LOK SAMVAD

NOVEMBER 2002

EDITORIAL

Of Frauds, Bribes and Corporate Crimes

They put on the 'Mask' of public probity and speak ornamental language : a language full of words expressing their concern for the poor and deprived masses of their respective countries. They talk about their passion for alleviating poverty and giving a new direction to the national economy. All this they do on public platforms. While sitting cosily inside the luxurious environ of their official suites, they make deals, take bribes and commit economic crimes. And in their endavour to accumulate more and more, they make the corporate players of national and international repute thier allies. Accordingly national polices are formulated, programmes are created and political culture is devised in such a way as to give enough leeway to these politicians, bureaucrates and top corporate executives to fill their own coffers. Chanting the mantra of globalisation, liberalisation and economic growth, they chalk out policies and programmes only to serve their own growth. This callous nexus between politicians and corporate houses plays with the sentiments and aspirations of the people just to meet the vested interests of the two.

The corporate giants, world over, have been known to greese the palms of the politicians and contribute to the election funds of the political parties. In return, the top functionaries of the government oblige them with the formulation of corporate friendly national policies and getting them inland as well as overseas contracts and deals. Instances are galore of corporate houses contributing to the election campaigns of the US Senators. Later, these very corporate houses have been found pocketing the major infrastructure projects and defence supplies.

Earlier Bofors Gun pay-off and recently the evidence of high level arms bribary revealed by Tehelka tapes are reminders of the rot plaguing defence procurement in India. Scenario is even worse in other South Asian Countries like Pakistan, Sri Lanka and Bangladesh. Even the developed countries of West Europe and North America are not free from this malaise. The crash of American corporate gaints due to corrupt practices is now a common knowledge. Financial scandals swirling around World Com, Xerox, Global Crossing, Enron, Arthur Anderson, Tyco and a growing number of other American companies provide an insight into the frauds occuring in the most heavily regulated and monitored area of corporate activity. Just think, if an epidemic of corporate malfeasance could occure in the financial areana, how serious could be the problem of corporate crimes ?

In this issue of **Lok Samvad**. we have merely touched the tip of the iceberg.

 # Piyush Pant

In This Issue

appeal Action Programme for People's Economics and Allied Literacy

It is the Whole World, Stupid !

Corruption respects no national boundaries. It deepens poverty around the globe by distorting political, economic and social life. National anti-corruption efforts are undermined across the world by ongoing corruption in procurement practices. The procurement of arms, in particular, has fallen prey to illicit deals and kickbacks as was seen in Southern Africa and South Asia, with dangerous ramifications for regional security, and at the expense of basic public services.

Corruption afflicts South Asia at all levels of State and Society. Scarce government resources that ought to be financing basic health, nutrition and education programmes are often alocated to huge arms deals and infrastructure projects that offer officials and politicians prospects of lucrative kickbacks. India, the largest country of the region, has the strongest democratic institution but it is as plagued as Bangladesh, Nepal and Pakistan by systematic public and private sector corruption. Sri Lanka, which has the highest Human Development Index ranking also suffers from this menace.

In August 2000, allegations of kickbacks in arms deals, which implicated two Army Chiefs, one Naval Chief and two Air Force Chiefs, hit the Pakistani headlines. The arms deals reportedly amounted to US $ 2.7 billion worth of submarines, jets and tanks from French and Ukrainian companies. In the same year, the Auditor General of Pakistan reported misappropriation of Rs. 12 billion (US $ 240 million) in the World Bank Social Action Programme, prompting the Bank to dispatch a team to investigate the embezzlement.

In Sri Lanka, allegations of major irregularities in defence deals surfaced in June 2000 as bidding procedures were reportedly set aside to put the government's US $ 800 million arms procurement drive on a fast track. In March 2001, the Chief of the Navy cancelled a US $ 20 million gunboat deal with a state-owned Chinese firm and allegations of kickbacks pocketed by defence officials and middlemen. Meanwhile, a multi-billion rupee expressway project was in disarray as President Chandrika Kumaratunga, in her capacity as Finance Minister sought cabinet approval to award the tender to a South Korean joint venture, Daewoo-Keanghom, despite its disqualifications in the initial bidding process.

The intensification of the India-Pakistan conflict in the aftermath of May 1998 nuclear tests, the Kargil conflict in 1999, and the raging civil war in Sri Lanka, continue to fuel strategic priorities and the demand for military hardware in the region. Many defence analysts and former officials agree that defence purchases offer the widest scope for corruption as governments invoke national security consideration to avoid security.

Military spending in South Asia is higher than in any region other than the Middle East. In 1999 alone, the region spent a whopping US $ 20 billion on military expenditures, with Pakistan, India and Sri Lanka allocating 5.7 per cent, 3.4 per cent and 5.1 per cent of their respective GDPs to defence. This contrasts sharply with the GDP allocated for health, which hovers around 1 per cent across the region.

In India, the evidence of high-level arms bribery revealed by the Tehelka tapes was a crude reminder of the rot that plagues defence procurement. While an interim report by the Central Vigilance Commissioner (CVC) on irregularities in defence deals gathers dust in the Defence Ministry, the Tehelka tapes provide stunning disclosures of the nexus of middlemen, politicians, military officers and their civilian counterparts 'who make hundreds of crores cranking the machinery of Indian defence.

In Pakistan too, defence procurement deals are notoriously corrupt. The former Chief of the defunct Accountability Bureau claimed in an interview in September 2000 that US $ 1 billion was paid to senior military officers in kickbacks in eight defence deals.

