 from Enron in consultancy fees last year, while the value of Rove's stock was put at between $100,000 and $250,000.

Like other evangelists of the "free market," Lay was a fervent advocate of what he called "transparency". In the arcane world of finance, where the real meaning of words is so often reversed, transparency generally means the absence of government controls and regulations and the lack of scrutiny of the activity of the major players in the pursuit of profits.

Transparency certainly did not apply to Enron's accounting system and its published results. There is a saying in accounting circles that the purpose of a balance sheet is more often to conceal than reveal, and Enron developed concealment to an art form. As Lay himself was finally forced to acknowledge, the company's financial statements were "opaque and difficult to understand."

So long as it was reporting increased profits, few questions were raised about Enron's methods, least of all by the firm's auditors, Arthur Andersen. The financial watchdog, the Securities and Exchange Commission (SEC), remained silent.

Telecom Shares Plummet

The wheels only started to fall off the Enron operation earlier this year when investments began to go sour. With the crash of the telecom sector, its investments in fibre optics capacity and other telecommunications ventures turned out to have been very expensive.

The financial problems came to a head in mid-October when the company reported a $638 million loss. But even more significant was the revelation that shareholders' equity had declined by $1.2 billion in the third quarter as a result of deals with partnerships headed by the company's chief financial officer Andrew Fastow.

What set the alarm bells ringing was that the write-downs were not apparent from Enron's quarterly earnings report. This is because the off-balance-sheet partnerships had been set up to hide the company's debt, ensuring that its credit rating and capacity to borrow was not affected. Besides inflating Enron's bottom line, the partnerships also proved lucrative for Fastow who received some $30 million in fees and commissions.

On November 8, Enron filed documents with the SEC revising its financial statements for the past five years to account for $586 million in losses.

Foremost among the immediate victims of the firm's demise are its 21,000 employees, more than half of whom had their 401(k) pension plans linked to Enron's now worthless stock. A significant portion of the life savings of these workers and their plans for the future have been wiped out virtually overnight. There are many thousands more small investors who, following the advice of the financial media and investment analysts, placed their future in Enron stock. Their fate raises the broader social implications of the Enron collapse.

Financial market operations of the kind in which Enron was engaged are not peripheral to the world capitalist economy but at its very heart. Every day trillions of dollars course through global equity, currency and financial markets in the search for profit. Since the start of the 1980s as much as 75 percent of the total return on investments has resulted from capital gains arising from an appreciation of market values, rather than from profits and interest.

In this drive for shareholder value, each corporation is compelled, on pain of extinction, to devise measures which attract investment funds by lifting the price of securities above that which would be justified by an objective valuation of the underlying assets. In other words, Enron was only the most graphic expression of what is becoming a near universal "business model."

Moreover, this increasingly speculative mode of accumulation, with its attendant semi-criminal activities, has come to dominate society as a whole. All sections of the working class, whether they be blue- or white-collar, cannot provide for their future, the education of their children and the health of their families, without placing their limited savings in the investment and mutual funds that form such a key component of the financial system.

But, as the Enron experience has shown, the whole system has come to resemble a house of cards where the accumulated savings of a lifetime can be wiped out overnight. No amount of controls and regulations can rectify this situation because the processes which gave rise to Enron are no longer peripheral but endemic to the present-day functioning of the capitalist economy.

The political task of the day is not a futile attempt to reform the present social order but rather its complete transformation. Today, the social existence of working people, the producers of all wealth, is subordinated to the ever-more frenzied process of profit accumulation for the benefit of the few. That situation must be reversed. That is, society must be re-organised so that the mode of accumulation of wealth is subordinated to the needs and requirements of its producers and is controlled and regulated by them. This is the lesson of Enron.

By Nick Beams

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Renowned US Economists Denounce Corporate-Led Globalisation

By James L. Phelan

Recent Nobel Prize winner Joseph Stiglitz, along with well-known economist Paul Krugman, has,of late, made a flurry of public statements critical of the policies and processes of the World Trade Organisation (WTO), the World Bank / IMF, and the proposed Free Trade Area of the Americas (FTAA) — while leaving plenty of harsh words for the blatantly pro-corporate actions of the Bush Administration. Both economists point to the disruptive and distorting influence of large corporate entities through their dominance over both domestic and international institutions.

Taking Care of Business

In a recent column appearing in the New York Times, Krugman stated: "Cynics tell us that money has completely corrupted our politics, that in the last election big corporations basically bought themselves a government that will serve their interests. Several related events last week suggest that the cynics have a point." As evidence of heavy-handed corporate opportunism, Krugman takes issue with the recent claims by security interests that federalizing airport security would represent a "taking" — a bald move by private interests to maintain a questionable security status quo free from public calls for more systematic scrutiny.

Krugman then assails the House "Stimulus Bill", stating that the "remarkable thing we learned from that bill was that conservative politicians — who used to claim that they were improving incentives by reducing marginal tax rates, and that it was just an incidental side effect that big corporations and wealthy individuals were so richly rewarded — no longer feel the need to disguise their payoffs."

As he states, the principal goal of the bill is to repeal retroactively the corporate alternative minimum tax, "which means that selected companies would immediately receive huge lump sum payments from the government, totaling around $25 billion, with no incentive effect at all." What's worse is that "there are no strings attached to those gifts: if the companies want to, say, pay huge bonuses to top executives, they can. Republicans have always depended on the kindness of corporations, but this bill takes that faith to extremes."

Very little here, says Krugman, is representative of sound economic policies aimed at economic recovery, not to mention the need for shared sacrifice in times of belt-tightening. Corporate interests, as Krugman rightly points out, have friends in convenient political circles. In a blunt conclusion, Krugman sums it up saying that "the truth must be spoken. Lately our government has not exactly inspired confidence; its response to terrorism is starting to look a bit scatterbrained. But on some subjects our leaders are quite clearheaded: whatever else may be going on, they make sure that they are taking care of business."

Corporate-Led Globalisation

When it comes to decrying the disruptive influence of the corporate agenda internationally — whether in the WTO or the FTAA — most critics have focused their energies on denouncing the anti-democratic nature of international trade and investment regimes and their narrow focus on liberalizing markets at all costs.

A recent interview with Joseph Stiglitz, the ultimate World Bank/IMF insider — however sheds new light on what many have long suspected: documents and testimony on secret industry-governmental meetings, the behind the scenes agenda-setting of transnational corporate interests, and the apparent hidden agenda of the WB/IMF.

This conspiratorial assessment of hidden agendas could easily be shrugged off as baseless — except that this account comes to us from a fired-up and increasingly political Stiglitz. **Fired from the World Bank in 1999 for his criticism of the WB/IMF's policies, Stiglitz has refused to keep quiet as these institutions — largely serving under the dictates of the U.S. Treasury Department — impose policies internationally that he claims have "condemned people to death."**

Only recently in the news for winning the Nobel Peace Prize for economics, Stiglitz seems to be using this surge in international attention to criticise corporate-friendly policies and to lend his support to the momentum of social justice groups organising for greater transparency and participation in international policy-making processes.

In a recent debriefing with the London Observer's Gregory Palast, the former World Bank Chief

Economist roundly attacked the hidden agenda of these international institutions. **In addition to testifying to the ideological foundations of much of the WB/IMF's condition-laden lending policies, Stiglitz denounces the unethical agenda that these institutions impose on all countries that explicitly create conditions favorable to international oligarchs and transnational enterprise.**

Having acquired a handful of World Bank documents from undisclosed sources marked "confidential," "restricted," and "not otherwise (to be) disclosed without World Bank authorisation," Stiglitz began to document the real effects and aims of the World Bank's four step, one-size-fits-all, economic restructuring package imposed on less industrialized countries.

