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FROM DAVOS TO PORTO ALEGRE : THE WORLD SOCIAL FORUM

The atmosphere in this year's 2000-strong gathering of business chiefs, political leaders, bankers, economists and academicians at the World Economic Forum (WEF), Davos, was somewhat different. The technology-driven stock market boom had collapsed, and more importantly, the US economy came to a halt with clear indications that it will be plagued by recession in the first part of this year. Gone, therefore, was the excitement about the 'new' US economy (see Lok Samvad, January 2001). The question was not about how high the US economy will soar but how far it will slide. In recent years, the Asian economic crisis, the halt in the U.S. boom and the crash of the dot.coms have contributed to tempering the enthusiasm of the promoters of globalisation. The world economy has shown resistance to the technocratic-utopian approach that seemed to promise control over the future economy. The original meetings of the World Economic Forum tried to teach European businessmen the 'new capitalism' of the United States and Thatchirite Britain. Interestingly, now the WEF was trying to pursuade globalised businessmen of values associated with the Old European Social capitalism! Not only that, the Davos forum's leadership went to great lengths to demonstrate as desire for dialogue with social actors.

Demonstrations at the WEF, Davos

At Davos, in the last week of January 2001, about 1500 protestors against the World Economic Forum (WEF) were forbidden to demonstrate. They were arrested and stopped by military and police forces. Their right to move, their freedom of expression and to associate freely were curtailed. The entire Davos region was militarized. Hundreds of kilometers of barbed wires were placed along the roads and railroads. The WEF protection was so imposing that even the inhabitants expressed their concerns. Guarded metallic fences closed all Davos streets, and the last one at the center of the city was placed just 100 meters from the WEF venue!

The day before the conference started, an international conference, "The Other Davos" was held and well attended. Demonstrations started in Davos as scheduled at 01.30 pm. The demonstrations were very peaceful but the security forces blocked them. Quite appropriately, Swiss newspapers in their headlines referred the demonstrations as the body guard demonstrations because the security forces were outnumbering the demon-strators. In Zurich, some violent actions ended a demonstration that took place and all the demonstrators were pushed away from Davos. The WEF thus succeeded to create a state of war with no war at sight but their fears.

A satellite link was created for an exchange of ideas between the World Social Forum (WSF), Porto Alegre in Brazil and the World Economic Forum on 28th January 2001. However, the WEF refused to talk to the delegates of WSF. WEF's explanation was that it did not want to answer criticism outside the WEF.

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appeal Action Programme for People's Economics and Allied Literacy

An Alternative to World Economic Forum : The World Social Forum

In a stark contrast to the WEF at Davos, the World social Forum (WSF) at Proto Alegre was attended by a very broad range of social movements, and the diversity of the organisations represented was impressive. The participants were farmers, workers, unemployed, professionals, students, blacks and indigenous people coming from South and the North, and committed to struggle for people's rights, freedom, employment and education. Interestingly, the initiative for the anti-Davos forum came from the heart of globalism itself, the United States. The Public Media Centre, a liberal US research organistation set the ball rolling, joined by the Institute for Policy Studies and by Ralph Nader's organisation. A second important initiative came from France, where , an American expatriate motivated by Christain Social Doctrine, and a Franco-British ecologist, set out to get support from developing nations.

The World Social Forum at Porto Alegre also included NGOs and intellectuals who extended their support to build a great alliance and create a new society different from the dominant logic of the free-market. What united the people at World Social Forum was the resistance to the current globalisation process, as well as the need for actors to formulate and take action for alternative solutions. However, the participants at the WSF felt that social movements such as these must remain vigilant about not falling into the same trap as the proponents of neo-liberalism propose--a uniform solution, one-fits-all that will eventually bring the best to all. They instead accepted diversity as a fundamental enriching principle, and the inclusion of all civil society actors as indispensable, which, in turn, would ultimately determine the success of mobilising for *un outro mundo* (the other world).

According to the participants, neoliberal globalisation has destroyed the environment, health and people's living environment. Air, Water and people have become commodities. Neoliberal globalisation has led to the concentration of land ownership and favoured corporate agricultural systems which are environmentally and socially destructive. Moreover, it is based on export-oriented growth backed by large-scale infrastructure development such as dams, which displaces people from their land and destroys their livelihood. The participants at the World social Forum wanted to point out that free trade is anything but free. In fact, the prevailing global trade rules ensure the accumulation of wealth and power by multinational corporations and further marginalisation and impoverishment of small farmers, workers and local enterprises.

Porto Alegre: A Suitable Location for the World Social Forum

Porto Alegre is the situated in Southern Brazil. The city has been governed for 12 years by a left-wing coalition practicing a form of decentralised city management that has attracted international attention. The people of the city's districts directly decide and control their budgets for transport, dispensaries and hospitals, social housing and education. Despite federally improved limits on the overall budget, and opposition from business and most of the city's media, the governing coalition was re-elected last year with more than 63 per cent of the vote. The choice of Porto Alegre as a venue for WSF was therefore obvious.

Workshops and Issues at the World Social Forum

Brazil is one of the countries that have been greatly affected by global economic polices. At the same time, different actors of Brazilian civil society are creating economic alternatives in rural and urban areas, in shantytowns, etc.

Cooperative Univens was a very hot topic in many of the workshops at the World Economic Forum because it reflected the possibilities of alternative approaches and methods of production, which are based on the principle of just distribution and respecting environmental and social sustainability.

The World Social Forum also organised a workshop on "Citizenship and Communi-cation" in which there was quite a consensus about what is wrong and distorted in today's media landscape. The issues of financing of media, different approaches to information treatment, and the role of communication actors were some of the issues for continued reflection and discussion for the formulation of viable alterna-tive solutions in the field of information and communi-cation. The World Social forum, therefore, urged that right to life and health must be recognised as fundamental right and not something that could be subordinated to economic policies. It unanimously demanded the unconditional cancellation of historical, social and ecological debts, and called for a trading system which guarantees full employment, food security, fair terms of trade and local prosperity. The World Social Forum called for a strengthening of alliances, and the implementation of common actions, on these principal concerns.

BUDGET 2001 : TOWARDS BALCO(LO)NISATION OF INDIAN ECONOMY?

Ritu Jain

Is the budget 2001 a dream budget? Certainly not. Not atleast to the millions of poor in the country. No concrete measures have been taken to evolve a strategy to reduce poverty which has been stubbornly irresponsive to the reforms of 1990s. In fact, a careful perusal of current budget reveals that the government seems obsessed with fiscal discipline. It has to, because of the pressure from the World Bank and IMF. In this pursuit, the Finance Minister Yashwant Sinha, in his 'dream' budget has launched a hasty drive to divest highly-prized public assets at throwaway prices.

Implicit in this kind of an approach is the assumption that there is a fundamental structural constraint in form of fiscal deficit. This, in fact, is one of the cornerstones of the programme of structural adjustment being carried out by the World Bank-IMF throughout the world in recent dcades. Yet another flawed assumption is that the fiscal deficit could not be controlled from the revenue side but it has to be done necessarily from the expenditure side.

Highlights of Union Budget 2001

The very fact that a major chunk of the revenue--around 28 per cent--would come from borrowings raises serious doubts about the nature and efficacy of policy initiatives of the government as indicated in the Union Budget 2001. Indirect taxes in form of excise and customs duties comprise yet another significant portion of government's revenue earnings. The indirect taxes comprise 31 per cent of total revenue while direct taxes contribute 19 per cent. The coverage of indirect taxes is wider than that of direct taxes because indirect taxes are borne by both the rich as well as poor. In reality however an increase in indirect taxes affect the low-income strata of the society more than the economically well-off section. Thus any increase in the prices of the essential commodities such as beedi and kerosene on account of indirect taxes hits the poor. This in turn reveals the anti poor policies of the government.

Just as 28 per cent of revenue receipts would come from borrowings, 26 per cent of the expenditure would go towards meeting the interest requirements on borrowings. Instead of spending on social sector, the government has earmarked 14 per cent of total expenditure on defence. Further, expenditure on subsidies has been reduced to a paltry 7 per cent. In such a scenario, the government, obsessed as it is with controlling fiscal deficit, has tried to bridge the gap by cutting down expenditure on social sectors and downsizing the Public Sector units (PSUs).

In the current budget, the Finance Minister Yashwant Sinha has indicated that the government would speed up agricultural reforms, increase infrastructure investment, initiate further reforms in financial sector and capital markets, introduce changes in educational sector and social security, accelerate the privatization process and restructure public enterprises. These policy initiatives could be discussed under the following rubrics:

Dismantling of Administered Pricing Mechanism

The Administered Pricing Mechanism (APM) in the petroleum sector would be dismantled by March 2002. There would also be a phased programme towards decontrol of urea. Also, the government is committed to complete decontrol of sugar.

Capital Account Liberalisation

Indian Companies wishing to invest abroad may invest up to US $ 50 million in an annual basis through the automatic route without being subject to the three-year profitability condition. Companies that have issued ADRs/GDRs could undertake foreign investments up to 100 per cent of these proceeds instead of the current ceiling of 50 per cent.

Foreign Investment

Foreign Institutional investors' investment in a company under the portfolio investment route has been increased to 40 per cent. Condition on Foreign Direct Investment (FDI) in Non-Banking Financial Companies (NBFCs) of a minimum of 25 per cent of their holding being divested in the domestic market has been removed.

Drug Price Control

The span of drug price control would be reduced substantially. There would be concomitant

changes in the Pharmaceutical policy.

Labour Market Policy

Provisions of Industrial Disputes Act would now apply to industrial establishments employing not less than one thousand workers instead of the earlier 100. The separation compensation would be increased from 15 days to 45 days for every completed years of service.

Small Scale Industries

The exemption limit in this sector has been doubled to Rs.1 crore from September 1, 2000, and another 14 items related to leather foods, shoes and toys would be de-reserved.

Education

An integrated National Education Programme--the Sarva Siksha Abhiyan has been launched and a National Mission would be constituted with Prime Minister as chairman.