In Sri Lanka, arms deals ' spawn billionaires' overnight. According to independent observers, politicians and officials don't want the civil war to end, since defence deals promise the most lucrative pay-offs. 'Sri Lankans are compelled to pay for the sins of those who make millions and get away with it,' pointed out Iqbal Athas, a defence journalist.

In Bangladesh also, corruption in arms deals is endemic. Present Prime Minister Khaleda Zia claimed in April 2000 that the Awami League government had misappropriated Tk 4 billion (US $ 75 million) during the purchase of MIG29 fighter jets from Russia. The Parliamentary Standing Committee on Defence is investigating allegations of kickbacks in another deal involving the purchase of frigates worth Tk 5 billion (US $ 90 million) from South Korea.

Foreign arms manufacturers often play an ubiquitous role in arms deals in South Asia. They have often been accused of handing out millions to win contracts. In the late 1980s, the Swedish firm Bofors paid vast kickbacks to the then Indian Prime Minister Rajiv

Gandhi and middlemen in what became the worst corruption scandal in Indian history. Similarly, the government of Pakistan collected evidence against three French firms who allegedly paid US $ 8.3 million in kickbacks to former Navy Chief Admiral Mansur-ul-Haq in connection with the purchase of submarines and related equipment.

West Europe and North America include many of the world's most economically powerful countries, but these are also not free from corruption charges. Observers report quite a high level of corruption in a number of these countries, including Belgium, Greece, Italy and Portugal. But recent cases of corruption involving senior politicians in Germany and prosecutions of police and state officials in the US reveal corruption in countries that had a relatively clean reputation in the past. Private sector companies from right across the region have been identified with the bribery of foreign officials, usually in developing or transition countries.

Numerous corruption cases in France received heavy media coverage in 2000-01. Allegations against President Jacques Chirac were rekindled after a property developer said in a video recording that he had handed over illicit payments in Chirac's presence when he was Mayor of Paris. Mitterrand's son Jean Christrophe was meanwhile investigated for money laundering and illegal arms trafficking to Angola while serving as his father's African affairs advisor in the early 1990's. Privatisation and public-private finance initiatives are key sources of high level corruption in the region.

During 2000-01, many of the allegations of corruption in West Europe and North America centred on donations to political parties. France, Germany, UK and the US were among the countries affected.

In the past, the extent of bribery of foreign officials by companies based in West Europe and North America seeking to win contracts in other parts of the world was a matter of pure speculation. Recently that has begun to change, as court cases and surveys make clear that Western companies have long been a key source of corruption in developing countries. In a typical year 1998, the US intelligence community found that some 60 'major international contracts' valued at US $ 30 billion dollars went to the biggest briber, according to the then Secretary of Commerce William Daley. 'This was in just 12 months', said Daley.

Corruption, obviously is big business'

(Based on the Global Corruption Report 2001)

Enron's Proximity to Wendy Came Handy !

Senator Phil Gramm, a Texas Republican has spent almost all of his life connected to government. He taught economics at a Public College in Texas, served three terms in the House and was elected to the Senate in 1984. His wife, Dr. Wendy Gramm, held top positions as a government regulator in the Reagan and Bush administrations. Both Gramms have intimate ties with Enron.

Before Enron's interaction with Wendy Gramm, the company was a relatively minor energy concern with a limited lobbying machine, failing to crack the top 20 Energy/Natural Resources campaign contributors in the 1990 election cycle. By 1992, Enron had broken into the rankings at 18 after giving nearly $300,000 to members of Congress.

Apparently bolstered by its success with Wendy Gramm, Enron assembled a specialinterest machine unprecedented for the energy industry — especially considering its relatively small capitalization compared to larger, more mature energy companies. Since the 1993-94 election cycle, Enron has been the single largest source of campaign contributions from any corporation in the Energy/Natural Resources sector,

Enron Contributions to All Federal Candidates Total Political Action Committee, Soft Money & Individual Contributions

Election Cycle	Contributions	% to Democrats	% to Republicans	Energy/Natural Resources Industry Contribution Rank
1991-1992	$ 299,509	39%	61%	18
1993-1994	497,990	43%	56%	6
1995-1996	1,136,121	18%	80%	2
1997-1998	1,072,142	21%	79%	1
1999-2000	2,439,198	28%	72%	1
2001-2002	168,834	12%	88%	12
Total : 1993-2001	$ 5,314,285	25%	75%	1

Note : 2001-2002 contribution total as of October 1, 2001
Source : Center for Responsive Politics

giving $5.3 million to federal candidates from 1993 through 2001 — 40 percent more then No. 2 on the list over that time period, Southern Company. Enron shot up in the rankings as one of the largest contributors in the 1994 election cycle, when it ranked 6th highest (up from 18th highest in the previous cycle) after contributing nearly $500,000. These amounts, however, do not include the money Enron spent to influence state-based deregulation efforts, since state disclosure laws are not uniform.

Not only did Enron establish itself as the energy industry's leader in financing campaigns, but the Houston firm discriminated heavily in favor of Republicans. From 1993 to 2001, Enron gave three-quarters of its $5.3 million in contributions to the GOP.

Wendy's husband Phil Gramm is the second largest recipient in Congress of Enron campaign contributions, receiving $97,350 since 1989. Texas' other Republican senator, Kay Bailey Hutchison, was the top recipient of Enron money, receiving $99,500. The Texas Republicans received far more than any of their colleagues in the Senate, the closest to them is Republican senator Conrad Burns of Montana, who received on $23,200 over the same time period. Enron chief Lay served as the regional chair of Gramm's frustrated 1996 presidential campaign.