The first step, according to Stiglitz, is the promotion of state-level corruption as the facilitator of the "privatization" requirement which often also serves U.S. political goals — a process that Stiglitz says would more be accurately called "briberization." This is followed by step two, "Capital Market Liberalization" which sets up predictable cycles of "hot money" speculation in non-productive assets that ultimately leaves the national economy hemorrhaging from loss of controls on capital.

Step three is "'Market-Based Pricing', a fancy term for raising prices on food, water and cooking gas. This leads, predictably, to Step-Three-and-a-Half: what Stiglitz calls, 'The IMF riot.'" An outraged populace predictably reacts to the fact that they can no longer afford to feed themselves. According to the documents obtained from the WB, these "IMF riots" are predicted and documented, stating that the resulting "social unrest" and civil strife has to met with "political resolve." Yet, as Gregory Palast points out, this process has one positive outcome "for foreign corporations, who can then pick off remaining assets, such as the odd mining concession or port, at fire sale prices." Step four is not far behind: the "poverty reduction strategy" called "Free Trade."

Stiglitz, however, is careful to point out that the World Bank and the IMF are not the heartless "free market" ideologues they might seem. Although the WB/IMF work devoutly to remove the uneconomic subsidies placed on food and other items essential to the poor, they are not necessarily against state interventions in markets — as Stiglitz makes clear, "when the banks need a bail-out, intervention (in the market) is welcome." For example, as Palast points out, "the IMF scrounged up tens of billions of dollars to save Indonesia's financiers and, by extension, the US and European banks from which they had borrowed" in its enlightened redistribution of subsidies.

A Political Conclusion

Palast notes that from this assessment a recognisable pattern emerges: "There are lots of losers in this system but one clear winner: the Western banks and US Treasury, making the big bucks off this crazy new international capital churn."

So what would Stiglitz recommend in place of the usual WB/IMF fare? "Stiglitz proposed radical land reform, an attack at the heart of 'landlordism', on the usurious rents charged by the propertied oligarchies worldwide, typically 50% of a tenant's crops."

This is, alas, a more delicate subject. It's easier to simply have faith that constant economic growth will deliver us from the difficult issues of land tenure and access to income-bearing assets. This very political program is understandably not on the WB/IMF's list of chores, since as Stiglitz reminds us, "If you challenge [land ownership], that would be a change in the power of the elites. That's not high on their agenda."

According to Palast, ultimately "what drove [Stiglitz] to put his job on the line was the failure of the banks and US Treasury to change course when confronted with the crises — failures and suffering perpetrated by their four-step monetarist mambo. Every time their free market solutions failed, the IMF simply demanded more free market policies."

With increasing numbers of prominent insiders and mainstream economists now sounding the alarm bells over corporate-led globalisation, the task for social justice and environmental advocates has become ever-clearer. We must organise to demand that these illegitimate trade policies and institutions are either nixed or fixed through deep democratic reform.

Grassroots Globalisation Network, November 18, 2001

The Doha Report

By Anuradha Mittal

As I headed out of my heavily guarded hotel this morning, which is housing the U.S. delegation, a Qatari security official stopped me. He said, "You were protesting yesterday. I saw you on the television. Your protest was very important to let others know that not everyone is happy with the WTO."

This sentiment has been echoed several times by Qatari officials and cab drivers as well as the local and national media present here. The proceedings of the second day at the Ministerial make the cause of this sentiment obvious.

The US Trade Representative Office organised a briefing for the US NGOs this morning. After yesterday's incident, where they discovered much to their chagrin, that I, an Indian national, was representing a U.S. NGO and housed at the same hotel, the invitation to the briefing read: Please bring your NGO credential and your U.S. passport for entry. I was ready for a conflict if I was stopped given I am representing a U.S. group that represents a larger constituency than the USTR's small corporate lobby. I was not stopped this time.

Nao Matsukata, representative of the USTR, started the briefing by praising Ambassador Zoellick's efforts to understand the concerns of the Third World countries through bilateral meetings before the Doha meetings. He claimed that the U.S. shared the same objectives of market access as the developing nations and therefore had much in common.

What Mr. Matsukata failed to mention was that while Mr. Zoellick has been trying to negotiate deals with developing nations, he is not empowered to make binding commitments on behalf of the U.S. Article I-8 of the U.S. Constitution grants Congress, the Legislative Branch, exclusive authority over setting the terms of trade agreements. The President and the Trade Representative do not have any such authority unless Congress delegates such power to them.

Several NGO representatives spent the day advising Third World delegates that Congress has not only refused to delegate trade authority to the Bush administration through Fast Track, but also on November 6, Congress passed a resolution forbidding USTR's Zoellick from agreeing to anti-dumping language in the Harbinson text. The message of this lobbying was clear: Please don't compromise your country's interests in exchange for empty promises.

The developing nations are beginning to see the hollowness of promises of transparency and accountability at Doha. The Green Room process of Seattle, which led to protests inside the meetings to strengthen the protests outside, has taken a new form and shape here. The parallel track process being followed is a plenary where every country has 5 minutes to make a statement. The other track focuses on six issues: Agriculture, Implementation, Environment, Rules, Singapore Issues (Competition and Investment) and Trade Related Intellectual Property Rights (TRIPS). The representatives have 3 minutes to intervene. Then a facilitator (also called Friend of the Chair, already appointed through the WTO Secretariat) will unilaterally follow up with countries most concerned with the text. These facilitators belong to the following countries:

- Agriculture-facilitator-Singapore
- Implementation-facilitator-Switzerland
- Environment-facilitator-Canada
- Rules- facilitator-South Africa
- Singapore Issues-facilitator-Chile
- TRIPS-facilitator-Mexico

These facilitators are not neutral. For example, much to the disappointment of countries like India and Brazil, a delegate from Mexico facilitates TRIPS while it also sides with the U.S. and Switzerland's position on Intellectual Property Rights. The Green Room has now shrunk into a Green Person and reflects a process which clearly discriminates against developing countries.

In the afternoon Geneva-based South Center, a permanent intergovernmental organisation of the developing countries, organised a briefing on the lack of democratic process in the WTO. Speaking at the briefing, the Tanzanian Minister of Trade and Industry, Mr. Iddi Simba, who is also representing the Least Developed Countries (LDCs) said, "We have come to Doha to launch a development agenda. Our attitude to new issues such as investment and competition is that we do not have the capacity to negotiate. Even if our arms are twisted, we cannot. The opt-in and opt-out option is totally unacceptable. We will oppose it."

The pressure on Third World countries by the powerful trading nations and threats related to aid, debt relief, and being branded as deal breakers responsible for furthering global recession is immense. This pressure is being countered by growing protests

around the world that support the Third World concerns regarding the impact of trade rules on poverty and sustainable development.

It is obvious that the WTO can run, but can't hide. The global civil society whether present in Doha or protesting in the streets of Delhi, Manila, or San Francisco is determined that our struggle today is the start of the process and not the end.

(Anuradha Mittal, Co-Director of Food First, was in Doha, Qatar attending the WTO Ministerial Conference and representing the voices of people from developing nations. The report was filed on November 10, 2001)

Time for the West to Put Up or Shut Up

By Larry Elliott

Doha is make or break time for the World Trade Organisation. After the fiasco in Seattle, another failure to launch trade liberalization talks would be fatal for the WTO's credibility, ushering in an era where countries would strike bilateral trade deals or group themselves into regional blocs.