Expenditure Management: Initiatives for structural changes in the composition of Central Government Expenditure

User charges for services including postal services provided by government would be revised. All requirements of recruitment would be scrutinized to ensure that fresh recruitment is limited to one percent of the total civilians staff training. As about 3 per cent of the staff retires every year, this will reduce the manpower by 2 per cent per annum, achieving a reduction of 10 per cent in five years. The surplus pool under the Department of personnel would be streamlined and employees in the Surplus Pool would be offered a VRS package. Regarding pension reforms, a High Level Expert Group would be constituted which would give its recommendations within three months.

Public Sector Restructuring and Privatisation

Financial and Business restructuring plans of a number of PSUs including SAIL and HMT have been approved. Eight PSUs would be closed down during the current year. The government has approved for privatisation of 27 companies in which the process of disinvestments is expected to be completed during the course of the year, including VSNL, Air India, and Maruti Udyog Limited.

Direct and Indirect Taxes

All surcharges payable by corporate and non-corporate would be removed except the surcharge of two per cent for relief quake hit areas of Gujarat. Income tax at source will be deductible at the rate of ten per cent on income by way of commission or brokerage exceeding Rs.2,500 except on transactions relating to shares and securities. Tax on winnings from lotteries and crossword puzzles would be reduced from 40 per cent to 30 per cent. The budget has also proposed withdrawal of tax exemption on the income of NABARD, National Housing Bank and Small Industries Development Bank of India (SIDBI). The tax payable on the distribution of dividends on domestic companies and income in respect of units of Mutual Funds and UTI has been reduced to 10 per cent. For the core sectors of infrastructure namely, roads, highways, rail-system, water treatment and supply, irrigation, sanitation and solid waste management systems, a ten years tax holiday could be availed of during the initial twenty years. In case of airports, ports, inland ports and waterways, industrial parks and generation and distribution of power, a tax holiday of ten years has been proposed.

Curbing Expenditure Instead of Generating More Revenue: Who Gains in the process?

The present budget does not stress on increasing the revenue to control fiscal deficit because of the pressure of the business class more particularly the Confe-deration of Indian Industry (CII).

Obviously, the current budget incorporated almost all the suggestions made by the CII long before the budget was presented. Not surprisingly therefore the current budget has provisions such as reduction in tax on dividends distributed by domestic companies from 20 to 10 percent, the exemption from taxation of capital gains from sale of securities and units so long as they are reinvested in primary issues of public companies; and the provision of a host of tax holidays to investments in a range of sectors varying from infrastructure to Internet Service Providers (ISPs) and broadband networks and those involved in "the integrated business of handling, storage and transportation of foodgrains". These measures, combined with other concessions alone are expected to result in a revenue loss of Rs 5,500 crore.

Curbing Expenditure through Downsizing: Towards BALCOnisation of the Economy

The government seems bent on covering the fiscal deficit by

squeezing expenditure on all state-run services and enterprises. It therefore sold BALCO thereby undervaluing a profitable and an extremely viable Public Sector Unit. Through downsizing, the Finance Minister has decided to reduce employment in government establishments by 2 per cent a year by keeping new recruitment to 1 per cent of the current labour force. This implies that Mr. Yashwant Sinha's downsizing exercise applies to around 1.2 million employees earning Rs. 11,459 crore by way of pay and allowances. According to experts, the amount saved in a year through this kind of downsizing would account for just 0.08 per cent of total revenue expenditure. Central plan outlay of some sectors have been adversely affected by cuts in expenditure. Revised outlays on energy are 12.4 per cent below the budget estimate and that on agriculture and allied activities. Similarly, the revised estimates on outlays on social services sector are 10 per cent less than budgeted.

Clearly, such measures particularly curbing the expenditure through downsizing of PSUs as well as the state's withdrawl from essential services such as education and health , in order to control fiscal deficit will have a deleterious impact on the quality of life of millions of people in India more particularly those belonging to the lower income strata of the society.

WRONG PREMISES, CALLOUS PRIORITIES

THE elite euphoria over the Union Budget for 2001-2002, carefully nursed by government and corporate spokespersons in the electronic and print media, should not blind us to the economic crisis facing our country. These aspects - which include a significa nt slowdown in agriculture through the 1990s, a less-than-impressive growth in industry, especially manufacturing, over the same period, a remarkably slow growth of employment between 1993-94 and 1999-2000 as evident from the National Sample Survey data, and the persistence of mass poverty despite all the hype over liberalisation-induced growth - have received little or no attention in the Budget and in the commentaries of the government and corporate cheerleaders. Although the Economic Survey draws att ention to some of these questions, such as the slow growth of agriculture, its policy recommendations amount essentially to more of the same policies which have brought the country to this pass, only at a more accelerated pace.

The Budget is faulty on at least two counts: its premises and its priorities. First, its premises. The Budget's diagnosis of the decline in the growth momentum of the last three years is that we are not liberalising, privatising and globalising rapidly e nough. Thus it is presumed that if we provide all possible incentives to large capital, Indian and foreign, rapid growth will automatically follow, and it will take care of problems such as poverty and unemployment. It is also presumed that the only way to attract foreign capital is to move rapidly towards capital convertibility, and to subject every policy proposal to the acid test of whether it will help retain and/or enhance the "confidence" of the foreign investor in the Indian economy. It is assume d as an article of faith that the government's sole role in the economy should be that of providing a minimum set of public goods that the private sector will find unprofitable to provide, including, of course, "law and order" to ensure that the rules of the economic game are properly followed.

These are all untenable premises. In every case of successful development, including the East Asian ones that our policymakers repeatedly invoke, the state has played a crucial role. Investments in infrastructure have rarely come on largely private initi ative. The same holds for investments in human development. Public investment in agriculture has been a key to agricultural growth in India and elsewhere. The current crisis in Indian agriculture is not merely one of unremunerative prices or the severe d amage being and likely to be caused by the removal of quantitative restrictions (QRs) on imports, although these are also important. The crisis is fundamentally about the neglect of investment in agriculture, the slowdown in productivity growth, the weak ening of public funding of research and development in agriculture, and the lack of support to post-harvest and marketing activities.

THE revised estimates for 2000-01 are, in the aggregate, not far off the budget estimates. The Finance Minister has found this to be a matter for self-congratulation. However, a look at the disaggregated figures of receipts and expenditures shows that th is "achievement" has resulted from severe expenditure compression,

especially in relation to capital expenditure. The government's capital expenditure, as per the revised estimates for 2000-01, is lower in nominal terms than the Budget estimate by 9.4 pe r cent. When inflation at around 8 per cent is taken into account, the decline in real terms can be seen to be much larger. Central Plan outlays of some sectors have borne the brunt of the cuts. For instance, the revised outlay of the Ministry of Mineral s and Mines is down by 28.2 per cent and that of the Ministry of Steel by 29.7 per cent, compared to budgeted outlays. Revised outlays on energy are 12.4 per cent below the budget estimate and those on agriculture and allied activities 11.8 per cent less than budgeted. For all the professed concern about outlays on social services, the revised estimate of outlay for this sector is nearly 10 per cent less than budgeted.

In terms of proposed outlays for 2001-02, the total Central Plan outlay is budgeted to be 11 per cent higher than those of 2000-01, which in real terms implies little increase. If the last year's experience is any guide, the final outlay may well be much less. The Finance Minister's tax proposals involve a loss of Rs. 2,128 crores on customs duties and of Rs. 5,500 crores on income tax and corporate taxes. Excise duties, on the other hand, are slated to rise by Rs. 4,677 crores. The excise duties in res pect of a number of articles of common consumption have been increased. Thus, there is no real effort to mobilise resources from the very rich. Although the Finance Minister has assumed that buoyancy in direct tax receipts arising from both growth and be tter compliance will make up for the estimated loss, it is worth noting that last year's corporate tax receipts were lower than anticipated, as were customs. By contrast, receipts from income taxes, a significant proportion of which is paid by salary and wage earners, exceeded the budget estimates.

The Budget has provided a plethora of incentives to investments in infrastructure by the private sector, including ten-year tax holidays. It has allowed 100 per cent foreign investment in non-banking financial intermediaries, and raised the ceiling on fo reign institutional investor (FII) holdings in a company to 49 per cent. It has made it easier for rich Indians to invest their money abroad, and has taken steps towards capital convertibility at a time when in the rest of the world there is rethinking o n this issue. It is not surprising that foreign investors and Indian corporates are pleased with the Budget. It is, however, by no means certain that this pleasure will get reflected in significantly increased investment. Nor is it obvious that private i nvestment will be greatly stimulated by the reduction in interest rates on small savings on the ostensible ground that these were high in real terms and acted as a floor to market rates of interest. With inflation hovering at around 8 per cent, the real interest rate on provident funds can hardly be made the villain of the piece.

THAT the Budget priorities are callous is evident in its handling of labour as opposed to its treatment of the corporate sector. It seeks to do away with the very notion of security of employment and suggests that if employers were given the right to hir e and fire at will, and engage contract labour for a large part of their business, suddenly investment will boom and everybody will find a job. The proposed carrot of enhanced compensation for retrenchment is poor comfort for the worker.

The budget speech makes clear the intention of the government to complete the demolition job begun in the last year's budget with respect to the public distribution system (PDS). Having raised the issue prices of foodgrains in the PDS to a level that has led to a sharp decline in offtake and a large rise in stocks with the government, the Finance Minister has now proposed to minimise the role of the Central Government and the Food Corporation of India (FCI) in PDS, ostensibly to promote the involvement of States, and ultimately to abandon the poor and the food-insecure to the tender mercies of private trade. This move is of a piece with the government's claim, based on highly questionable statistics, that poverty has declined dramatically to just 27 pe r cent. The claim that the problem we have on the food front is one of how to cope with surpluses provides a measure of the callous policy priorities of the National Democratic Alliance (NDA) regime.

The refusal of the government to launch a massive food-for work programme, using the large stocks of foodgrains, build much needed rural infrastructure and stimulate a public investment-led growth process stems from its wrong premise that growth in India is not demand-constrained, but only incentive-constrained.