Enron Campaign Contributions to Phil Gramm

Election Cycle		Contributions
1989-1990	$	15,350
1991-1992		250
1993-1994		12,750
1995-1996		57,000
1997-1998		8,000
1999-2000		4,000
2001-2002 -		
Total 1993-2001	$	97,350

Note : 2001-2002 contribution total as of November 1, 2001.

Source : Center for Responsive Politics

Not only was Enron ensuring that Phil Gramm's campaign chest was full, but his family's personal bank account as well. Enron paid Wendy Gramm between $915,000 and $1.85 million in salary, attendance fees, stock option sales and dividends from 1993 through 2001. Wendy Gramm's stock options in Enron swelled from no more than $15,000 in 1995 to as much as $500,000 by 2000.

Citing a congressional legislative agenda that included federal electricity deregulation legislation, Wendy Gramm notified Enron in December 1998 — just days after selling thousands of her stock options for $276,912 — that Congress' ethics rules might prevent the Gramms from holding stock in a company that stands to gain from legislation Phil Gramm would be considering. As a result, Enron canceled all of her outstanding shares and provided her with "an additional service fee" for a total of $117,000 paid in quarterly installments over four years. Replacing the annual stock option stocking stuffers that Enron provides Board members, Enron deposited the value of the stock options into her Flexible Deferral Account (FDA), which pays annual dividends. In 1999, the first year of the stock swap, Enron deposited nearly $80,000 in Wendy Gramm's FDA. Enron did not mention in its 2001 Schedule 14a filing with the U.S. Securities and Exchange Commission the amount the company deposited into Gramm's FDA in 2000.

As one of six members of the Board of Directors' Audit Committee, Wendy Gramm helped serve "as the overseer of Enron's financial reporting, internal controls and compliance processes." She reviewed Enron's financial statements for irregularities, verified that the company was in compliance with standard accounting principles, and signed the filing as a witness to these facts. She attended multiple meetings per year where she was privy to financial details unavailable to Wall Street analysts and average shareholders.

Due to Wendy Gramm's position on Enron's Audit Committee, She had intimate knowledge of Enron's financial structure and had access to sensitive financial information not available to Wall Street analysts or average shareholders. It is therefore, probable that she knew of Enron's pssibly fraudulent practices for some time and that her husband would have known as well. Enron's 874 tax haven subsidiaries allowed Enron to funnel billions of dollars to offshore accounts.

As documented earlier, Enron had established very close ties with Phil Gramm. Enron has been the single largest corporate contributor to Gramm's campaigns, giving nearly $260,000 since 1993. And there is a personal relationship and mutual respect, too. Lay, Phil Gramm and Wendy Gramm all hold doctorates in economics, and Phil has described Lay as a "Renaissance man," calling him the type of friend who is "as comfortable talking about the ancient Greeks as he is the competitive selling of electric power." A photo splashed in the Orange County Register showed Phil Gramm beaming at the side of Ken Lay and Lay's wife, Linda, at a Houston fund raiser for GOP presidential candidate Bob Dole in 1996.

So it is not surprising that Gramm has a history of doing favors and pushing Enron's agenda in Congress. In 1990, Gramm justified his support of a tax credit for natural gas drilling in tight sands wells by specifically mentioning Enron's desire for the tax

break. Gramm embraced Enron's early efforts to force states to deregulate their electricity markets. Defying Senate leadership but falling into line with Enron's agenda, Gramm teamed with U.S. Rep. Thomas Bliley, R-Va., and sponsored a "full-blown deregulation" bill in 1997. Even when Gramm supported an issue opposed by Enron, he made sure to bend over backward to accommodate his wife's employer.

In 2000, Phil Gramm spearheaded a successful effort to bury major commodity deregulation legislation in an appropriations bill that was introduced during the chaotic days after the Supreme Court issued its ruling sealing George W. Bush's victory in the disputed 2000 presidential election. While Gramm's efforts ensured that the public had no opportunity to scrutinize the legislation before it became law, millions of Americans were immediately affected by the law's implementation. The act allowed Enron to operate an unregulated energy trading subsidiary. Operating a commodities exchange with no transparency and no accountability, Enron was able to command far more market share than before Gramm's legislation. In the days after the law took effect, California was plunged into a month-long nightmare of rolling blackouts. Phil Gramm's drive to remove government oversight of Enron's operations is to blame.

In 1999 and 2000, Enron's in-house lobbying shop spent over $3.4 million pursuing its deregulation agenda in Congress and at federal agencies (this total does not include the nearly $1.6 million Enron paid to lobbyists). Front and center were efforts to build upon the success it had after Wendy Gramm deregulated the contracts of energy futures; now Enron sought to deregulate the trading of energy futures. The distinction is profound: Whereas deregulated contracts only allowed Enron to hide information of individual energy trades, deregulating the trading of energy futures would allow Enron to create an unregulated subsidiary that could buy and sell electricity, natural gas and other energy commodities in huge volumes without reporting details of its activities to government regulators.