In the atmosphere of recessionary gloom that has descended on the west following the attacks on September 11, such an eventuality fills the west with horror. The fear among ministers is that deadlock in Doha will lead to a retreat into protectionism that will turn recession into depression, just as the Smoot-Hawley tariff did in the 1930s.

As Paul Krugman has illustrated, there was no conceivable way - given the size of trade as a proportion of American GDP in 1930 - that Smoot-Hawley could have caused the great slump, but in the febrile atmosphere of November 2001 there is certainly a risk that a WTO stalemate would have seriously adverse effects on financial markets and business confidence. The stakes are higher than they were in Seattle in 1999, when America's boom meant it was acting as the global consumer of last resort.

The talks did not break down because of the protests that brought the city to a standstill. They broke down because the developing countries were presented with a lousy deal by the west and were sick of being ignored and patronised. Countries like Bangladesh and India walked away from the negotiating table rather than accept Bill Clinton's idea that core labour standards should be written into trade deals, seeing the move as a form of backdoor protectionism.

The rich and powerful countries say they have learned lessons from Seattle. So, the cliche of the moment is that Doha must see the launch of a development round that will see the fruits of economic growth and globalisation spread around to Africa, Latin America, the Caribbean and Asia. Promises a-plenty have been made about the need to make free trade work for the poor.

Well now it is time for the west to put up or shut up. The altered state of the world since September 11 provides not just a golden opportunity but a prime motivation for the US, the European Union and the rest of the developed world to end their nauseating hypocrisy and take the concrete steps that are needed to make good their solemn promises. If the multilateral trading system is now facing a crisis of legitimacy it is not because of anti-globalisation protests but because the developed nations have said one thing and done another. History suggests that trade can be an effective mechanism for increasing economic growth in poor countries, but that requires rich countries to face down their protectionist lobbies and take decisions that might cause short-term pain to their electorates to secure long-term gains. After the events of September 11, the notion that poverty and economic insecurity in one part of the world can have ramifications in another might seem to be a no-brainer. If so, the message does not appear to have been picked up by trade negotiators in the west.

Developing countries don't want competition policy and investment to form part of a new round, but the EU has insisted that they be on the table because it needs some bargaining chips to compensate for the concessions it will have to make on agriculture. The Americans are playing hardball over intellectual property rights, even though the case made by Brazil, India and South Africa about the need for cheap generic drugs in times of national health emergencies has been borne out by the Bush administration's response to the anthrax scare in the US. **Intimidation of the most blatant kind has been going on behind the scenes, with warnings to poor countries that they will have preferential trade terms rescinded unless they drop their objections to a text that is being cooked up without their input and will be presented on a take-it-or-leave-it basis.**

This blatant bullying gives the lie to the idea that the west intends Doha to be the launch of a development

round. Instead, it is the same old recipe in which the rich and powerful seek to extract the maximum amount of concessions from the weak and powerless for the minimum cost. The west's rhetoric is all about the virtues of free trade; its actions are mercantilist.

The developing world does not have much in common with the anti-globalisation movement in the west. It wants to see a new round of talks launched because it sees trade as a key ingredient in boosting growth and per capita incomes. But, rightly, it is not prepared to accept a deal at any price and sees Doha as a litmus test of the west's ability to deliver.

As Kevin Watkins of Oxfam put it: "The record of industrialised countries in the area of trade policy is one of heroic under-achievement. They have collectively reneged on every commitment made." He says tariff barriers in rich countries are four times higher for poor countries than for industrialised countries, agricultural subsidies have been increased, pledges to free up trade in textiles have been ignored, intellectual property rights and investment rules are applied in a fashion that undermines social and economic welfare in poor countries and further marginalises them.

So what should happen? Firstly, the west should recognise that it has an interest in poor countries becoming richer. Rich countries do not tend to be finishing schools for terrorists; instead they buy your exports. Secondly, a blanket trade liberalization by poor countries while the rich countries leave their protective barriers in place would be counter-productive. In the current environment, that means that the developing world is stuck with offering commodities that are falling in price for the high-valued added manufactured goods made in the west. It was to avoid remaining an agrarian economy that Alexander Hamilton told Adam Smith to sling his hook when the great economist said America should concentrate on its comparative advantage in agriculture and leave the industrial stuff to Britain. The US, Germany and Japan all used trade barriers as a protective shield in their periods of rapid industrialisation.

Thirdly, the west should take specific steps to help the developing world. It should ensure that tariffs on goods from poor countries are no higher than those from rich countries and it should scale down the particularly punitive tariffs on those goods that are especially vital to developing countries. The creditable attempt by the EU's trade commissioner Pascal Lamy to introduce tariff-free access to Europe for "everything but arms" from the world's 49 least developed countries was frustrated by powerful lobbies that have postponed the implementation of the deal for sugar, bananas and rice - the three areas of particular interest to the LDCs. If a "development round" is to mean anything, everything but arms should be applied across the developed world, and applied now.

There's more that the west could do but this would be a start. If it continues to push for a deal that would merely replicate the one-sided failings of the Uruguay round, the poor countries should do now what they should have done then and walk away. The US, the EU, Japan and the other developed nations would be made to recognise that selfishness and stupidity normally go hand in hand, and that the unacceptable deal on offer not only harms the prospects of the poor but could put the multilateral trading system at risk. This may sound like a dangerous game for developing nations which, as the World Bank has pointed out, stand to suffer most from a global downturn. But it may be the only way to wring meaningful concessions out of the west. The way to deal with bullies is to stand up to them.

(Published in Guardian, November 12, 2001)

Doha Spells Disaster for Development

By Caroline Lucas

To hear the EU, the British Government and the WTO congratulating themselves on getting a new WTO Trade Round started, and even calling it - with breathtaking hypocrisy - a "Development Round", you could be forgiven for thinking this must have been some kind of victory for the poor. In reality, nothing could be farther from the truth. Doha spells disaster for poor people.

As a member of the European Parliament's official delegation, I travelled to the World Trade talks in Doha last week. It was a quiet event - the very opposite of the blanket coverage of its previous 1999 debacle, the "Battle of Seattle." Skulking in a small state, allowing hardly any protestors and being knocked off the news agenda by the war, it must have seemed like the good old days to the trade officials - meeting away from demonstrations and massive press interest to further open up markets to the benefit of corporations and at the price of ever rising global inequality.

But the absence of mass protests in Doha does not signal any let up in the campaign against

corporate globalisation. To the contrary, major public demonstrations took place in towns and cities around the world in the run-up to the meeting, and over 100 NGOs from both North and South - those lucky enough to get one of the very limited number of visas on offer - were present and active in Doha.

Michael Jacobs in his article last week warned that anti-globalisation cannot help the developing world. That depends on how you define globalisation. Those of us whose campaign is against economic globalisation - the ever tighter integration of national economies into one giant global economy - are convinced that resistance can and will help the developing world. Indeed Southern activists have been in the vanguard of such activities. For example, hundreds of thousands of Indian farmers joined a demonstration in Delhi recently specifically to protest about current WTO rules.

They know that if they are forced to open their agricultural markets to the rich North - according to the principles of free trade that Jacobs so applauds - their livelihoods will be devastated.

Developing country delegates at the WTO Ministerial also knew about the havoc open markets can wreak. Rather than agreeing to immediate negotiations on further industrial tariff reductions, for example, as demanded by the EU and US, they called for a prior study to be undertaken on the effects of such tariff reductions on local industries and jobs. Their request was ignored, and as a result, they face further decimation of their economies. In Senegal, for example, previous commitments to open their markets by cutting industrial tariffs by almost half has led to the loss of one third of all manufacturing jobs. The same story is repeated throughout the poorer countries.