Courtesy : Frontline

IDEOLOGY AND THE BUDGET 2001 : A STUDY OF ALLOCATIONS FOR EDUCATION

Ranjana Saxena
(Teacher's representative in Academic Council of Delhi University)

The National Programme for Women Education--one of the well publicised programmes of BJP was able to utilise only rupees 10 Crores (06.25%) out of Rupees 160 Crores allocated for it during year 2000-2001. The allocation for this programme in the present budget is Rupees 10 Crores only corresponding to what Mr. Murli Manohar Joshi was able to spend last year. This scenario matches very well with the Minister's anti women views, which he keeps mouthing at appropriate foras.

While the Serv Shiksha Abhiyan - another PM's favourite programme poetically presented to the Nation, was not able to utilise more than 70% funds allocated for this during the year 2000-2001 and still the allocation for this programme in the present budget have been increased 5 times the amount MHRD was able to spend last year. Here again the Minister has failed but the programme is not punished like the former one but rather rewarded for its inefficiency by raising its allocation to Rs. 500 Crores as against the expenditure of Rs. 100 Crores incurred last year.

The reason for the discrepancy is loud and clear. Mr. Joshi does not have ideological problems with Serv Shiksha Abhiyan as he has with promotion of women's education. The only problem he seems to have faced during the first year of the programme despite the potentials of supporting ideology-friendly Governments and organisations is in identifying the clients of his ideological preference for the purpose of utilising the allocation. In the same manner the allocation for Non Formal/ Education Guarantee Scheme/ Alternative Innovative Education has been doubled in the present budget despite the programme's failure in utilising 43% of its allocation last year.

Hiding behind the smoke screen of commitment of BJP led government for 'second generation of reforms'; Rs. 1212.34 Crores of 'externally aided projects' are included in budget estimates 2001 - 2002 out of total allocation of Rs. 3802 Crores for elementary education. This 31.89% amount under the category of 'external aid' constitutes mainly of the 'soft loans' taken from the World Bank and for which the future generations themselves will have to pay. In line with this commitment of the BJP led government and the quest for 'full cost recovery' principle, in the present budget the allocations for Kendriya Vidyalayas and Navodaya Vidyalayas managed by Government Of India and cater to the requirements of specific sections of Society i.e. government servants and SC/ ST does not even cover the inflationary cost over their expenditure last year as the increase is merely 1.8% and 1.6% respectively. Such schools will be forced to increase the contribution from parents the "fees" in order to even carry out their present level of operations. The area of 'teacher's training' has also been dealt with in similar manner, as the allocation for this head in secondary education in the present budget is Rs. 220 Crores as against Rs. 219 Crores allocated for the same during the last financial year while the allocation for National Council of Teacher education is placed at Rs. 6 Crores, that is what it spend during the last financial year.

The intentions of halting the growth of public financed secondary education is in line with the recommendations by the subject group of PM's Council on Industry and Trade on private investment in education headed by Mr. Mukesh Ambani and Mr. Kumarmangalam Birla.

The Information Technology Sector (IT) is a buzz word with Ministers in NDA government and the alliance predicts India to become a 'super Power' in this area by serving the American MNCs, i.e., MicroSoft etc.. In congruence with this line of thinking, the allocations for 'promotion of science laboratories' in secondary education has been decreased to Rs. 16.30 Crores

from the Rs. 19.00 Crores actually spent on this account during the last financial year. While the allocation for 'Computer Education in School' has been increased 16.9 folds (Rs. 84.50 Crores) as against Rs. 5 Crores spent during the last financial year on this account.

In the arena of higher education the present budget's ideological preferences and obligation to neo- liberal agenda of Globalisation are much more pronounced. Dismantling the existing structures of higher education is precondition for rendering the 'market' of 'education services' wide open for profit hungry investors. That's what is been done in Chile, Russia and other countries of former Eastern Block and the 'swadeshi' government of ours appears to have gullibly swallowed this pill recommended by the World Bank and seconded by the PM's Council for Industry and Trade.

The allocation for University Grants Commission (UGC) in the present budget is merely 6% more than it was in the last budget. This in turn insures that UGC will not be able to even sustain its current level of operations and thus push the Indian Universities further for resorting to commercialise. Interestingly enough, in the first budget presented by the NDA government in 1999, the amount allocated for "improvement in salary scale of University & Collage teachers" was not placed with UGC but a separate head was created for the same. Not many had taken note of this change and understood the implications. Now in the present budget this new head is almost extinct while the growth of allocation for UGC during these years has been incremental at the nominal rate of 6% only.

What an ingenious way to raze the system to the ground? Hopefully this shall make for a best selling 'case study' produced by the World Bank within couple of years down the line.

The institutions like Indian Council for Historical Research (ICHR) and Indian Council for Social Science Research (ICSSR) that are virtually taken over by the ideological favourites of BJP in general and Mr Joshi in particular are bestowed with increased allocations in the present budget to the tune of 50% and 20% respectively. Explanation for such divergent behaviour lies only in ideological and political exigencies of BJP led NDA government. Some of it can also be attributed to the concerned minister's quest to demonstrate his loyalties to the 'parivar' he comes from - the 'Sangh Parivar'.

Following inferences for the future of education in India can be drawn from the budgetary allocations:

a) the primary education will continue to be financed by the soft loan from the World Bank and the people of India will pay for it not to the schools but to the 'debt service' account of Government of India;

b) gradually government will dump Kendriya Vidyalayas and Navodaya Vidyalayas created with the intentions of inducing equity in terms of access to education;

c) application of information technology will be promoted at the cost of teaching basic sciences that will produce computer operators, not scientists;

d) commercialisation of secondary education will flourish in the name of vocationalisation;

e) Universities will be further compelled to gradually commercialise and finally sold off in bits and pieces just like other Public Sector Units (PSUs);

f) Saffronisation will continue to be the core agenda of Ministry of Human Resource Development (MHRD)

The protagonists of the neo-liberal agenda passionately argue for Brahmanical purity in economic decisions and project ideology as untouchable. Keeping 'economic decisions' beyond and above political process is a dream that neo-liberals ranging from Gorge Soros to Atal Bihari Bajpayee nurse and share. Still the budget of 2001-2002 is not lagging behind in pursuing the ideological agenda of the stewards of the NDA government.

POWER REFORMS IN INDIA : DEPENDENT ON INDEPENDENT POWER PRODUCERS

The dependency on Independent Power Producers (IPPs) has proved costly. In February 2001, the Indian government agreed to pay US$19 million in electricity bills owed to American energy producer Enron Corporation after Enron sprang its trump card --an iron-clad counter guarentee by the central government that could be evoked should the state government or its utility, the Maharashtra State Electricity Board (MSEB), fail to honour its bills.

Increasingly, governments are turning to the private sector for power generation. Some developing countries such as India have started allowing private firms to enter in the field of electricity generation especially in the beginning of 1990s. As a result, investment by Independent Power Producers (IPPs) grew rapidly. These are presented as an attractive option because they are supposed to facilitate investment in an area where a bankrupt public sector can barely afford to make ends meet. In fact, IPPs are heralded as the first step towards further liberalisation and subsequent privatization of the power sector.

However, more and more governments throughout the world are running into difficulties with the IPPs. Thus, in countries such as Pakistan and Indonesia, IPPs have been a subject of protracted legal, political and economic battles. Other countries such as the Philippines and Dominican Republic have seen their electricity utilities crippled by payments to IPPs. Still others have questioned the generous terms offered to power producers by previous governments.

It is therefore important that people in developing countries should be aware of the real nature of the IPPs :

- *IPPs are not a source of funds*

It is misleading to think that IPPs are a source of finance in the field of electricity generation. In fact, investors involved in an IPP will not construct (or buy) a power plant unless they are sure that they will be repaid (with a profit margin), and so usually require that a Power Purchase Agreement (PPA) is in place. Under the terms of a PPA, the electricity utility undertakes to buy (usually) all the power produced by a power plant.

- *IPPs are uncompetitive and inflexible*

The terms of the PPA can be fixed for decades, in some cases up to 35 years. Obviously, circumstances can change dramatically over such a time-frame. Yet, the terms of the PPA are inflexible. It is difficult to change the terms for the fear that future investors will be put off by a government that is seen to renege on agreements.

- *High Prices and Generous Concessions*

IPPs are an expensive source of power. The reasons for high prices and generous concessions stem from the terms negotiated between the IPP and the government when the contract is drawn up. Subsequent events may further inflate costs but to a large extent, the problems start when contracts are awarded.

- *Risk Exposure for Governments is Akin to Debt*

One of the supposed advantages of foreign investment is that it allows the burden of risk to be shared, thus reducing risk exposure for investment partners (in this case electricity utilities such as MSEB and the government). With IPPs, however, even with equity investment, the investor is insulated from currency risk. Most IPPs negotiate 'take or pay contracts' where the utility is committed to buying all the power generated whether or not it is needed and the payments to be made are specified in dollars.

- *Corruption / Undue Influence*

IPPs are often presented as a part of the privatisation package which aims to being the rigors of market forces into an into an inefficient electricity sector. The reality is different. A PPA is far from a purely market transaction. As the stakes are high in IPP contracts, negotiations are carried out in

secret, and there is so much of money involved that corruption charges are common.

- *Regulation and Legality*

IPPs are promoted by the World Bank because they can be set up without requiring extensive regulation to be in place because company's regulations can be incorporated into the terms of the contract. But, having a contract that can cope up with all eventualities tends to lead to failure. Increasingly, therefore, there are messy legal disputes over IPP terms and sometimes it is not clear that the judicial system applies to the contract. IPPs are often beyond national control e.g. Enron's Dabhol IPP in India is subject to English law.