Revolving Door: Enron Compensation to Wendy Gramm

	Base Salary	Attendance Fees	Total Salary	Value of Enron Stock	Dividends, Stock Sale Min	Dividends, Stock Sale Max	SALARY+STOCK INCOME Min	SALARY+STOCK INCOME Max
1993	$ 22,000	$ 24,000	**$ 46,000**	n/a	$ -	$ -	**$ 46,000**	**$ 46,000**
1994	22,000	20,250	**42,250**	n/a	-	-	**42,250**	**42,250**
1995	22,000	19,500	**41,500**	$1,001-$15,000	201	1,000	**41,701**	**42,500**
1996	40,000	12,750	**52,750**	$1,001-$15,000	201	1,000	**52,951**	**53,750**
1997	40,000	17,000	**57,000**	$15,001-$50,000	1,001	2,500	**58,001**	**59,500**
1998	50,000	20,000	**70,000**	$15,001-$50,000	276,912	276,912	**346,912**	**346,912**
1999	50,000	30,000	**80,000**	$100,001-$250,000	100,001	1,000,000	**180,001**	**1,080,000**
2000	50,000	21,250	**71,250**	$250,001-$500,000	15,001	50,000	**86,251**	**121,250**
2001	50,000	11,250	**61,250**	n/a	-	-	**61,250**	**61,250**
TOTAL	$ 346,000	$ 176,000	**$ 522,000**	-	$393,317	$ 1,331,412	**$ 915,317**	**$ 1,853,412**

NOTE: Enron's Attendance Fee structure has been slightly modified over Gramm's tenure and is currently $1,250 for each Board and Committee meeting attended (Gramm serves on two Committees). Fees in this table assume 100% attendance of all meetings Gramm was scheduled to attend, and accurately reflect the Fee schedule for each corresponding year. 2001 number of Audit & Nominating meetings is an estimate based on lowest total of each over previous years.

Source : Salary & Fee data from Enron's Schedule 14a filings with the Securities & Exchange Commission. Source for Wendy's $276,912 stock sale in 1998 is Form 4 filings with the SEC. Source for asset values and dividend income is "U.S. Senate Financial Disclosure Report", available from The Center for Responsive Politics

After passage of Gramm's energy commodity deregulation bill in December 2000, stage 3 emergencies increased from one to 38 until federal regulators helped end the crisis by imposing price control in June 2001. Phil Gramm's legislation, for which Enron was the primary lobbyist, allowed Enron's unregulated energy trading subsidiary to manipulate supply in such a way as to threaten millions of California households and businesses with power outages for the sole purpose of increasing the company's profits.

The Gramm's close involvement with Enron's corporate and legislative activities, the Gramm's possible knowledge and / or connection to criminal misconduct relating to Enron's collapse, and the effects of Enron's layoffs and other economic inpacts on Senator Gramm's Constituents may have been the leading factor in Gramm's decision on September 4 not to seek re-election to the Senate in 2002.

Courtesy : Public Citizen, Washington D.C.

Ambani's Reliance: How Reliable?

The house of Ambanis, besides that of the Tatas, dominates the private sector in India; the two names are almost synonyms here for "big capital" and "corporate enterprise". No wonder, the mightiest *swadeshi* push toward the LPG regime (Liberalisation, Privatisation, Globalisation) is courtesy the Ambanis-owned Reliance group of industries. Reliance is one of the key players on the disinvestment field, gunning to take over major national assets, including the oil monopoly. The Ambanis are the blue-eyed boys for most of the mainstream media in India, as the public face of India Inc.

So, there must be something truly rotten in the house of Ambanis, when even the Indian press, completely sold out on neo-liberal economic doctrine, carried reports on the possibility of Reliance being disqualified from bidding for PSUs put up for disinvestments by the Government.

As widely reported, a Delhi court on April 29 remanded two senior officials of Reliance Industries group to 14 days in judicial custody for alleged violations of the Official Secrets Act after Delhi police recovered four 'secret' documents from their office in Delhi. Two other executives who had been arrested were granted bail. The police had stumbled upon the documents in October 1998 while investigating the Romesh Sharma case. One of the documents seized related to internal decisions of the Cabinet regarding "economic sanctions against India" following Pokhran II. The others included "minutes of the 37th meeting of the core group of secretaries on disinvestment and a semi-official letter from the then Petroleum Secretary to the Revenue Secretary about the proposals in respect of rationalisation of customs and excise tariff rates for the hydrocarbon sector," according to the CBI complaint to the court. The secretarial meeting had discussed the monopoly issue in disinvestment transactions.

"Investigations revealed that the four classified documents pertain to areas of crucial importance to Reliance Industries and other companies of the group," the CBI said.

The disinvestment minister Arun Shourie, however, urgently went to press, declaring there was no question of disqualifying the group from the bidding process "for IPCL or any other PSUs", since the offences "do not relate to national security."

This is not the first blot on the house of Reliance.

The Department of Company Affairs (DCA) detected on July 9 this year that Reliance Petroleum Limited (RPL) had violated provisions of "section 211 read with Schedule VI of the Companies Act" by not circulating information about dealings in shares of Reliance Industries Limited (RIL) and another group company in its balance sheet for 1994-95.

Following a complaint from BSP MP Raashid Alvi that RPL had violated the Companies Act and diverted funds of about Rs 1,000 crores mopped up from a public issue through RIL for speculative activities, DCA had been probing the account-books of the companies of the group. On April 15, the Delhi High Court, while hearing a PIL by Subramaniam Swamy also alleging diversion of funds, had directed the DCA to accelerate the investigation.

After initially proffering the lame excuse of the said omission being a mere "printing error", RPL later admitted reversal of entries of about Rs 47 crore interest income shown in the 1993-94 balance sheet in the very next year due to its non-payment on advances given to RIL and other group companies for the Jamnagar refinery project. RPL, however, continues to deny that it diverted funds from the Rs 1,000 crore raised by it in September 1993 and used it for the benefit of 65 (or 250) privately owned Ambani companies.

Given this maze of accusations and denials, we are forced to ask: "How reliable is Reliance?"