Indeed, more than 80 countries now have per capita incomes lower than they were a decade or more ago, and as the United Nations Development Programme points out, it is often those countries which are highly "integrated" into the global economy that are becoming more marginal. Even the IMF admits that "in recent decades, nearly one fifth of the population has regressed - arguably one of the greatest economic failures of the twentieth century."

Michael Jacobs challenges critics of the WTO to come up with a new system of Trade and Investment rules designed to prioritise poverty reduction. The Green Party, whose supporters he later lambasts as "simplistic anti-capitalists", has done precisely that.

In a report, Time to Replace Globalisation, launched to coincide with Doha last week, we detail a set of alternative trade rules which are designed to replace the WTO's programme of ever more open markets in ever more ruthless competition with each other, with a post-globalisation alternative in order to achieve genuine sustainability. These rules would strengthen democratic control of trade, stimulating industries and services that benefit local communities, and rediversifying local and national economies.

According to this new model, over time there would be a gradual transition away from dependence on international export markets (with every country trying to compete with each other, leading to a downward spiral of social and environmental standards) towards the provision of as many goods and services as feasible and appropriate locally and nationally. Developing countries would be given significant support to help them with this transition.

For example, the WTO's current rules require that imported and locally produced goods be treated equally. Thus, under WTO rules, it is unlawful for governments to favour, or otherwise promote, domestic products above imported goods. Under our alternative rules, domestic products would be given priority where their production increases local employment with decent wages. Over time, quantitative controls on exports or imports through tariffs, quotas or bans would be permitted to this end.

Today's rules also prohibit discrimination between products because of concerns about the damaging or unethical processes that have been used to produce or harvest them. Under the rules of relocalisation, members would be permitted and encouraged to make distinctions between products on this basis in order to further the aims of sustainable development.

Perhaps most vital for developing countries are the rules governing agriculture. According to WTO rules, adequate protective barriers to foster domestic farming and subsidies to support poorer farmers are not generally allowed. Under our alternative rules, protective barriers could be introduced to enable countries to reach maximum self-sufficiency in food, where feasible.

Such policies have been branded as 'protectionist' - but we would be willing to accept such a label, if it is understood that what we want to protect are efficient national policies of cost internalisation, health and safety standards, and a reasonable minimum standard of living for citizens, both North and South.

Historically, these benefits have come from national policies, not from global economic integration. Protecting these hard-won social gains from blind standards-lowering competition in the global market

is what we are interested in - not, as some would caricature it, the protection of some inefficient entrepreneur who wants to grow mangoes in Manchester.

A growing movement, North and South, has the courage to suggest that more than one economic system is possible. **We have shown that alternatives do exist, and trade rules can be rewritten to support them. In the interests of wider equity and security, it is vital that they are.**

(Published in Observer, November 18, 2001)

The French Are Right to Keep Their Farm Subsidies

By Norman Reynolds

The final sticking point at the WTO meeting in Doha has been the old argument about European farm subsidies. France, in particular, is not willing to give up what is an historic means of achieving a family farm, family trader, self-sufficient, wonderful, very healthy and low cost food.

More than that, this pattern of economic relations - family, local, regional - is the backbone of spatial relations, of culture and of family life. If only South Africa had such a system in place we would not have over half our population out in the economic cold in non-functioning local township and rural economies.

How embarrassing that our delegates know so little of what makes other countries successful. Their orthodox mountings are pitiful because they do South Africa a grave disservice.

In France, the pre-dominance of small family farms and shops, the high quality of domestically grown and made foods, its freshness and variety, and the resultant quality and low cost of the French diet flows from an historic law that limited the size of shops and the total aggregation of shops in any one area. Each neighbourhood was largely self-sufficient in food production and retail terms with a regional rotating market that on market day brought greater variety to each locality.

President Pompidou removed that law from the Statute Book in the 1970's. He was strongly pro-European and under pressure from the EU, notably German's Adenaeur, and from largely American international capital that wanted open entry to France's vast food market with its processed industrial foods.

The result:shopping malls supported an invasion of imported mostly manufactured convenience foods. This lowered the quality of the diet, raised prices, put pressure on the balance of payments, and forced the purchase of large fridges and other applicances not needed before. The instant nature of processed food destroyed meals as the centre of family life, added to travel and pollution, and killed thousands of good businesses, including family farms.

Public anger rose. The cornerstone of French culture- diet, family businesses, family meals, long discussions away from "canned TV programmes", identity and economy - had become as disposable as the food!

In the late 1980s, France was shocked by a study of children and the family that showed that children's health, growing obesity and disassociation from the family were major problems. For instance, children were no longer eating the traditional freshly baked local breads which are very healthy. They were, like American children, eating on the run out of the refrigerator and the micro-wave. French children's bodies had told them that supermarket frozen bread was poor nutritionally, something the authorities only discovered during the study. Without the cornerstone of the French diet, bread, children were eating expensive but poor if not dangerous imported foods.

Family meals were sporadic, seldom included grandparents and other relatives, and were angry, petulant affairs. In that vivid picture of a crumbling society, the whole nation saw that the numerous worrying but unattended cultural and economic losses, the lack of national confidence, of working neighbourhoods, of a sense of antional control, of alien invasion, could be explained by allowing themselves to become the victims of a false global economy.

At the time, the Mayor of Paris was Jacques Chirac. Soon after the report was published, in the early 1990s, he called a referendum, won overwhelming support, and reinstated the historic law, modernising it and providing state support (grants and subsidies) to reconstitute small businesses and to restore lost skills, including the family farms.

Then, in the mid-1990s, using that great historic corrective as a major plank of his campaign, Jacques Chirac won the Presidence of France. He is still President.

Amendments to this law, now known as the Loi Le Royer ("Act of Mr. Royer" who introduced it) are numerous as big capital fights back. The EU, the UK, many countries now have severe limitations of the size and agglomeration of shops.

South Africa should be looking at other nations' economic models. We may have signed WTO and EU trade treaties. These do not stop us from putting our local economy, our citizens, before the uncertainties and inustices of the gobal economy. We can strike a balance between global and local. We do not have to subsidise directly. We can use "smart" subsidies like forms of local economic generation, Work Rights to pump in local investible funds through the poor, and create local currencies to raise local economic multipliers. We are allowed to innovate!

The Afghan War Fallout : Lost Jobs, Ragged Safety Net

By Robert B. Reich

The economic fallout from terrorism (generated war) is hitting some Americans much harder than others, and we need to respond. Last year, when the slowdown began, layoffs and pay cuts hit hardest at manufacturing workers, white-collar managers and professionals. But since the terrorist attacks, consumers have cut their spending, and now a different group is experiencing the heaviest job losses: the mostly low-paid workers in America's vast personal-service sector.

With retail sales down, there's less need for sales clerks. Half-empty hotels don't need nearly as many cleaners and bellmen. Vacant convention halls have no use for platoons of custodians and staffers. Unfilled restaurants can't keep waiters and busboys busy. And so on through all the workers who attend, drive, pamper, launder, polish, clean, prepare and otherwise make life more pleasant for the people who pay them.

In October 439,000 private-sector jobs were lost — the largest monthly decline in more than a quarter-century. Hotels alone lost 46,000; retailers 81,000 and airlines 42,000. Minority workers, with a disproportionate share of low-wage service jobs, have been especially hard hit. Unemployment among blacks rose to 9.7 per cent in October, a full percentage point higher than in September and up 2.3 points from a year ago. Unemployment among Hispanics is 2.2 percentage points higher than it was last year at this time.