India's Experience with the IPPs: The Dabhol Deal

The Enron case is turning rapidly into a disaster that will sink not only the MSEB but also the Maharashtra government. At the time of the Enron deal was originally agreed upon, Enron and its defenders claimed a tariff of Rs. 2.40 a unit. This certainly did not seem as frightening as the current figure Rs. 7.20 - 7.80, given by Maharashtra Power Minister Padamsinh Patil. Contrast this cost of Enron's power of over Rs. 7 a unit with the average cost of Rs. 2 for power generated by the MSEB and the cost of power purchased from proucers such as the National thermal Power Corporation, the Bombay Suurban Electric Supply (BSES) undertaking or Tata Electric, which varies from Rs. 0.80 to Rs. 3. In the clutches of Enron, the MSEB is incurring a loss of more than Rs. 700 crores a year : it is paying Enron 15 per cent of its revenue for a measly 5 per cent of its requirement. Was the Enron deal a case of bad contract struck by the governments in Maharashtra and the centre? All the terms of the Dabhol contract that is currently leaving the Maharashtra State Electricity Board (MSEB) bankrupt were known well in advance. Successive state and central governments have pushed the Enron Project, giving guarantees and counter guarantees. Moreover, the Pawar-Salve power purchase agreement (PPA) and the Thackeray-Munde PPA have identical features that have brought the Maharashtra government to such a pass.

And this is just for the first phase of 748 MW--the second stage would have grave consequences. In this stage, the MSEB will have to pay Enron 52 per cent of its current revenue to add less then 20 per cent to its installed capacity. This means a net loss of more then Rs. 3000 Crores a year which will lead to the collapse of MSEB.

Three major mistakes can be identified in the Enron contract. First, the cost of power was pegged against the dollar. Second, hydrocarbon fuels such as naphtha and liquefied natural gas (LNG) were accepted as fuels for Dabhol thereby linking energy prices to the volatile international prices of oil. The third mistake was to have guaranteed a minimum off-take to pay fixed costs.

Human Rights Violations and the Dabhol Power Project

Dabhol power project has been plagued with controversy ever since its inception in 1992. Persistent allegations of corruption, lack of transparency, the reportedly high cost of electricity, and the project's detrimental impact on the environment and on people's livelihoods have all played a role in fostering opposition to the project at the international, national, state and local levels.

It was natural that individuals voiced their concerns and expressed their opposition to the Dabhol power project which has a deleterious impact on their lives. There was an opposition by villagers whose lands were seized and water were polluted due to Dabhol Power Corporation (DPC). Even though these protest demonstration were largely peaceful, there were arrests, beatings and targeted harassment of the protesting individuals. It is unfortunate that the Indian State chose to silence dissent against the Dabhol Power project. In fact, the state government is no the only actor responsible for human rights violations. The Dabhol power Corporation is equally responsible. Experts point out that in the oil and gas industry, corporations are often called on to respect human rights at the point where their operations and those of abusive forces intersect.

The case of Dabhol Power Project raises another disturbing issues. Usually, abusive behaviour by the state on behalf of energy companies is witnessed in military regimes such as the activities of British petroleum in Colombia, shell in Nigeria, or Unocal in Myanmar. However, the Dabhol Power Project is not located in an unstable or conflict-ridden zone. There is no repressive military regime in India. In fact, India is World's largest democracy, with a vigorous civil society, legal protections, an active judiciary, and an acceptance of free expression and peaceful assembly.

What are the Options in Front of the Government ?

The first is to take over the Dabhol Power Company. This will however go against the policy of liberalisation. Then there are those who argue that the contract is sacrosanct. The detractors of such an opinion should draw lessons from the California example where the state Governor is threatening to take own private power generators for selling high-cost power to state.

The second option is for the Maharashtra Elecricity Regulatory Corporation (MERC) to exercise its regulatory powers and modify the PPA. However, this may lead to a challenge before the court whether the regulator will exercise such powers. The third option is yet another round of negotiations. However, re-negotiations usually are a farce. They generally involve some cosmetic changes. Once the smoke clears, the consumer is still saddled with the same cost of power as before. India is not the only country where IPP contracts to have run into similar trouble. Recently, a number of countries such as Pakistan, Indonesia and Hungary among others have either cancelled or re-negotiated such expensive IPP contracts.

Involvement of World Bank in the Power Restructuring in India

According to a World Bank Project report, although the generation capacity of India has reached 86,000 MW, the plant availability and efficiency is still low. As a result, India's power transmission and system operations are going through an extensive restructuring programme with active bank support. The World Bank therefore, has been closely associated with the operation and development of POWERGRID in order to build a national power grid, improve the efficiency of system operations, facilitate private investment in the power sector and promote competition among generators. The Bank is currently supporting POWERGRID through two major loans - POWERGRID System Development Project (ln. 3577 - IN) and the Northern Region Transmission Project (ln. 3237 - IN).

According to a World Bank report, the development objective of the Uttar Pradesh Power Sector Restructuring Project is to initiate the reform process by establishing the new legal, regulatory, institutional framework and industry structure including the creation of an independent regulatory commission, creation of the new power corporations, and the preparatory work for privatisation of distribution network. World Bank has given a loan worth $ 150 million to UPSEB. The project is to implemented by the Uttar Pradesh government and UPSEB initially but later by its successor companies -UP Power, the generating companies and private distribution companies.

Andhra Pradesh is the third state to implement power sector reforms. APSEB has been replaced by a generation company, and a transmission and distribution company. A regulatory commission has been established. The government of Andhra Pradesh approached the World Bank for loans for extending financial support to proposed reforms and restructuring of Andhra Pradesh power sector. The World Bank has committed to extend assistance to the time of $ 1000 million through a series of 5 loans under the Andhra Pradesh Power Sector Restructuring Project.

Isn't it contradictory that India is facing the worst drought of the millennium in a year when it has piled up a "surplus" in foodgrain of over 45 million tonnes. In this context certain basic questions need to be raised. Do these piled up food stocks really represent a surplus? The answer is in the negative. These surplus stocks are illusionary, and could be attributed to a big fall in the purchasing power of the poor.

What we are witnessing now is a policy-driven disaster. Investment in agriculture today is roughly half of what it was in early 1980s. And at 1.8 per cent, the growth rate in foodgrain production in the 1990s was about half of what it was in the 1980s. Rural credit had all but collapsed by the early 1990s. This year India has witnessed the lowest rate of growth of rural employment in post-independence history. It all started when India opened its economy and initiated a process of economic restructuring. As a result, the agricultural sector was neglected. The wages of agricultural labourers suffered in most parts of the country. In parts of East Uttar Pradesh, for example, agricultural labourers were given a cash wage as low as Rs. 15 in the early 1990s.

Privatisation of Common Land

Under the impact of globalisation, recent years have witnessed large-scale privatisation of common land. The loss of this common property resource is now crushing the landless poor. Traditionally, these lands had enabled the labourers to graze their cattle, gather fruits, use the water of this area and meet other needs. Due to privatisation of these resources, there is a lot of pressure on their meager income as access to these common land is denied to them.

The Present Crisis as seen against a Larger Canvas

There were much droughts earlier but none of them witnessed the level of distress as the farmers are facing now. Infact, the farmers have coped with droughts before. It is the bad polices they could not cope with. With the anti-poor policies, liberalisation and globalisation, the farmers are losing more and more of their rights as citizens.

Admittedly, both internal and external factors are threatening the future of Indian agriculture and the food security of its people.

Among the external factors, the most serious is the unequal trade relation ships. The 1994 world trade organisation (WTO) agreement, which brought agriculture within its policy framework for the first time, is inherently unequal among nations. Its implementation in the last six years has also shown that countries such as India have been unfairly treated, with industrialised nations not adhering to the WTO norms, further endangering the livelihood systems of the poor farmers in developing countries. While the industrialised nations have, through mechanisms such as putting up high tariff barriers have blocked market access to the agricultural commodities from developing countries, the developing countries' markets have been opened up without any support systems and adequate planning. The current agricultural crisis should be seen in this larger context.

In its agricultural policy, the Government has candidly stated its intention to push for acquisition of land for contract farming and corporatisation of agriculture. It is keen on inviting the private sector, including foreign corporations, in this sector. Interestingly, the Confederation of Indian Industry has submitted a memorandum to the Government pleadeing for the reduction of people employed in agriculture from the present 63 per cent to 30 per cent, and, by implication, rendering this huge population without any means of livelihood.

The people are faced with multiple challenges to their livelihood .... The time has come to organise massive resistance joinly as rallies, symbolic strikes and fasts cannot go on forever.

WORLD BANK LOANS TO INDIA : AN EYE OPENER

Sanjay Gupta

It is common knowledge that the Bank has a stranglehold on almost all the sectors of the economy and is now forcing the government to make changes in its policies which suits its interests. It is a matter of great concern that during the last 13 years World Bank is increasingly providing loans for social sector instead of loans for infrastructure. Also, the burden of this loan will be born by millions of innocent poor who do not have a stake in such projects nor are they going to benefit from them. Turn the pages, and you will see a list of 130 projects sanctioned by the World Bank in India which clearly reveals the extent of World Bank interference in the social sector. It would also be worth while to take a look at these facts:

- India is the World Bank's single largest borrower with a cumulative lending of more than $50 billion (Rs 2,35,000 Crores) from 1949 till November 2000.
- In the last 13 years World Bank has lended almost same amount of loan which it had provided in early 37 years. This means that the pace of providing loan has increased three times.
- From Feburary 1987 to November 2000, the World Bank sanctioned loans for 130 projects out of which 65 projects are active, 44 have been completed, three have been dropped and 18 are in the pipeline.
- After 1997, 27 per cent of the total loan has been earmarked for the social sector.
- The absolute value of external debt rose from US $ 97.86 billion at end-March 1999 to US $98.44 billion at end-March 2000.
- The overall debt burden on average Indian amounts to Rs 4700 out of which Rs 2250 is due to World Bank loan.