-- Satyadeep

Enron's Bolivian Crimes : Greasing Palms

By Jimmy Langman

(Jimmy Langman is a journalist based in Santiago, Chile)

In Bolivia's 12,500-feet high capitol La Paz, the national congress has formed a special committee to investigate Enron business deals in light of events in the US. In particular, the Bolivians are looking into charges that Enron illegally obtained its ownership interest in the Bolivia-Brazil gas pipeline and the transportation unit of the formerly state-owned oil and gas company YPFB.

On July 9, 1994, Enron won a public bid to partner with YPFB in the construction of the Bolivian side of the Bolivia-Brazil pipeline. Armando de la Parra, a congressman and president of the Bolivian commission investigating Enron, says that as early as five months prior to the public bid, Enron began communications about the venture with then-Bolivia President Gonzalo Sánchez de Lozada. Meanwhile, competing companies were only given 13 days advance notice of the bid, said Parra.

Parra says that two days after Bolivia officially gave Enron the nod for the project, a 20-page detailed memorandum of understanding was speedily signed. Such negotiations normally drag on for weeks, he says. Then, in December 1994, the final contract was signed under New York state law between Sánchez de Lozada and Enron. The contract, which was illegal under Bolivian law, allowed Enron to set up the joint venture as an international, offshore company free of Bolivian taxation. Furthermore, says Parra, this original contract has mysteriously disappeared: Enron and government officials told his commission that they cannot find it.

"We have not yet uncovered conclusive evidence proving it, but all signs point to probable corruption... The public bid was obviously a sham to mask a secret deal between Sánchez and Enron," said Parra.

However, Enron was never able to line up financing for the pipeline and eventually Brazil's state energy giant Petrobras said it would back the project. It appeared that Enron would be forced out of the deal. But in October 1996, Bolivia offered up for sale the transport unit of state oil and gas company YPFB as part of its privatization program. The transport agency, now called Transredes, is responsible for all the pipelines in the country. Enron, in partnership with Shell, gained controlling ownership of Transredes. Parra says Sánchez de Lozada also inexplicably awarded Enron an additional 40 percent ownership of the Bolivian side of the Bolivia-Brazil pipeline without any evidence that the company had invested so much as a dime in the planning or construction of the project. Because of Enron's 50 percent ownership of Transredes, Enron now held the rights to 70 percent of the pipeline's annual profits, which it later split down the middle with Shell. This amounted to an annual gift to Enron and its partner in excess of $25 million net profit.

Enron's Transredes has since demonstrated serious environmental negligence. In January 2000, their "Sica Sica Arica" oil pipeline got burst, depositing nearly 30,000 barrels of oil along 160 miles of the Desaguadero River and contaminating as well the surrounding watershed, farmland, Lake Uru Uru and Lake Poopo. The livelihoods of many communities, including the 5,000-year old native tribe, Uru Morato, were destroyed.

Environment ministry officials called the company negligent for allowing the petroleum to flow out of the pipeline for more than 23 hours before shutting off the valves on either side of the hole. They said the company failed to clean up the mess until 8 days later. Further, Bolivia's Environment Minister Hernan Cabrera says that Transredes was warned by his offices well in advance of the spill that the pipeline was old and needed to be replaced. "They had ample time and warning to prevent this from happening and they did nothing."

Cabrera says Enron has agreed in principle to pay $5.9 million in compensation for damage to the communities, public infrastructure and ecosystems, but it is refusing to pay a $1.9 million government fine. Steven Hopper, general manager of Transredes, maintains that the company's response to the disaster was "a model for other companies in Bolivia."

Shell Game

According to US congressional investigators, Enron's Bolivian investments were part of the company's elaborate accounting shell game. Investors in the Cuiaba pipeline included LJM1, one of the fictional investment partnerships that eventually brought down Enron. According to a Feb. 16 article in the Washington Post, in order to present a rosy image to investors, Enron wanted to record profits from its Cuiaba project by using "mark-to-market calculations,"

an accounting trick that allows projected revenue to be put on the books in a current year.

"But Enron was not allowed to use such a calculation because its pipeline ultimately connected to an Enron power plant," the Post reported. "To get around that, Enron sold a 13 percent stake in the plant for $11.3 million to LJM1, that allowed Enron to book the revenue, and it did so in the last two quarters of 1999. The deal was all the more stunning because the pipeline had yet to deliver any gas and, therefore, had produced no revenue." In August 2001, Enron bought back LJM1's interest in the power plant for $14.4 million, giving the Enron execs in control of the LJM1 partnership a $3.1 million profit.

Enron's Bolivian operations were not included in the company's December Chapter 11 bankruptcy filing, and company officials say the Cuiaba is a key aspect of their reorganization plan. Despite its financial woes, Enron claims it will honor its social and environmental obligations in the country. But Bienvenido Zacu, secretary for land and territories of the Confederation of Indigenous Peoples, is not optimistic. He says that indigenous groups have had to resort to strikes and blockades to get the company to comply with many of its promises. "If Enron wants to stay in the Chiquitano, they must respect their permanent obligations to the people who were there before them," said Zacu.

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Corporate Corruption and Academia: The Bush-Harvard-Enron Connection

By Joseph Kay

Information that has come to light over the past several weeks underscores the extent to which both the Bush administration and the academic establishment are implicated in the wave of corporate corruption scandals in the United States.

HarvardWatch—a coalition of Harvard students and alumni that monitors governance at the university—has published a series of reports that document the way in which the Ivy League university helped the oil firm Harken fashion Enron-type deals that hid debt and artificially elevated earnings. At the time, George W. Bush was a director of the company. HarvardWatch has also documented the close ties between Harvard, Enron and officials in both the Bush and Clinton administrations.