There is reason to expect that job cuts at the lower end of the wage scale will get even larger and occur even faster in the months ahead. That's because so much consumer spending is discretionary, turning more on psychological wants than on physical needs. Consumers don't have to dine outside the home, travel, enjoy live entertainment or go on shopping binges. They can choose to spend less on these services as soon as their wallets feel even slightly pinched. And when they do, lower-wage workers feel a bigger pinch. The Fiscal Policy Institute estimates that 48,000 of the 80,000 jobs that New York City will have lost by the end of the year pay an average of $23,000, significantly below the citywide average of about $58,000.

Another vulnerability of lower-income service workers is that they have fewer means of cushioning the blow than they had in prior recessions. Most have no savings and are deeper in debt than they were last time, because their inflation-adjusted earnings never really got off the ground in the 90's. The steady decline in higher- paying manufacturing jobs and an influx of low-skilled immigrants combined to keep wages down.

Government will be less helpful this time around. Safety nets are in tatters. Welfare-to-work programmes made sense when work was plentiful, but without work, those no longer eligible for welfare have nowhere else to turn. Even job losers who still qualify will find that welfare payments in most states are worth less than before.

Unemployment insurance is also harder to get. Fewer than 30 percent of people who lose jobs now receive it, down from more than half several decades ago. Eligibility rules have grown steadily tighter. Since part-time workers, temps, the self-employed and people who have moved in and out of employment often don't qualify, a large portion of the lower- wage work force is excluded. Many who don't qualify are women with young children.

Meanwhile, federal programmes for job training and low-income housing have been shrunk by budget cuts. State and local governments are in no position to step in. They are already strapped by rapidly declining tax revenues. Rather than beefing up social services, they're starting to cut them.

In short, the fat years of the 90's have left us woefully unprepared for a deep recession that's likely to take a particularly large toll on the poor and lower-wage workers. Given all this, a "stimulus" plan like the one that was passed in the House of Representatives and is being backed by the White House, which confers most of its benefits on large corporations and upper-income households, seems exactly the reverse of what's needed. Large corporations, already reeling from too much capacity, won't be induced to add more. Wealthier households, already spending whatever they want, won't be inspired to spend more. It's the bottom half who are in trouble. They're most likely to spend whatever extra they get. And they desperately need whatever government can supply.

At a time of national crisis, when the nation must pull together, it seems only logical that we do what we can to avoid pulling further apart.

Robert B. Reich, former labour secretary, teaches economic and social policy at Brandeis University and is author of ``The Future of Success.''

Corporations Profit Under the Guise of Patriotism

By Salim Muwakkil

American national leadership has been mouthing pieties about all-for-one patriotism but practising spare-the-rich favoritism, in the wake of the terrorist attacks.

Under the guise of an "economic stimulus," the GOP-controlled House of Representatives has been busy allocating long-sought benefits for powerful interest groups, while urging a spirit of sacrifice for the rest of America. Reports about skyrocketing unemployment rates have darkened the economic outlook for many low-to-moderate-wage workers. But the national stewards of the federal budget seem determined to make sure the rich don't starve.

On Oct. 25, the House passed a bill that gives corporate interests the "wish list" of tax cuts they've long been seeking. Regrettably, corporate lobbyists used the September tragedy and the consequent need for an economic stimulus as a rationale for their pet tax loopholes. Even more regrettable is that Congress appears ready to let them get away with it.

Many budget watchdog groups and some congressional Democrats have strongly denounced the House bill. The Senate Finance Committee last week passed a stimulus plan (featuring expanded programmes to help the jobless) that differs considerably from the House's measure. But it is given little chance of survival.

The House bill has the backing of the Bush administration and, during this period of public deference to the commander in chief, that support may prove decisive.

More than 95 percent of the legislation consists of tax cuts, according to the Center on Budget and Policy Priorities, a Washington-based think tank that monitors federal spending, and all but 10 percent of that is allocated for corporations and business and upper-income people. "Essentially, this legislation is a vehicle for tax cuts that have little to do with boosting the economy now or assisting unemployed workers," concluded an analysis by the group.

Among the proposals in the House bill are reductions in the capital gains tax rate, repeal of the corporate Alternative Minimum Tax (which was passed in 1986 to help reduce abuse of tax loopholes), accelerating corporate tax deductions for equipment depreciation, cutting taxes for the top 30 percent five years ahead of schedule and extensions of off-shore tax shelters.

The only provision of the bill that does not disproportionately benefit upper-income taxpayers, according to the center, is the measure to extend the tax rebates to taxpayers who missed out on the refund last summer. The bill makes only a minimal effort to provide assistance for the huge number of jobless workers soon to be crowding lines for unemployment compensation.

"Only a small fraction of unemployed workers would receive added unemployment insurance benefits when their regular benefits run out or secure any assistance in maintaining their health insurance under this bill," the center noted.

According to recent figures from the Bureau of Labour Statistics, 415,000 people lost their jobs in October, the most for a single month in nearly two decades. About 25 percent of those lost jobs were a direct result of the terrorist attacks on Sept. 11, according to Thomas L. Nardone, chief of the Labour Department division that compiles unemployment numbers.

Since the spike in unemployment began last March, nearly 900,000 jobs have disappeared. This decline is the largest in so few months since the 1990-1991 recession. The terrorist attacks provoked the loss of half of those jobs and the decline is almost twice what forecasters had expected. The terrorist attacks cause job cuts at airlines, travel agencies, hotels, restaurants and car-rental agencies, Nardone said. Thus the economic impact has been hardest on low-wage workers. Nationally, unemployment rose among every group.

However, in keeping with the historical pattern of last-hired-first-fired, African-Americans suffered the largest jump in joblessness with a 1 percentage point increase in their jobless rate in October alone. After reaching a record low unemployment rate of 7.2 percent last fall, African-Americans are now jobless at a rate that hovers near 10 percent.

With the pace of layoffs accelerating as the economy moves more fully into a recession, forecasters are predicting that another 1.5 millions jobs may be lost over the next three quarters.

What kind of assistance will be available for these jobless workers?

Politicians are pushing hard to help their corporate benefactors recover from the terrorist-triggered recession. Too bad, there's no one in leadership looking out for average workers.

By Nat Hentoff

Abandoning the Constitution to Military Tribunals

During his terms as governor of Texas, George W. Bush made it clear that he was dangerously ignorant of the Constitution-not only denying due process to the record number of people he executed but also refusing effective counsel to indigent inmates of Texas prisons.

But as President, Bush, terrorised by the terrorists, is abandoning more and more of the fundamental rights and liberties that he-and his unquestioning subordinates-assured us they were fighting to preserve.

On Thursday, November 15, William Safire-The New York Times' constitutional conservative-distilled Bush's new raid on the Constitution:

"Misadvised by a frustrated and panic-stricken attorney general, a president of the United States has just assumed what amounts to dictatorial power to jail or execute aliens. . . . We are letting George W. Bush get away with the replacement of the American rule of law with military kangaroo courts. . . . In an Orwellian twist, Bush's order calls this Soviet-style abomination 'a full and fair trial.' "

These Secret Trials Will be Based, to a Large Extent, on Secret Evidence

What Bush has done by executive order-bypassing Congress and the constitutional separation of powers-is to establish special military tribunals to try non-citizens suspected of terrorism. Their authority will extend over permanent non-citizen American residents, lawfully living in the United States, as well as foreigners.

The trials will be held here or in other countries-like Pakistan or "liberated" Afghanistan-and on ships at sea. The trials will be in secret. There will be no juries. Panels of military officers will be the judges-with the power to impose the death penalty if two-thirds of these uniformed judges agree. There will be no appeals to any of the sentences. (Even in regular court martials, judges must rule unanimously for executions.)