Top 5 states who have borrowed from the World Bank

State	No. of Projects	Amount (USM $)	Amount (Cr.Rs)
Andhra Pradesh	10	1989.5	9350.65
Maharashtra	07	1555.9	7312.73
Uttar Pradesh	11	1409.31	6623.75
Tamil Nadu	06	1172.5	5510.75
Rajasthan	04	321.7	1511.9

Sector-wise loans from the World Bank

Sector	No. of Projects	Amount (US $-million)	Amount (Cr.Rs)•
Transportation	17	4889.1	22978.7
Power & Energy	15	4455	20938.5
Agriculture	30	3809.52	17904.7
Health, Nutrition & Population	21	2969.4	13956.18
Education	12	2327	10936.9
Water Supply & Sanitation.	10	1319.7	6202.59
Environment	07	818.60	3847.42
Urban Development	05	794.2	3732.74
Mining	03	607	2852.9
Public Sector Management	03	601.27	2825.96
Other Sectors	07	2024.7	9516.19
Total	**130**	**24615.5**	**115692.85**

Note: Tables presents consolidated data of 130 projects only

• US $ = Rs 47

WHY REFROM OF THE WTO IS A WRONG AGENDA

By Walden Bello

Walden Bello is executive director of Focus on the Global South and professor of sociology and public administration at the University of the Philippines. He attended all three WTO ministerials as an NGO delegate. In this paper, he argues as to why developing countries should desist from reforming the WTO. He, instead, proposes that through a combination of passive and active measures, the developing countries should attempt to radically reduce the power of WTO.

In the wake of the collapse of the Seattle Ministerial, there has emerged the opinion that reform of the WTO is now the program that NGOs, governments, and citizens must embrace. The collapse of the WTO Ministerial is said to provide a unique window of opportunity for a reform agenda. Cited by some as a positive sign is United States Trade Representative Charlene Barshefsky's comment, immediately after the collapse of the Seattle Ministerial, that "the WTO has outgrown the processes appropriate to an earlier time." An increasing and necessary view, generally shared among the members, was that we needed a process which had a greater degree of internal transparency and inclusion to accommodate a larger and more diverse membership."Also seen as an encouraging gesture is UK Secretary of State for Trade and Industry Stephen Byers' recent statement to Commonwealth Trade Ministers in New Delhi that the "WTO will not be able to continue in its present form. There has to be fundamental and radical change in order for it to meet the needs and aspirations of all 134 of its members.

These are, in our view, damage control statements and provide little indication of the seriousness about reform by the two governments that were, pre-Seattle, the stoutest defenders of the inequalities built into the structure, dynamics, and objectives of the WTO. It is unfortunate that they are now being cited to convince developing countries and NGOs to take up an agenda of reform that could lead precisely to the strengthening of an organization that is very fundamentally flawed. What civil society, North and South, should instead be doing at this point is radically cutting down the power of the institution and reducing it to simply another institution in a pluralistic world trading system with multiple systems of governance.

Is the WTO Necessary ?

This is the fundamental question on which the question of reform hinges. World trade did not need the WTO to expand 17-fold between 1948 and 1997, from $124 billion to $10,772 billion. This expansion took place under the flexible GATT trade regime. The WTO's founding in 1995 did not respond to a collapse or crisis of world trade such as happened in the 1930's. It was not necessary for global peace, since no world war or trade-related war had taken place during that period. In the seven major inter-state wars that took place in that period--the Korean War of 1950-53, the Vietnam War of 1945-75, the Suez Crisis of 1956, the 1967 Arab-Israeli War, the 1973 Arab-Israeli War, the 1982 Falklands War, and the Gulf War of 1990--trade conflict did not figure even remotely as a cause. GATT was, in fact, functioning reasonably well as a framework for liberalizing world trade. Its dispute-settlement system was flexible and with its recognition of the "special and differential status" of developing countries, it provided the space in a global economy for Third World countries to use trade policy for development and industrialization.

Why was the WTO Established Following the Uruguay Round of 1986-94 ?

Of the major trading powers, Japan was very ambivalent, concerned as it was to protect its agriculture as well as its particular system of industrial production that, through formal and informal mechanisms, gave its local producers primary right to exploit the domestic market. The EU, well on the way of becoming a self-sufficient trading bloc, was likewise ambivalent, knowing that its highly subsidized system in agriculture would come under attack. Though demanding greater access to their manufactured and agricultural products in the Northern economies, the developing countries did not see this as being accomplished through a comprehensive agreement enforced by a powerful trade bureaucracy but through discrete negotiations and agreements in the model of the Integrated Program for Commodities (IPCs) and Commodity Stabilization Fund agreed upon under the aegis of UNCTAD in

the late seventies. The founding of the WTO served primarily the interest of the United States. Just as it was the US which blocked the founding of the International Trade Organization (ITO) in 1948, when it felt that this would not serve its position of overwhelming economic dominance in the post-war world, so it was the US that became the dominant lobbyist for the comprehensive Uruguay Round and the founding of the WTO in late eighties and early nineties, when it felt that more competitive global conditions had created a situation where its corporate interests now demanded an opposite stance. Just as it was the US's threat in the 1950's to leave GATT if it was not allowed to maintain protective mechanisms for milk and other agricultural products that led to agricultural trade's exemption from GATT rules, so was it US pressure that brought agriculture into the GATT-WTO system in 1995. And the reason for Washington's change of mind was articulated quite candidly by then US Agriculture Secretary John Block at the start of the Uruguay Round negotiations in 1986: "[The] idea that developing countries should feed themselves is an anachronism from a bygone era. They could better ensure their food security by relying on US agricultural products, which are available, in most cases at much lower cost." Washington, of course, did not just have developing country markets in mind, but also Japan, South Korea, and the European Union. It was the US that mainly pushed to bring services under WTO coverage, with its assessment that in the new burgeoning area of international services, and particularly in financial services, its corporations had a lead that needed to be preserved. It was also the US that pushed to expand WTO jurisdiction to the so-called "Trade-Related Investment Measures" (TRIMs) and "Trade-Related Intellectual Property Rights (TRIPs)." The first sought to eliminate barriers to the system of internal cross-border trade of product components among TNC (transnational corporations) subsidiaries that had been imposed by developing countries in order to develop their industries; the second to consolidate the US advantage in the cutting-edge knowledge-intensive industries. And it was the US that forced the creation of the WTO's formidable dispute-resolution and enforcement mechanism after being frustrated with what US trade officials considered weak GATT efforts to enforce rulings favourable to the US. As Washington's academic point man on trade, C. Fred Bergsten, head of the Institute of International Economics, told the US Senate, the strong WTO dispute settlement mechanism serves US interests because "we can now use the full weight of the international machinery to go after those trade barriers, reduce them, get them eliminated." In sum, it has been Washington's changing perception of the needs of its economic interest groups that have shaped and reshaped the international trading regime. It was not global necessity that gave birth to the WTO in 1995. It was the US's assessment that the interests of its corporations were no longer served by a loose and flexible GATT but needed an all-powerful and wide-ranging WTO. From the free-market paradigm that underpins it, to the rules and regulations set forth in the different agreements that make up the Uruguay Round, to its system of decision-making and accountability, the WTO is a blueprint for the global hegemony of Corporate America. It seeks to institutionalize the accumulated advantages of US corporations.

To Whom is the WTO Necessary ?

Obviously, to the United States. But not to the rest of the world. The necessity of the WTO is one of the biggest lies of our time, and its acceptance is due to the same propaganda principle practised by Joseph Goebbels: if you repeat a lie often enough, it will be taken as truth. Can the WTO serve the interests of the developing countries? Is the WTO a necessary structure--one that, whatever its flaws, brings more benefits than costs, and would therefore merit efforts at reform? When the Uruguay Round was being negotiated, there was considerable lack of enthusiasm for the process by the developing countries. After all, these countries had formed the backbone of UNCTAD, which, with its system of one-country/ one-vote and majority voting, they felt was an international arena more congenial to their interests. They entered the Uruguay Round greatly resenting the large trading powers' policy of weakening and marginalizing UNCTAD in the late seventies and early eighties. Largely passive spectators, with a great number not even represented during the negotiations owing to resource constraints, the developing countries were dragged into unenthusiastic endorsement of the Marrakesh Accord of 1994 that sealed the Uruguay Round and established the WTO. True,

there were a few developing countries in the Cairns Group, a group of developed and developing agro-exporting countries, that took an active role in pushing the WTO in the hope that this would improve market access to their agricultural products in the North, but they were a small minority. To try to sell the WTO to the South, US propagandists evoked the fear that staying out of the WTO would result in a country's isolation from world trade ("like North Korea") and stoked the promise that a "rules-based system" of world trade would protect the weak countries from unilateral acts by the big trading powers. With their economies dominated by the IMF and the World Bank, with the structural adjustment programs pushed by these agencies having as a central element radical trade liberalization, much weaker as a bloc owing to the debt crisis compared to the 1970's, the height of the "New International Economic Order," most developing country delegations felt they had no choice but to sign on the dotted line. Over the next few years, however, these countries realized that they had signed away their right to employ a variety of critical trade measures for development purposes. In contrast to the loose GATT framework, which had allowed some space for development initiatives, the comprehensive and tightened Uruguay Round was fundamentally anti-development in its thrust.

Should One Try to Reform a Jurassic Institution?