Harvard and Harken

The connection between Harvard and Harken dates back to 1986, shortly after George W. Bush took up a position on the company's board of directors. Bush came to Harken after Harken purchased Bush's small oil company, Spectrum 7, at an inflated price. Without the Bush connection, there is little likelihood the deal would have been made, since Spectrum was failing as a company. George W. Bush's father was then vice-president, and the younger Bush himself had many political connections.

One of these connections was to Harvard University, where Bush had received his MBA degree. Some months after Harken bought Spectrum 7, Harvard, together with the billionaire financier George Soros, poured money into Harken, which at the time was struggling to pay off loans to its main creditors, Bank of Boston and First City Bankcorp. First City agreed to refinance the loans, and, according to an article published in the Wall Street Journal on October 9, a key factor in the decision was the financial support provided by Harvard Management Corporation (HMC). HMC controls the university's assets, valued at $20 billion. Harvard quickly acquired a third of Harken's stock.

Harvard's heavy investment in Harken is inexplicable except for the presence of Bush, who retained his position at Harken until 1993, when he became governor of Texas. Harken never sustained profitable operations, though it hoped to use Bush's connections to improve its financial state.

In December of 1990, Harvard and Harken established a partnership—known as the Harken Anadarko Partnership (HAP)—that helped hide the company's financial strains. The new entity consisted of $64.5 million worth of property contributed by Harvard and $26.1 million worth of drilling operations contributed by Harken.

The deal has many similarities with the sort of "structured finance" arrangements that were made at Enron. The basic idea is to shift debt off of a company's balance sheet in order to improve reported earnings and elevate share values. Such partnerships were an important component of the accounting gimmicks widely used by American corporations during the stock

market boom of the 1990s.

Bush administration officials and Harvard have claimed that, unlike Enron's partnerships, there was nothing illegal in HAP. Enron's partnerships were not really partnerships, since they were run by company insiders, with no external financing. Using them to shift debt from the parent company, therefore, violated accounting regulations.

However, HAP is hardly different. Harvard and its representatives were heavily invested in Harken, and thus stood to gain by deceiving investors as to the true value of the company. This is what HAP accomplished.

Harvard, Enron, Bush and Clinton

The HAP deal appears to be a classic example of corporate insiders—including the current president of the United States and the richest university in the country—cashing in on shady deals and leaving the ordinary investor to pay the tab. A chronicle of the links between Bush and Harvard, however, must also take into account Harvard's operations with Enron, a company with numerous ties to the Bush administration, whose former chairman and CEO, Kenneth Lay, was Bush's biggest financial backer.

The ties between Harvard and Enron are quite extensive. These ties, in turn, connect Harvard to officials in both the Clinton and Bush administrations who have helped create conditions for corporate corruption to flourish.

All of these connections revolve around the drive in the 1990s to deregulate the energy market. This deregulation created the basis for Enron's operations, which consisted principally of buying and selling energy contracts.

Harvard University has been the source of much of the economic theory used to defend the process of deregulation. In particular, the Harvard Electricity Policy Group, which counted Enron as a principal financial supporter, has published 1,000 reports advocating deregulation. William Hogan, the research director of HEPG, specifically advised the California Public Utilities Commission (CPUC) to adopt the "Enron model." Even after the crisis of 2000, HEPG continued to oppose any regulation, such as price caps on astronomically high energy costs.

Throughout the speculative boom of the late 1990s, HEPG and the Harvard Business School (HBS) championed the type of economic activity—financial manipulations and speculation on derivative instruments—in which Enron specialized.

The massive corporate fraud carried out against the American people would not have been possible without the critical aid provided by academia. In the case of Harvard, those championing the fraud had a personal stake in its success. Many of the members of Harvard's governing board have had intimate ties with Enron.

Herbert "Pug" Winokur is a member of the Harvard Corporation, the university's seven-member governing body, and has served as the director of the Harvard Management Corporation. He is also a longtime member of Enron's board of directors. As the chairman of the company's finance committee, Winokur had to approve all of the fraudulent financial arrangements engineered by Jeffrey Skilling, Enron's former CEO and a graduate of Harvard Business School.

The largest individual shareholder of Enron stock, at least up to the time of the company's collapse, is Robert Belfer, who is also a member of Enron's board. Belfer is a major Harvard donor. He has given so much money to the university that a Harvard building has been named after him—the Belfer Center for International and Strategic Affairs. He has served on Harvard's Committee on University Resources for nine years.

Two current members of the Bush administration—chief economic adviser Lawrence Lindsey and US trade representative Robert Zoellick—are also involved in the Enron-Harvard nexus. Lindsey received his doctorate at Harvard and is a former professor in the school's economics department. He once served on Enron's advisory board and has been a consultant for Citigroup, Enron's largest creditor. Zoellick also received a degree from Harvard and once served as the director of the university's Belfer center. He was also a member of Enron's advisory board.

The connections also stretch back to the Clinton Administration. Clinton's treasury secretary, Robert Rubin, was once a board member of the Harvard Management Company. While serving in the Clinton administration, he helped oversee the passage of legislation favorable to Enron. When he left government, Rubin joined Citigroup as a high-ranking executive.

John Holdren is the head of Harvard's Environment and Natural Resources Program (ENRP), which is heavily funded by Belfer. Holdren was chosen by Clinton to oversee the Council of Advisors on Science and Technology, which issued a report in June 2001 that called for the "privatization, deregulation, and restructuring of energy industries [to] help bring private capital into the energy sector."

Finally, there is Lawrence Summers, who replaced Rubin as treasury secretary in 1999. Kenneth Lay sent a gushing congratulatory note to Summers, who responded with a promise that "I'll keep my eye on power deregulation and energy-market infrastructure issues." When Bush came to office, Summers left government to become president of Harvard University.