The defendants may not be able to choose their own counsel-lawyers who, after all, might get in the way of the swift justice commander in chief Bush has ordered.

The military tribunal will have other, more extensive ways to undermine the rule of law than exist in court martials or regular trials. The evidence to be allowed will be without the range of protections accorded defendants in what used to be the American system of justice.

For example, under "the exclusionary rule" in American courts, illegally obtained evidence cannot be used at a trial. Neither can hearsay evidence, which can include rumor and other unverified information about which a witness has no personal knowledge. Such evidence helps produce a death sentence.

Much of the prosecution's evidence will be withheld from the defendant and from whatever lawyer he or she can get because it will allegedly be based on classified intelligence sources. And the military officers in charge will, of course, decide the severe limits on the defence in other respects as well. These secret trials will be based, to a large extent, on secret evidence.

As for proving guilt, the standard will fall below "beyond a reasonable doubt." In a startled response, Democratic senator Patrick Leahy, who caved in to the administration and supported the anti-terrorism bill, with its pervasive assaults on the Constitution, has awakened to what this reckless president is capable of.

Leahy said in the November 15 New York Times that these drumhead tribunals with their arbitrary standards can "send a message to the world that it is acceptable to hold secret trials and summary executions without the possibility of judicial review, at least when the defendant is a foreign national."

Bush is sending a corollary message to the world that is particularly dangerous to American citizens arrested by foreign governments on charges of endangering their national security-journalists reporting "state secrets," travelers talking to native dissenters, or overly curious visiting academics. If the United States can prosecute and even execute loosely identified "supporters" of "terrorism" secretly and swiftly, why can't other countries follow that lawless example in their own interests?

Until now, Attorney General John Ashcroft has taken most of the direct heat for the Bush administration's contempt of both the Bill of Rights and the separation of powers, as well as its ending of lawyer-client confidentiality for dragnet suspects in federal prisons, and its holding of suspects in prisons for days and weeks without releasing their names or the charges,

if any, while their families and lawyers search for them.

But now, as the only President we've got, Bush has taken center stage as he further dismantles the Constitution through these military tribunals. In this executive order he has issued as commander in chief, only he-our maximum leader-will decide, in each case, who is to be brought before what in the Old West were called "hanging judges." Then Secretary of Defence Donald Rumsfeld will appoint members of the tribunals and set up the rules. Remember, there will be no appeals to United States courts or to international tribunals.

We have already seen on television and elsewhere in the media a parade of apparatchiks of the president. Included are his loyal vassals in the administration and various legal scholars of realpolitik. This is a war, they intone, and these (presumptive) terrorists do not deserve to be judged by our constitutional standards.

Moreover, Bush's good soldiers add, there can't be an open trial, as the Constitution demands, because our intelligence sources would be revealed. Under the once vaunted American system of justice, defence lawyers would have been entitled to see some of that evidentiary background. But in an open court, the President's defenders argue, witnesses against these dread defendants would be in danger of their lives from the terrorists' hidden colleagues among us.

In the November 15 New York Times, Professor Phillip Heymann of Harvard Law School, a former deputy attorney general, was asked about such rationales:

"Mr. Heymann said that some terrorists, notably those charged in the 1993 World Trade Center bombing, had been successfully prosecuted in the civilian courts with a law [the Classified Information Procedures Act] that allows classified information to be used in a trial without being disclosed to the public.

"Similarly . . . Mr. Heymann said that countless Mafia and drug-cartel trials had been conducted where both witnesses and jurors were protected."

Then Heymann cut to the duplicitous core of George W. Bush's summoning of the military tribunals:

"The tribunal idea looks to me like a way of dealing with a fear that we lack the evidence to convict these people." (Emphasis added.)

On Ted Koppel's Nightline (November 14), Harvard Law School professor Anne Marie Slaughter reminded the president and the rest of us that this war is being fought to protect and preserve American values.

"One of these values," she said, "is justice. And we have an entire system designed to achieve that. To forsake that now is to betray the cause we're fighting for."

Also, with regard to our pride in the American system of justice, Slaughter pointed out, "We are trying to gain the confidence and the support of people in Muslim countries around the world, as well as in our own coalition. From that point of view, this is disastrous. They're asking us for evidence [of worldwide terrorism]. We're now saying, 'Well, we can't give you evidence.' "

Brushing these counterarguments aside, defenders of the president insist there are historical precedents for these military tribunals-the trial and hanging of British secret agent John Andre in 1780; the convictions during the Civil War by the Union army of opponents of Abraham Lincoln's policies; and the trials and executions of German saboteurs sneaking into this country during the Second World War.

In response, Georgetown University law professor David Cole emphasised on Nightline, "The only times that military tribunals have been permitted in the past have been in a declared war with respect to enemy aliens-people who are involved in fighting against us in a declared war on behalf of a nation with which we're at war."

Bush asked for an official declaration of war, but Congress declined. So, as Cole said, "We are not in a declared war." Furthermore, "this [Bush executive order] is not limited to people, even to the Al Qaeda people who are fighting against us. This is an extremely broad executive order . . . that's wholly unprecedented."

As the November 15 Washington Post reported: "[This order] would grant the Bush administration complete freedom to set the terms of the prosecution. Defendants could include suspects in attacks on Americans or U.S. interests, and anyone suspected of harboring them." And Ashcroft has "raised the possibility that the government may seek military trials against [the large numbers of] suspects now in custody"-not one of whom has been connected to the September 11 attacks.

At one point in the debate over the USA PATRIOT Act (the anti-terrorism bill), the ACLU reminded us that "the president is not above the law." Now the ACLU, in view of the military tribunals Bush has set up, calls on Congress "to exercise its oversight powers before the Bill of Rights in America is distorted beyond recognition."

In view of Congress's yielding most of what John

Ashcroft wanted in his and Bush's anti-terrorism bill-despite the damage to the Bill of Rights-its members, concerned with being reflected in this time of terrorism, are not likely, with a few exceptions, to rise to the defense of American values and laws.

Justice Louis Brandeis, dissenting in the first wiretap case before the Supreme Court (Olmstead v. United States, 1928), foreshadowed the advent of George W. Bush.

"Our Government is the potent, the omnipresent teacher. For good or ill, it teaches the whole people by its example. Crime is contagious. If the Government becomes a lawbreaker, it breeds contempt for law; it invites every man to become a law unto himself; it invites anarchy. . . . To declare that in the administration of the criminal law, the end justifies the means . . . would bring terrible retribution. Against this pernicious doctrine this Court should resolutely set its face."

In 1928, the Supreme Court agreed with the government's subversion of the Fourth Amendment's privacy protections-setting the initial stage for the current vast expansion of electronic surveillance by the Bush administration-and not only over suspected terrorists. The Court has another chance now to teach the President that he is not above the law. Tell that to your representatives and senators-now!

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Arm Twisting By World Bank

(How the World Bank punishes defaulters among its aid-recipients who fail to implement World Bank dictated economic reforms is to be seen in the case of India which has to pay out more in terms of interests and charges than what it receives as assistance from the Bank. The following news report reveals it all.)

India Pays Out More; Gets Less Assistance

G. Srinivasan

It may sound paradoxical that a poor country like India pays out a little more to the World Bank than it gets by way of assistance from it.

This multilateral lending agnecy's remit has been recently redesigned to help countries attack poverty effectively through a development partnership with it. Yet browsing through the recently released first volume of this year's Annual Report of the World Bank, one gets the impression that this is no paradox but a harsh reality.