Reform is a viable strategy when the system is question is fundamentally fair but has simply been corrupted such as the case with some democracies. It is not a viable strategy when a system is so fundamentally unequal in purposes, principles, and processes as the WTO. The WTO systematically protects and the trade and economic advantages of the rich countries, particularly the United States. It is based on a paradigm or philosophy that denigrates the right to take activist measures to achieve development on the part of less developed countries, thus leading to a radical dilution of their right to "special and differential treatment." The WTO raises inequality into a principle of decision-making. The WTO is often promoted as a "rules-based" trading framework that protects the weaker and poorer countries from unilateral actions by the stronger states. The opposite is true: the WTO, like many other multilateral international agreements, is meant to instututionalize and legtimize inequality. Its main purpose is to reduce the tremendous policing costs to the stronger powers that would be involved in disciplining many small countries in a more fluid, less structured international system. It is not surprising that both the WTO and the IMF are currently mired in a severe crisis of legitimacy. For both are highly centralized, highly unaccount-able, highly non-transparent global institutions that seek to subjugate, control, or harness vast swathes of global economic, social, political, and environmental processes to the needs and interests of a global minority of states, elites, and TNCs. The dynamics of such institutions clash with the burgeoning democratic aspirations of peoples, countries, and communities in both the North and the South. The centralizing dynamics of these institutions clash with the efforts of communities and nations to regain control of their fate and achieve a modicum of security by deconcentrating and decentralizing economic and political power. In other words, these are Jurassic institutions in an age of participatory political and economic democracy. If there is one thing that is clear, it is that developing country governments and international civil society must not allow their energies to be hijacked into reforming these institutions. This will only amount to administering a facelift to fundamentally flawed institutions. Indeed, today's need is not another centralized global institution, reformed or unreformed, but the deconcentration and decentra-lization of institutional power and the creation of a pluralistic system of institutions and organizations interacting with one another amidst broadly defined and flexible agreements and under-standings. It was under such a more pluralistic global system, where hegemonic power was still far form institutionalized in a set of all encompassing and powerful multilateral organi-sations that the Latin American countries and many Asian countries were able to achieve a modicum of industrial development in the period from 1950-70. It was under a more pluralistic world system, under a GATT that was limited in its power, flexible, and more sympathetic to the special status of developing countries, that the East and Southeast Asian countries were able to become newly industrializing countries through activist state trade and industrial policies that departed

significantly from the free-market biases enshrined in the WTO. The alternative to a powerful WTO is not a Hobbesian state of nature. It is always the powerful that have stoked this fear. The reality of international economic relations in a world marked by a multiplicity of international and regional institutions that check one another is a far cry from the propaganda image of a "nasty" and "brutish" world. Of course, the threat of unilateral action by the powerful is ever present in such a system, but it is one that even the powerful hesitate to take for fear of its consequences on their legitimacy as well as the reaction it would provoke in the form of opposing coalitions. In other words, what developing countries and international civil society should aim at is not to reform the WTO but, through a combination of passive and active measures, to radically reduce its power and to make it simply another international institution coexisting with and being checked by other international organizations, agreements, and regional groupings. These would include such diverse actors and institutions as UNCTAD, multilateral environmental agreements, the International Labor Organization (ILO), evolving trade blocs such as Mercosur in Latin America, SAARC in South Asia, SADCC in Southern Africa, and ASEAN in Southeast Asia. It is in such a more fluid, less structured, more pluralistic world with multiple checks and balances that the nations and communities of the South will be able to carve out the space to develop based on their values, their rhythms, and the strategies of their choice.

What is General Agreement on Trade in Services ?

GATS is the General Agreement on Trade in Services. It was created in April 1994, whereas the WTO came into formal existence in January 1995. It is the first multilateral agreement on trade in services as a whole. Essentially it aims to liberalise trade in services. It is now part of the fabric of the WTO in a similar way to the GATT agreement on goods. The GATS basic document including annexes is about 50 pages long-about half the length of the GATT agreement on which it is based.

One curious feature of the GATS agreement is that it does not actually define what is meant by "*services*". It defines other key terms, such as "*sector*", "*measures*", "*Supply*" and "*person*", but "services" is not defined at all. This classification is composed of 12 sectors such as "*health-realted and social services*" and "*other services not included elsewhere*". In economic terms, services are normally commodities that are intangible such as the services of a doctor, an orchestra, an educator or a waiter. These are often consumed at the same time as they are produced. The effect of not defining services in the GATS is that the list of possible services is virtually endless. It also allows for the incorporation of services yet unimagined.

Whilst GATS specifically excludes the coverage of services "*in the exercise of governmental authority*", it remains unclear and untested as to what this actually means. The WTO Secretariat does not give legal interpretations. It ways this can only happen following the outcomes of disputes hearings. It does, however, give advice or explanations. It is ambiguous on the use of the term "*in the exercise of governmental authority*", whether or not there are other service suppliers in the same sector. This means that it is still not clear under GATS whether certain government services are commercial operations or not. It leaves the whole question of the protection of public services very uncertain.

What is clear is that governments must first sign on to open a sector or sub-sector of a service before GATS has any implication for that sector. But when one considers the scope of privatisation and commercialisation possible -- including prison systems (in parts of Australia and US), hospitals, health care and health insurance (in the US and many South American countires), tertiary education and aspects of social welfare, any reassurance about the safety of public services under GATS seems to be lacking.

Increasingly, national laws are either weakened or never put into effect because powerful nations challenge the national law or its implementation.This is done by dragging the trade disputes to the Dispute Settlement Body (DSB) of WTO. Developing countries are more vulnerable to such threats by more affluent nations, which have more resources, both legal and monetary, to take a case to the DSB at WTO. This is proved by taking a look at the following cases:

Gerber Vs. Guatemala's Infant Health Law :

In accordance with the United Nations Children's Fund (UNICEF) guidelines, Guatemala had banned claims on packaging that equated infant formula with healthy fat babies.

Gerber Products Company, a premier seller of baby food, pressurized the US State Department to take this case to the WTO, arguing that Gerber had an intellectual property right to put a label within equated the infant formula with healthy babies. Under threat of challenge, Guatemala revised its domestic law and now allows labeling that actually violates UNICEF guidelines.

AIDS Drugs Denied to HIV - Infected in Thailand and South Africa

The US pharmaceutical industry is attempting to stop South Africa and Thailand from developing their own versions of AIDS drugs that can be sold at a fraction of the usual price. In fact, Article 31 of TRIPS provides a way for countries to override the patent through a "compulsory license" clause which allows a government to grant local companies a license to produce a drug in cases of health emergencies.

South Africa and Thailand, both areas hard hit by the AIDS virus, have used this 'compulsory license' clause to manufacture AIDS-related drugs. As a result, the Thai companies were able to make drug at a cost of just over $ 1 per daily dose as compared to US-based Pfizer Pharmaceuticals which charges $ 14 for a similar dose.

The US threatened Thailand with trade sanctions under WTO. The fact that 25 per cent of Thai exports go to the US forced the Thai government to ban compulsory licensing to produce drugs in case of emergencies.

Similarly, the US government discouraged the South African government from turning compulsory licensing into a law.

Patents on Plant Varieties : Advancing the US-Style Patent System Challenge by the US Against India

India's current law deliberately excluded plants and animals from patenting in order to maintain local control over these life forms. This helps to maintain low prices for some products such as pharmaceuticals. Under the current Agreement on Trade Related Intellectual Property Rights (TRIPS), developing countries must, by year 2005, provide some form of patent production for plant varieties that is GATT-compliant, that allows foreign companies the right to patent local plant varieties.

The basic complaint by USA was that India had violated its TRIPS obligations by not moving fast enough toward compliance. As a result, India has been forced to grant market monopolies to corporations on the basis of patents granted by any other country in the world as a result of this WTO ruling.

PRSPs or the Poverty Reduction Strategy Papers are intended to be a set of papers prepared by country governments under the supervision of World Bank-IMF teams to identify the causes of poverty and strategies for overcoming poverty. Thus, the World Bank-IMF for this new initiative, has identified over 70 countries and all of them are required to develop PRSPs by 2001 in order to qualify for external assistance.

However, the PRSPs have grave implications for economic sovereignty of low income, borrowing countries. Without an acceptable PRSP, a country can have little or no access to external assistance since the wider donor community will align their funding programmes and policies with the results of PRSP. Also, a majority of the major creditors and donors of the poorer countries practically own the Bretton Woods Institutions. Without a PRSP that is accepted and approved by the Boards of the World Bank and IMF, a low income borrowing country can be cut off from international aid, trade and finance.

The World Bank Poverty Reduction Strategy : A Flawed Approach

The World Bank - IMF PRSP approach is seriously flawed in its assumption of how to tackle poverty. In this framework, the 'success' of a poverty reduction strategy is based on the borrowing government's macroeconomic and structural reform policies. However, there has been no attempt to examine the impact of particular SAPs on the poverty levels in borrowing countries. Also, the PSRP papers continue to promote production, distribution and financing approaches that are oriented towards greater trade and market openness, with little attention to the historical causes of poverty. Moreover, social goals of equity which could be achieved through appropriate education and health strategies, are largely relegated to the purview of social safety nets, which offer vulnerable population too little support too late. The current spate of social secutity reform under the auspices of the World Bank-IMF should be seen in this context.

The World Bank Holzmann Papers: Are Safety Nets Enough ?

A new social production strategy report- From Safety Net to Spring board"--commonly referred to as the Holzmann Papers, has indicated that improving safety nets is vital for making globalisation work for World's poor. With this new report, the World Bank has developed its first sector strategy for social security. Thus the Bank has 'rethought' the concept of social protection and cemented the analysis, design and implementation of social production programmes into an integrated program for poverty reduction. Obviously, the message inherent in this flawed approach is that as a result of globalisation it is natural and okay to have sections in society which will be poor. And that one should not bother about them for they will be eventually picked up by safety nets.

The Issue of Ownership of PRSP

Both the World Bank and IMF have claimed that this time round, it will all be different--that the PRSP policies and strategies will be owned be respective governments. In reality, however the countries that have been included in the PSRB strategy have been identified by the bank of IMF and did not choose to voluntarily participate in the initiative. Further, in the process of formulating the poverty reduction strategies, they must follow the guidelines outlined by the Bank and the Fund. The duo has already sent preparatory missions to kick-start the process in targeted countries.

In order to quality for further credits and assistance, a PRSP must be approved by the World Bank and the IMF Board of Directors on the basis of their own internal policy criteria and not according to the country. They can veto the poverty reduction strategy if these countries strategy from the

prescribed path of Bank-fund structurals reform. Under such condition, it is indeed laughable to take about the ownership of poverty reduction strategies by national governments!

Lack of Broad-Based Public Dialogue regarding Poverty-Reduction Strategy

Local civil society organisations such as labour unions, peasant organisations, social movements, women's groups and indigenous people have not been invited to participate in the development, implementation and monitoring of poverty-reduction strategies. Whatsoever little public discussion that has taken place has been limited to the well-resourced national and international non-government organisations (NGOs). The insertion of foreign donors and creditors between cash-strapped governments and civil society has led to a situation where by the influence of local civil society in national development policies is weakened. As a result national governments have become less accountable to their own citizens than to international creditors and donors.