Five Corporate Crimes of the Century

 # Russell Mokhiber & Robert Weissman

As we move into the new millennium, it is important to remind ourselves that this has been the century of the corporations, where for-profit, largely unaccountable organizations with unlimited life, size and power took control of the economy and of the political economy -- largely to the detriment of the individual consumer, worker, neighbour and citizen.

Let us again remind ourselves that corporations were the creation of the citizenry. (Thanks here to Richard Grossman of the Project on Corporations Law and Democracy for resurrecting and teaching us a history we would have collectively forgotten.)

In the beginning, we the citizenry created the corporations to do the public's work -- build a canal or a road -- and then go out of business.

We asked people with money to build the canal or road. If anything went wrong, the liability of these people with money -- shareholders, we call them -- would be limited to the amount of money they invested and no more. This limited liability corporation is the bedrock of the market economy. The markets would deflate like a punctured balloon if corporations were stripped of limited liability for shareholders. And what do we, the citizenry, get in return for this generous public grant of limited liability? Originally, we told the corporation what to do. You are to deliver the goods and then go out of business. And then let humans live our lives.

But corporations gained power, broke through democratic controls, and now roam around the world inflicting unspeakable damage on the earth.

Let us count the ways: price-fixing, chemical explosions, mercury poisoning, oil spills, destruction of public transportation systems.

Need concrete examples? These are five of the most egregious of the century:

Number Five: Archer Daniels Midland (ADM) and Price Fixing.

In October 1996, Archer Daniels Midland (ADM), the good people who bring you National Public Radio, pleaded guilty and paid a $100 million criminal fine -- at the time, the largest criminal antitrust fine ever -- for its role in conspiracies to fix prices to eliminate competition and allocate sales in the lysine and citric acid markets worldwide.

Number Four: Union Carbide and Bhopal.

In 1984, a Union Carbide pesticide factory in Bhopal, India released 90,000 pounds of the chemical methyl isocyanate. The resulting toxic cloud killed several thousand people and injured hundreds of thousands.

Number Three: Chisso Corporation and Minamata.

Minamata, Japan was home to Chisso Corporation, a petrochemical plastics maker company. In the 1950s, fish began floating dead in Minamata Bay, cats began committing suicide, and children were getting rare forms of brain cancer. Thousands were injured. The company had been dumping mercury into the bay.

Number Two: Exxon Corporation and Valdez Oil Spill.

Ten years ago, the Exxon Valdez hit a reef in Prince William Sound Alaska and spilled 11 million gallons of crude oil onto 1,500 miles of Alaskan shoreline, killing birds and fish, and destroying the way of life of thousands of Native Americans.

Number One: General Motors and the Destruction of Inner City Rail.

Seventy years ago, clean, quiet and efficient inner city rail systems dotted the U.S. landscape. They were eliminated in the 1930s to make way for dirty and noisy gasoline-powered automobiles and buses. The inner city rail systems were destroyed by those very companies that would most benefit from destruction of inner city rail -- oil, tire and automobile companies, led by General Motors.

By 1949, GM had helped destroy 100 electric systems in New York, Philadelphia, Baltimore, St. Louis, Oakland, Salt Lake City, Los Angeles and elsewhere.

In 1949, a federal grand jury in Chicago indicted and a jury convicted GM, Standard Oil of California and Firestone, among others, of criminally conspiring to replace electric transportation with gas- and diesel-powered buses and to monopolize the sale of buses and related products to transportation companies around the country. GM and the other convicted companies were fined $5,000 each.

These are not unusual examples. Books have been written documenting the ongoing destruction. The question remains -- how do we put a stop to it?

And the answer seems clear to us -- reassert public control over what was originally a public institution.

The ideas on how to reassert such control are the subject of debate and conflict, in Seattle and around the world. But it seems clear to us that as the twentieth century was the century of the corporations, the twenty-first promises to be the century where flesh-and-blood human beings reassert sovereignty over their lives, their markets and their democracy.

Let us not forget that corporate control was never inevitable. They took it from us, and it is our responsibility to take it back.

(Curtesy : Multinational Monitor)