The country had to make do for its past loans and persistent inability to draw more from its undisbursed portions through well-designed economic reform policies the Bank insists on the aid recipients.

A perusal of the Bank's commitments, disbursements and net transfer in South Asia in general, and India in particular, makes a quite interesting reading. In the fiscal 2001 (July 2000 to June 2001), the commitments by the World Bank group, both IBRD and its soft lending window International Development Association (IDA), to India amounted to $2,555 million, while the gross disbursements amounted to $1,644 million. Considering the repayments which amounted to $1,109 million, the net disbursements to India in fiscal 2001 from the World Bank group amounted to $535 million.

But against this net disbursements, India had to shell out interest and charges amounting to another $539 million, leaving India with a net transfer of $4 million.

It is not that only in the fiscal 2001 the country ended up paying out of its kitty to the Bank than it got. A synoptic profile of the Bank's protfolio of assistance for 1996-2001 shows that the combined World Bank group (IBRD and IDA) amounted to $11,160 million with gross disbursements at $9,027 million. Out of this, repayments amounted to $7,133 million, leaving net disbursemetns of the order of $1,894 million during the five year span.

As interest and charges cost $4,237 million during the five year period, the country ended up paying out $2,342 million to the World Bank Group.

What is particularly disquieting is that even as the country has been paying more to the Bank, the undisbursed balance from the World Bank till fiscal 2001 amounted to a staggering $8,046 million as these loans were held up because of various policy-related inadequacies from Indian side and its inability to get matching resources from the sectors or States to get the multilateral assistance.

Unless the ratio between commitment and disbursement improves through conscious efforts on the part of the Indian authorities, India's undrawn balance from the World Bank group would remain substantial, analysts contend.

(As reported in The Hindu Business Line, dated November 16, 2001)

The "New Economy" Bubble Bursts

The word is finally out. The much hyped 'New Economy' is tumbling down the drains. It seems to be doomed by a long spell of recession. The growth rate of the world economy for this year has been assessed to be just one per cent. The scenario does not seem to brighten up even in the year 2002. The recently leaked out report of the Organisation for Economic Co-operation and Development (OECD) has warned that growth for this year would be just 1 per cent and only 1.2 per cent in 2002. While in its previous forecast published in the month of May OECD had visualised a growth of 2 per cent for the year 2001 and 2.8 per cent for 2002. And a year ago the Organisation was saying that "world economic prospects remain relatively bright" and the US economy would be growing at a rate of 3.3 per cent. Today, it is on the edge of recession.

Same is the story in Germany. German Fiance Minister Hans Fichel warned recently that growth would be just 0.75 per cent this year, compared to the prediction of 2 per cent in April, 2001 and 2.75 per cent forcast at the start of the year. He said that for 2002 he expected a growth of "between 1 per cent and 1.5 per cent" as against the government's earlier prediction of 2.25 per cent. Even these forcasts may have to be revised downwards, if the indications from Germany's leading measure of business confidence are anything to go by. The Ifo index dropped to 85 in the months of September from the level of 89.5 in August, reaching its lowerst point since 1993, and recording the largest single monthly fall since the world economic crisis of 1973, giving rise to warnings that Germany, and possibly the whole eurozone, was entering a recession.

The scenario in Japan too is not much different. The admission has come from Japanese government itself that the economy is destined to contract in the financial year ending April 2002. Said the Finance Minister, Masajuro Shiokawa, "I have tried my best to avoid negative growth but, given global conditions, it seems likely that the Japanese economy will contract".

Once quoted as the towering figure of the New Economic Order, today, Japan is about to enter its fourth recession in ten years, while Europe is heading towards severly reduced economic growth. And US, the pioneer of this global economc order is witnessing a continuing economic slowdown. In the middle of October, the US Federal Reserve reported that output from US industry declined for the 12th consecutive month in September, making it the longest continuous decline since October 1945. Output fell 1 per cent in September, following a 0.7 per cent decline in the month of August. There has been rise in unemployment in October to 5.4 per cent from 4.9 per cent in September. Looking to the employment as the broadest monthly indicator of the state economy, National Bureau of Economic Research announdeed recently that the 'US economy has entered a recession'.

An anlysis by economist Dean Baker, published by the Center for Economic and Policy Research, explained that even a cursory review of the data showed that the "new economy" was mostly hype. Baker noted that the reason why the second half of the nineties cycle looked good was because the first half was very bad. "GDP and employment growth in the first half of the cycle were even worse than in the eighties and productivity growth rate was only slightly better."

But one area in which the growth cycle of the nineties has exceeded all others is the social inequality. By 1999 the top 1 per cent of US population recieved as much after - tax income as the bottom 38 per cent combined. From the mid 1970s the top 1 per cent has doubled its share of national wealth from under 20 per cent to 38.9 per cent.

The interesting aspect is that far from laying the foundation for a new era of prosperity as a result of increased productivity, as claimed by the "new economy" proponuts, the growth cycle of the 1990s was to a great extent financed by the rapid expansion of debt.

According to figures produced by the Financial Markets Center, measured as a share of GDP "US indebtedness to foreign creditors crossed the 20 per cent mark that has traditionally signalled a serious inbalance in the country's international accounts".

"The deterioration in the US international accounts, the center noted, represents the rapid acceleration of a decade-long trend. The US became a debter nation in 1989 and the level of debt has grown in every subsequent year ..... At the year- end 2000, the net stock of external debt reached 22 per cent, up from 16.4 per cent in 1999 and nine percentage points higher than the 12.9 per cent recorded in 1997."

The figures clearly reveal that the much hyped growth cycle of nineties will go down in history not as the era of the "new economy" but rather as the decade of setting in place major structural inbalances in the US economy, imbalances which will have far-reaching implications both for the US and global economy in the coming years.

A new study by America's Second Harvest reports that 23.3 million in the US were forced to rely on charities for food in the past year, a 9 per cent increase since 1997. The report confirms that the number of hungary people in the US continued to rise even as the US economy experienced the longest expansion in post war history. One reason is that government food assistance for the poor plummeted after the US Congress passed the Personal Resposibility and Work Opportunity (PRWOA) or "welfare reform" in 1996. Thus from 1997 to 2001, food stamp programme participation declined more than 33 per cent to an average of 17 million persons each month. As a result, the organisation reports seeing more and more people who are hungry or at risk for hunger. Of the agencies which depend on the network of food banks, 60 per cent reported increased demand for their services since 1997.

A survey of clients showed that the faces of the hungry they served have changed dramatically over the past decade. Based on the finding of this study, the millions of needy people served by thousands of food pantries, soup kitchens, and shelters do not meet the stereotypical profile of the hungry in America. Nearly three-fourth of the people served by America's Second Harvest were "food insecure" which the organisation defines as having limited or uncertain access to nutritions, safe foods necessary to lead a healthy lifestyle. Households that experience food insecurity have reduced quality or variety of meals and may have irregular food intake. Nearly 40 per cent of individuals and 40 per cent of households with children were food insecure with hunger, meaning they are missing meals because they are unable to afford them. Two-third of those surveyed reported they could not afford balanced meals and one in four households did not eat for entire day because they could not afford food.

Job Losses Are Highest in 20 Years

United State's unemployment rate shot up to 5.4 per cent in October and losses surged to the highest level in more than two decades. The question is no longer whether the economy is in a down turn, but rather how long will it last, what will be its impact for working families, and what must policymakers do to quickly address the problem.