Thus, reports from countries where the PRSP process has begun to show that little has changed in the IMF-World Bank's approach to poverty programming neither in content nor in process. Experiences from Bolivia, Nicaragua, Tanzania, Zambia and Mozambique indicate that PRSP process continues to be based on existing structural adjustment frameworks and macro-economic indicators, rather than a genuine public participation in poverty analysis and policy formulation.

REMOVAL OF QUANTITATIVE RESTRICTIONS : TOWARDS McECONOMY AND McCULTURE

Praful Bidwai

Under the just-announced export-and-import policy, the Indian consumers can smoke Davidoff cigars, eat Russian caviar, wear Mikimoto pearls and use Waterford crystal. Our Chattering Classes can import all the clothing, kitchenware and electrical goods they eye on our 70-plus TV channels. They can even import full-fat milk, coffee, dog-food, exotic vegetables and fruits, and wheat and rice. They can now live like true foreigners here. Only the air they breathe and the water they consume (after purification) need be Indian.

That is the direction Mr Murasoli Maran is giving to our Exim policy by removing quantitative restrictions on 714 items in keeping with a deal made with the US on abolishing quantitative restrictions in December-well ahead of GATT/WTO obligations. His explanation for doing this is bland and arrogant: "We are now a confident, resurgent India... we need not bother about... QRs." Clearly, the post-Clinton hype of "resurgent" India being one of the world's 10 fastest-growing economies has made Mr Maran blind to robust realities-despite the stockmarket bubble bursting. India is among the lowest 40 in UN Human Development ranking. Sixty per cent of Indians have less than $1 a day to spend. Over 50 million people sank below the poverty line in the past decade.

Caviar, smoked ham and Waterford crystal are significant for 0.1 per cent of the population. Such imports have no larger spinoffs or forward linkages in our economy. However, for the likes of Mr Maran, India is not a country of one billion humans, but the world's "third largest investor base... with 20 million shareholders, 9,000 listed companies, 23 stock exchanges..." $10 billion in foreign direct investment is absolutely "critical" for this India's growth. This defies reality. FDI into India has never even equalled one per cent of GDP, or $3.5 billion. And yet, every Prime Minister and every chief minister goes abroad begging for FDI. FDI flows this year are falling and likely to be about $ 3 billion. The FDI mantra is chanted although half

the investment goes into paper transactions.

Now, Mr Maran has added a "caviar" dimension to the search for shortcuts to growth. His policy will jeopardise many Indian livelihoods through predatory trade practices on the part of foreign exporters. In the US, there is no market for chicken legs, only for breasts. Legs, an Indian favourite, will be imported at Rs. 16 per kg-against our domestic price of Rs. 40. One need not shed too many tears for India's poultry industry. But what about the millions of small farmers being ruined by rice or wheat imports? Should food security not come before "free" trade?

Mr Maran, like Mr Yashwant Sinha, believes that our economic growth should be "export-led". One of the two main instruments for achieving this is "thrust areas": gems and jewellery, leather, garments, pharmaceuticals and agro-chemicals. Lest you thought that "resurgent" India's new growth areas are going to be technology-intensive, we are still going to be exploiting cheap labour and low skills. The second instrument of export-led growth will be Chinese-style special economic zones (SEZs), "free-market" enclaves, where there will be free movement of goods and most Indian laws won't apply. Two new SEZs will be created and four existing zones will be upgraded, including SEEPZ in Mumbai.

However, SEZs have not proved effective motors of export promotion anywhere. ILO-sponsored studies show that the "success" of most such zones-in the Philippines, Sri Lanka, Thailand, Indonesia or South Korea-is very limited and based on undesirable practices such as absence of labour protection, smashing of unions, inhuman working conditions (e.g. toy factory infernos killing hundreds of locked-up workers in China and Thailand). In China, SEZs function largely as export platforms for cheap labour-based production. India's export processing zones (EPZs) are a story of appalling working conditions and of failures, only temporarily relieved by generous state doleouts. SEEPZ is now successful-not as an electronics export zone, but as a computer software base, which happens to be located at Santa Cruz. SEZs can't be magically more successful than EPZs. But our neo-liberals contradictorily advocate "free market" laissez faire, and deliberate export promotion simultaneously. They are guilty of three big errors.

They forget that historically, market forces alone have never produced real development or balanced growth. Typically, state intervention, including protection of nascent industry, is necessary to spur growth, push investment into capital-poor areas, and discipline capital. The first theorem of development economics established by Amartya Sen is that growth alone cannot abolish mass-scale poverty and deprivation. Public action is indispensable. Second, there are no pathways to rapid growth which bypass the vast majority and concentrate on small enclaves or social groups. That's the road that some East Asian "miracle" economies took-to disastrous effect, as the Great Crash two years ago showed. Third, no amount of "McDonaldisation" (i.e. reliance upon consumerist-oriented FDI) will broaden real consumer choice or bring in new technology. It cannot promote healthy growth.

On this, the evidence is overwhelming. Chemicalised junk food has deforested the Amazon basin, and degraded public taste and quality of nutrition. McDonald's commits uncompetitive, anti-union and market-domineering practices. In country after country, it has manipulated people's-especially children's-tastes. In Japan, it miniaturised the hamburger to make it resemble highly-valued sushi. And in India, it is launching highly unethical advertisements directed at five-year-olds, intended to "prove" that burgers improve self-confidence and academic performance! McCulture is not the way ahead for us. That way can only lie in addressing our people's needs, providing food, income and employment security, and reducing inequalities. Our current policies will take us in the opposite direction and vastly increase social cleavages. Caviar capitalism has failed miserably in the country that produces the world's best caviar-Russia. It is doomed here too.

Courtesy: TNI

Quantitative Restrictions : Issues and Policy Choices

Ritu Jain

Quantitative restrictions (QRs) as a form of non-tariff barriers have been used to regulate the volume of imports into the country. However, as a part of its commitment to WTO guidelines, India removed QRs on imports of 714 items last year, while restrictions on 715 other commodities will be removed by 1 April 2001. Admittedly, such a move would have a far-reaching impact on various sectors of the economy. There is, therefore, a need on the part of the government to evolve an appropriate tariff structure to balance the interests of domestic producers and consumers.

The QRs related to the remaining 715 items involve five product groups: agriculture, urea, textiles and garments, petroleum products and consumer goods. Already fears have been expressed by domestic industry that removal of QRs might result in a surge of imports from China, Nepal and certain East-Asian countries to the detriment of Small-Scale Sector Industries (SSIs). Further, the plantation sector, agricultural sector, fertilizer industry, already reeling under low global prices, is anticipating high imports.

In the present scenario, after the removal of QRs, tariff rates as a means of trade barrier seem to be the only effective instrument of India's trade policy. Under WTO provisions, when commodities fall in the category of bound tariff, an appropriate tariff rate within the limits of bound rates can be imposed to restrict the import of sensitive items. However, great care needs to be taken to ensure that increase in duties should not be so high as to encourage illegal imports. Keeping this fact in view, the recent Economic Survey has highlighted government's intention to strengthen the Tariff Commission as an independent body to advise appropriate level of tariffs. But the government seems to be treading cautiously. Although it has refrained from large-scale interventions on custom duty front in this year's budget, it is only under pressure that it has increased custom duty on some of the agricultural products, second-hand four and two-wheeler products and liquor products that were facing the risk of increased imports.

As the deadline comes near, the government continues to grope for suitable policy response. Even the recommendations of recent Gokak committee set up to study the implications of the WTO on fertilizer industry may not be of much help as such suggestions are not compatible with the long term interests of the industry. Given the situation, and concerns from members of various parties over flooding of Indian markets with foreign goods, particularly from China, the Minister for Commerce and Industry Murasoli Maran told the Lok Sabha that a bill to bring back QRs where imports reach a dangerous level is under government's consideration. But who would take care of the challenges faced by the economy during the transition phase on account of QRs being lifted?

In fact, the common people have begun to reel under the callous policies of the present government as the impact of the first phase of removal of QRs have started to hit them. In various parts of Southern India, there have been agitations when free import of coconut led to crash in the prices of the local produce. Not only that, the free import of edible oil affected the prices of mustard and soyabean and invited the wrath of cultivators in Rajasthan, Madhya Pradesh and Gujarat. In Punjab, the dairy industry has been facing tough competition from the cheaper imports of milk and milk products. As a result, the farmers were compelled to offer milch cattle for sale for slaughter!!! Moreover, the fall in the prices of wheat and rice has adversly affected the farmers in large parts of the country. As a result of faulty procurement and distribution policies, the FCI failed to make an effective intervention in the market in order to help the farmers.

Protests Planned Against FTAA, Quebec

From April 20-22, 2001 Quebec City has the dubious honour of hosting the 3rd Summit of the Americas. The Summit will bring together 34 heads of state -- every head of state in the Americas except Fidel Castro. And despite stringent security measures, including the largest police deployment in Canadian history, a tremendous contingency of anti-globalization protesters will be there to shake up the process.

The FTAA agreement, which by its very nature will affect the everyday lives of millions, extends the North American Free Trade Agreement (NAFTA) to the entire Western hemisphere. It has been the subject of secretive negotiations since the first Summit was held in Miami in 1994. Negotiators have set 2005 as the FTAA's implementation deadline. Like NAFTA, the FTAA will submit health, education, environmental and labor standards to the forces of the free market. There are numerous illustrations of how such free trade agreements work in favor of corporations and against governments and individuals.

Meanwhile, workers have filed more than 20 labor complaints under NAFTA's labor side agreement, almost all of them against the Mexican government (since NAFTA does not allow complaints to be brought against corporations). In almost every case, fundamental violations of labor law have been proven, yet nothing concrete has been done to redress the workers' complaints. Incidents like the recent police violence of January 2000 against striking workers at Mexico's Kuk-Dong garment factory (whose biggest customer is Nike) and the Duro Bag factory (whose biggest customer is Hallmark) point out the impotence of the labor agreements. As Martha Ojeda, the director of the Coalition for Justice in the Maquiladoras, says, "We already know that its [NAFTA's] protections for labor rights are worthless."

Since the anti-WTO protests in Seattle, there has been a growing awareness of neo-liberalism's failure to protect citizens' rights. To the wide coalition of protesters that will decend on Quebec in April, the FTAA represents another push of that same neo-liberal agenda. Not surprisingly, Canadian authorities are well aware of the potential PR disaster the Summit could become -- and they are doing everything they can to silence the dissenting voices in Quebec.

In spite of high-level police intimidation, a large and diverse coalition is still planning opposition to the Summit. The largest group is Operation Quebec Printemps 2001 (OQP 2001), a coalition that was formed in December 1999. OQP brings together over 30 regional organizations (as of mid-February) including unions, NGOs, campus groups, community organizations, and political parties, as well as individuals.Coalition members' concerns range from the FTAA's impacts on labor and the environment to the threats on civil liberties resulting from the Summit itself. Although the demands of coalition members vary greatly, the aim of OQP 2001 is to raise awareness about the FTAA and globalization, organize non-violent protest, and present viable alternatives to corporate globalization. A "People's Summit" is planned for April 17-22 that will bring together activists from across the hemisphere and feature workshops, conferences, teachins and demonstrations. Alternatives, a large Quebec-based NGO and member of the OQP coalition, has also leased a building just beyond the security perimeter that will serve as the "Alternative Media Center." The Center is now open to journalists and a Quebec City Indy Media website (www.quebec.indymedia.org) in French, Spanish, and English is now up and running. Another major group planning resistance to the Summit is the Montreal-based Anti-Capitalist Convergence (CLAC). Formed in April 2000 to offer a radical, anti-capitalist critique of corporate globalization, CLAC recently helped form the Quebec City-

based Summit of the Americas Welcoming Committee (CASA).

Ecuador : Nationwide Protests End with Triumph by Indians

The nationwide protests or "uprising" by Ecuador's indigenous people that has brought much of this Andean nation in South America to a standstill in February and March 2001 ended with the signing of a pact with President Gustavo Noboa, who agreed to lower the price of gasoline, one of the demonstrators' main demands.

The government pledged to lower the price of gasoline from 2.00 to 1.60 dollars a litre, and to freeze the price for one year. It also agreed to create a system of subsidised prices for gasoline for poor rural sectors, and to make credit available for the poorest rural workers.

The agreement to overturn a recent increase in fuel prices - which led to a soaring of the cost of bus tickets and cooking gas - was not the most important achievement of the protests.

The biggest triumph, he said, was that Ecuador's indigenous movement once again demonstrated that it was alive and well, and was thinking in national terms, with a united vision.

"The Indian peoples constitute a social and ethical force, which is the basis of our history, the imagery and artistic forms of which impregnate the cultural practices of broad sectors of the Ecuadorean nation, and are a decisive factor in the preservation of the identity and future of Ecuador," said Moreano.

After the agreement was signed, the 6,000 indigenous protesters who had trekked into the capital from the provinces last week marched through Quito, and were joined by thousands of people from a broad range of social sectors.

While a theatre troupe demonstrated its solidarity, writers, journalists and artists distributed a manifesto reproaching Noboa for agreeing to dialogue only after several people were killed.

Greenpeace Accuses Unilever of Poisoning Tourist Resort

Greenpeace has accused Anglo-Dutch multinational Unilever, owners of Lipton Tea and Dove soap, of double standards and shameful negligence for allowing its Indian subsidiary, Hindustan Lever, to dump several tonnes of highly toxic mercury waste in the densely populated tourist resort of Kodaikanal and the surrounding protected nature reserve of Pambar Shola, in Tamilnadu, Southern India.

Greenpeace activists and concerned residents cordoned off a contaminated dump site in the centre of Kodaikanal to protect people from the mercury wastes that have been recklessly discarded in open or torn sacks by Hindustan Lever which manufactures mercury thermometers for export, mainly to the United States. According to Hindustan Lever, from there, the thermometers are sold to Germany, UK, Spain, USA, Australia and Canada. The factory, set up in 1977, was second-hand plant imported from the United States, after the US factory was shutdown for unknown reasons.

Mercury is highly poisonous and exposure to even the small amount through air, water or skin, exerts severe effects on the central nervous system (brain) and kidneys. Foetuses and young children are particularly vulnerable to poisoning by mercury.

Mexico : World Economic Forum, Anti-Globalization Protesters Gather in Cancun

Anti-globalization activists staged a series of protests against the World Economic Forum gathered in Cancun for a two-day meeting in February 2001. The World Economic Forum had earlier extended an invitation to anti-globalization militants to hold such discussions, rather than engage in the type of violent protests that had marred previous meetings, notably in Davos, Switzerland, last month, and in Prague and Seattle earlier. Organizers of the main event told that just like globalization opponents, they too seek a better world.

This particular statement reflected the growing influence of international anti-globalization forces! Organizers of the alternative forum said they would also hold their own discussions on globalization, and would stage a series of protests, which they insisted would be non-violent.

"We could not be thinking of a better world and acting like those who ... bombed a civilian city just for routine's sake," they said, in a reference to the recent bombing of targets in Iraq by British and US forces.

But organizers admitted they had no control over ultra left-wing students, who traveled to the Caribbean resort from Mexico City, to protest the gathering of bankers, industrialists and economists.

As participants in the main meeting sat down for talks, the globalization foes were to visit what they call "the other Cancun" -- the poorer neighborhoods just a few kilometers away from the luxurious beachside hotel hosting the World Economic Forum.

Mexico, where 40 percent of the 100 million population live in poverty, "is an example of the social disaster caused by the policies defended by the (World Economic) Forum, that favors the few and excludes the great majority," said Hector Cueva, of the Continental Social Alliance.

South Africa: NGOs Condemn World Bank "Global Internet Gateway"

On 15 February 2001, South African civil society organisations met to discuss the recent offer of collaboration with the World Bank Global Development Gateway together with two World Bank representatives, Monica Quigley and Happy Nkhoma. A report-back session was held on the 28 February 2001, attended by representatives from, amongst others, SANGONeT, Jubilee South Africa, COSATU, SANGOCO (representing 4,000 NGOs), the Community Radio sector and the Churches. The participants took a unanimous decision to discourage any collaboration with the World Bank's GDG initiative and to work towards a more appropriate development network in its place.

The South African NGOs firmly and unequivocally stated their intention not to participate in the World Bank Development Gateway project. According to them while the Development Gateway purports to promote local community organisations and their information initiatives, its true intention is to control the development information discourse to promote its own particular perpectives.

A growing number of organisations in South Africa are expressing opposition to World Bank interventions in South Africa as a result of several decades of experience of the institution in the Southern African region.

Protests Against World Bank - Driven Land Reforms

Kenyan human rights activists are adding their voices to those already opposed to the World Bank driven land reforms, which they say, seek to make land "just another commodity" to tbe subjected to the whims of market forces, at the expense of millions of landless peasants.

"What we are discovering is that the World Bank is sponsoring land reforms but they are actually releasing land to the market place, making it even more inaccessible for poor landless people." says Lumumba Odenda, Co-ordinator of Kenya Land Alliance.

Odenda argues that such an arrangement is impossible with the diminishing labour market in developing countires, and could only work if the countries already have industries large enough to absorb landless people. "If we don't even have jobs people have to subsist on land, which the World Bank is not taking away from the. Even those employed are already being retrenched," he says.

Agriculture is the primary occupation, and source of subsistence for up to 75 per cent of Kenyans. Land has, therefore, become the most sought after commodity, exposing it to speculation, which has pushed the price of land beyond ordinary people.

Furthermore, the country still relies on land laws and polcies established under the British colonial government, which in many cases prevented the most disadvantaged groups from getting the land they need to survive. There is also an increasing concern in Kenya over lack of clear planning policies that fit rural-urban migrants into real estate, most of them perched up in crowded shanty dwellings on government land.

US: Forced overtime and job security key issues in Verizon strike

Around 87,000 tele- communication workers participated in the recent strike called by Communication Workers of America (CWA) against Verizon Communications on the East Coast in the United States.

Forced overtime, job stress and job security were the central issues in the strike. The CWA, which represents 72,000 of the striking workers, demanded changes to mandatory overtime that force workers to work an extra 10, 15 and in some cases 20 hours a week in overtime.

Verizon Communications has 260,000 employees and is the largest provider of local and wireless service in the United States.Verizon was formed in June by the merger of Bell Atlantic and GTE. The strike was jointly called by 72,000 members of the CWA and 15,000 members of the International Brotherhood of Electrical Workers. The strike was located in the 12 states from Virginia to Maine and Washington DC that made up the former Bell Atlantic. Another 24,000 workers at Verizon are represented by the CWA, and 15,000 by the IBEW, in areas that were formerly GTE and are not on strike.

Verizon contends that the overtime is necessary to meet customer demands for services in a tight labor market. "We agree that work in our call centers is tough," said Eric Rabe a spokesperson for Verizon. "The question is: How can we address legitimate issues of job stress and still provide the service that customers want and deserve?"

In New England management can force workers to work 10 hours a week in overtime and 12 hours during some months of the year. In Pennsylvania management can force workers to work 15 hours a week in overtime during five months of the year, and 10 hours during the remaining seven. In New Jersey there is no cap on the amount of overtime that can be imposed on workers. Forced overtime has become the rule in many departments, particularly those that handle the fast growing demand for Internet services, and customer contact, such as repair and customer service.

Many departments have had maximum overtime forced for several years with management citing "business needs" to prevent workers from transferring to other jobs.

"Management can come up to you as you are getting ready to leave and require you to work another two hours," said a striking technician in Pittsburgh. "Or on the day before your day off, they can require that you have to work four hours of it."

Forced overtime in the United States has become an issue in many other industries, as companies seek to meet higher demand without the cost of hiring new employees. Government data shows that the workweek has been increasing along with the number of families in which both spouses are working more than 40 hours a week.

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