Since October 2000, twenty two million workers have lost their jobs. Job losses in the private sector amounted to 4,39,000, the largest monthly decrease since February 1975. Most important is the fact that these losses were widespread. The job losses have occurred in virtually all non-government sectors of the economy, including the broad service sector. Service sector employment - formerly the primary source of job growth in the US economy, has seen the largest decline in the history since 1939. Service sector job losses were concentrated in the businesses which have cut 4,69,000 jobs since October 2000.

On November 23, thousands of workers from the French company Moulinex heard that they had been sacked. This followed two and a half month of protests, demonstrations and other dramatic actions to defend their jobs. Moulinex declared bankruptcy.

The following week saw an unequal conflict between workers intent on saving their jobs and life which was already hit by de-industrialisation on the one side, and major banks, rival industrialists, and the court on the other. SEB, the main French producer of large household applicances, will now take over Moulinex increasing its size and prospects on the world market. But some 5,200 out of about 8,800 staff are to be cut in the process, with the closure of at least four unites.With the overall unemployment rate having increased by a smaller 1.5 per centage point, since September 11, the down-turn is clearly hitting minority workers harder.

Higher unemployment, fewer jobs, and declining hours of work are beginning to cut into weekly earnings. The stimulus package soon to be voted does not address the needs of the hundreds of thousands of newly unemployed workers as it only comprises of regressive tax cuts, which fails to help these unemployed persons and their families.

Women and Children

The vast majority of food bank clients turn out to be people living seemingly normal lives in modest neighbourhoods all over the country. One in three emergency food reciepients live in the suburban and about one in six live in rural areas. 45 per cent of

reciepients are white and 35 per cent black. One-quarter of those surveyed are home owners.

Women with children made up the majority of food bank reciepients in 2001. Neraly two-third of the adutls served by agencies were women and 40 per cent of the household served included children. This represents more than one in ten of all children in America. Numerous studies indicate that even mild under nutrition, and certainly severe hunger, suffered by children for even just brief periods of time can have long-term negative effects on the congitive, psychological, social and physical development of childrem.

One of the biggest changes apparent inthis year's report was a rise inthe numbers of the so-called working poor utilizing food banks over the past four years. Approximately one in four food pantry clients were employed. Forty per cent of household served had at least one adult working and 7 per cent had two adults in the household working. Nearly three-quarters of emergency food reciepients had monthly household incomes of less than $ 1,000.

The elderly and disabled with income derived from federal entitlement programs made up half of all food bank reciepients in 2001. As income inequality increased in USA, the cost of housing prescription drugs and other necessities sky rocketed, leaving vulnerable populations unable to meet the increased costs. The study's authors noted that like childhood hunger, insufficient nutrient intake by seniors adversely impacts the effect of prescription drugs and other medical treatment, reducing the quality and longevity of life.

Welfare Reforms

America's second harvest noted that food stamp program participation from 1977 to 1996 roughly matched US economic cycles, but plumneted after welfare reform was signed by Clinton in 1996. While there were roughly 3 million fewer American living in poverty between 1997 and 2001, there were 8 million fewer Americans recieving government assistance in the form of food stamps or welfare. Though most food bank clients are eligiable for food stamps, onerous paper work and tighter restrictions under welfare reform led to this drop in reciepients, not a decline in actual need. The food stamp programe has been singled out for attack by free market advocates in the US Congress, who pushed through a $ 26 billion cut in the program at the time of welfare reform. **The results of the 2001 survey again underscores the fact that while the wealthy experienced huge income increases in the last decade, millions of people in the US were falling into the grip of poverty and hunger.** The onset of the recession and the wave of job losses this year have already increased the number of laid-off workers seeking help at food pantries and soup kitchens. The New York City Coalition Against Hunger released a report showing a sharp rise in demand for food assistance as far back as January of 2001. Last year some pantries ran out of food and this year they expect they will have to turn away close to a third of the people who need food.

The numbers show that hunger was increasing even as wall street continued to boom. This was a consequence of the shredding of the social safety net and increasing income inequality that went hand in hand with the stock market bubble. The growth of hunger accelerated in the months before September 11, as the economy tipped toward recession. Concomitant with the rise in hunger has been a rise in homelessness, which reached record level in New York city. The munucipal run shelters and welfare hotels housed 29,498 people exceeding the prior peak of 28,737 in 1987. These statistics, do not include the thousands of homeless people staying in churches and other non-profit shelters, or the many additional thousands who sleep outdoors due to the conditions in the shelters, where they may be robbed or otherwise abused. It is estimated that there are approximately 1,00,000 homeless in New York and the figure in constantly rising. The rate of increase picked up dramatically starting in June 2000, as the economy began to sputter. Since then homelessness has shot up nearly 28 per cent. the coming winter will no doubt see a record increase in the demand for beds in city shelters. The administration is deciding to cut-down its present capacity. The result will be to push even more homeless people out onto the streets to cope with the cold on their own.

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Africa

Police shoot strikers in Nigeria

At least nine workers have been shot by police while protesting against the withholding of their wages by the regional administration in Borno State, Nigeria. Twenty Seven were also said to have been arrested. The strike was launched to demand that state governor made payment of arrears arising from the minimum wage agreement.

Workers in Namibia Sacked for Two Day Strike

Over 100 workers who took part in a two day strike at a supermarket were dismissed at a disciplinary hearing on November. 9. Originally, 119 wokers were cited for being involved in the strike. The company then admitted that some of these had been on leave at the time of the strike. The workers had gone on strike after 17 fellow employees were suspended without pay on August 16 for refusing to work late without prior notice. These 17 workers refused to attend to the next shift. Because they refused to comply with this, they were suspended without pay, triggering the strike.

Europe

Italian Trade Union Call Two-Hour General Strike in Dispute Over Labour Law Changes

On November 26, three of Italy's main trade unions called a two-hour national strike to protest the introduction of new labour laws by the government. This would make it easier for employers to make workers redundant.

French Riot Police Break up Picket, End MIINT Workers Strike

On November 26, French riot police broke through a picket line at a mint producing the new euro coins. The workers had been on strike for 10 days in a dispute over pay and conditons when 10 busses containing riot squad police broke through their 300 strong picket line at the mint.

Latin America

Unemployed Protest in Argentina

On November 14 more than 200 unemployed workers from Argentina's interior set up barricades and rallied in Buenos Aires to denounce the free market economies. In addition, they called for subsidies for the unemployed, jobs and the release of two picket leaders detained in previous protests.

Thousand Strike in Pero Against Unemployment

On November 27, thousands of workers began a strike in the Perovian cities of Pucallpa and Tarapoto demanding that the government provide jobs to the region. The committee is demanding that the government pave regional roads, build a port and reorganise the University of Pucalla.

United States

Pratt and Whitney Workes Strike

More than 5000 workers set-up picket lines at four plants owned by the jet-engine company. The workers were agitating against a new contract proposal that di not provide sufficient job security.

Teachers' Struggles Erupt in New York

Members of two teachers unions in the New York city went on strike on November 29. As a result the school was forced to remain closed. Teachers are demanding a 15 per cent raise. A major issue is the union demand for a second pension plan. Students have also joined the protest with hundreds of students picketed at various school sites and denounced the lay off of 430 teachers.

Canada

B.C. Unions File Complaint Against Government

Three unions of British Columbia filed a complaint last week with the International Labour Organisation (ILO) alleging non-compliance with International labour standards by the right-wing provincial government. The unions cite two new laws that allow the government to impose contract on nurses and make education an "essential service", thereby prohibiting strikes by teachers and other school employees.

Asia

South Korean Workers March in Seoul

Some 20,000 workers and students from across South Korea marched in the capital on November 11 demanding shorter working hours and job security. they also demanded release of leaders who were arrested in a similar demonstration in June.

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