Corporation	Scandal in Short
Adelphia Communications	Under investigations by the SEC and two federal grand juries for multibillion dollar, off-balance-sheet loans to its founders, the Rigas family. Former CEO John Rigas, his son and former CFO Timothy Rigas were arrested for securities fraud.
AES	Use of secured equity-linked loans (SELL) that grossly inflated revenues and bolstered stock prices. These loans are not carried on the company expense sheets, since they are paid back by issuing stocks — further diluting value and ownership of company.
AOL Time Warner	AOL accused of erroneously inflating advertisement revenue to keep stock prices inflated through mega-merger with Time Warner and beyond.
Arthur Andersen	Company found guilty of obstruction of justice in the Enron investigation. David Duncan, former partner, accused of ordering the destruction of Enron-related papers, pled guilty to obstruction of justice. CEO Joseph Berardino quit. Other scandals include: 1. WorldCom ($3.9 billion in hidden expenses), 2. Boston Market Trustee Corp (Agreed to pay $10.3 million in suit claiming a façade of corporate solvency), 3. Baptist Foundation of Arizona ($217 million settlement), 4. Department 66 ($11 million settlement), 5. Sunbeam ($110 million settlement), 6. Colonial Reality ($90 million settlement), 7. Waste Management ($75 million settlement).
Bristol-Myers Squibb	Accused of purposefully inflating sales by offering incentives to wholesalers — including warnings that it planned to raise prices — in order to meet last year's revenue expectations. CEO Fred Schiff resigned.
Cendant	Paid $2.83 billion to shareholders after internal audits revealed CUC Intl. (which merged with HFS to form Cendant) inflated income by $500 million through fraud and accounting errors.
Citigroup	Congressional investigators testified that Citigroup helped Enron and others set up "sham" transactions to alter their finances. These transactions included loans that allowed Enron to hide nearly $4 billion of debt.
CMS Energy	Disclosed it overstated revenue by nearly $4.4 billion in 2000 and 2001 by using artificial "round trip" energy trades. CEO William T. McCormick, Jr. and Rodger Kershner, general counsel and senior vice-president, resigned.
Duke Energy	Investigations into "round trip" energy trades with other energy producers to inflate volumes and revenues. These falsified trades added $1 billion to revenues over three years.
Dynegy	Tried to merge with Enron; target of several federal probes into alleged sham trades aimed at artificially pumping up revenue and volume. Dynegy's longtime chief executive, Chuck Watson, resigned in May, and the company has announced a major restructuring.
El Paso	Identified 125 "round trip" trades used to bolster revenues and market share.
Enron	Once the nation's largest energy trader, collapsed into the largest-ever U.S. bankruptcy on December 2 amid an investigation surrounding off-the-book partnerships that were allegedly used to hide debt and inflate profits. Company Chair Ken Lay and most of the company leadership has resigned.
Global Crossing	Faces probes by the SEC and the FBI regarding its accounting practice and for allegedly engaging in network capacity swaps with other telecommunications firms to inflate revenue; CEO acknowledges that Global Crossing's actions

	"may in some fashion [have] misled the market."
Halliburton	Faces probes by the SEC and the FBI regarding its accounting practice and for allegedly engaging in network capacity swaps with other telecommunications firms to inflate revenue; CEO acknowledges that Global Crossing's actions "may in some fashion [have] misled the market."
ImClone	Under investigation by a Congressional committee to determine if it correctly informed investors that the U.S. Food and Drug Administration had declined to accept for review its experimental cancer drug; Samuel Waksal, former chief executive of ImClone, was arrested June 12 on insider trading charges.
JP Morgan Chase	Congressional investigators testified that JP Morgan Chase helped Enron and others set up "sham" transactions to alter their finances. These transactions included loans that allowed Enron to hide nearly $4 billion of debt.
KPMG	SEC alleges accounting missteps by KPMG that allowed Xerox to post knowingly erroneous profits/earnings.
Merck	Recorded $12.4 billion in revenue from the company's pharmacy-benefits unit over the past three years that the subsidiary, Medco, never actually collected.
Merrill Lynch	Agreed to $100 million settlement with New York State Attorney General regarding charges it tailored stock research to win investment banking business. Suspended two employees including Martha Stewart's broker after an internal probe relating to sale of ImClone shares.
Pricewatershouse Coopers	Accounting scandals include: 1. Phar-Mor: overestimation of profits; 2. Gazprom: suits over false and misleading statements; 3. Pinnacle Holdings: accounting violations; 4. Avon Products: accounting violations; 5. PwC Securities: independence standards.
Qwest Communications	Under investigation to determine if it inflated revenue for 2000 and 2001 through capacity swaps and equipment sales. CEO Joseph P. Nacchio resigned.
Reliant Energy	Admitted it inflated revenue by counting artificial "round trip" energy trades. Under SEC investigation for accounting matters and energy trades relating to restatement of profits.
Rite Aid	Indicted for fraud after it inflated profits by $1.6 billion from 1997-1999. Scandal missed by auditor KPMG which resigns as auditor for company.
Tyco	Under investigation into whether executives used corporate cash to buy art and a home. Tyco's former chairman, Dennis Kozlowski, resigned June 3, a day before being indicted for evading about $1 million in sales taxes from art purchases. Accused of improperly creating "cookie jar" reserves that were supposed to cover merger costs but instead were drawn on to boost profits; and improperly "spring loaded" earnings from acquisitions by accelerating their pre-merger outlays.
Vivendi Universal	May incur $1.1 billion charge as the result of off-balance sheet accounting. Attempted to add $1.5 billion in net profit in deal relating to sale of British Sky Broadcasting Group. Moody's relegated Vivendi's credit rating to "junk bond status." CEO John-Marie Messier was forced to quit.
WorldCom	Hid $3.85 billion in expenses, allowing it to post net income of $1.38 billion in 2001, instead of a loss. Charged with fraud by SEC. New York State pension fund files $300 million suit. CEO Bernard Ebbers quit; he is under fire for borrowing $408 million from WorldCom to cover margin calls.
Xerox	Xerox said June 28 it would restate five years of results to reclassify more than $6 billion in revenues. In April, the company settled claims that it used "accounting tricks" to defraud investors.

Source: Citizen Works

Corporate Crimes Go Unpunished

Corporate crime inflicts enormous damage on society, but the government fails to take the problem seriously. The FBI's annual report Crime in the United States deals exclusively with street crime, while ignoring corporate and white-collar crime.

Corporate crime costs Americans hundreds of billions of dollars each year. And corporate crime is often violent crime. Every year, about 6,000 Americans die from on-the-job accidents (frequently the result of criminal recklessness), and 50,000 die from occupational diseases (a conservative estimate from the government's National Institute for Occupational Safety and Health). Environmental crimes also cause death, disease and injury.

Corporate crime usually goes unpunished. For every company convicted of health care fraud, hundreds rip off Medicare and Medicaid. For every company convicted of violating anti-pollution laws, many escape prosecution because their lawyers offer up a low-level employee in exchange for a promise not to prosecute the company or high-level executives. For every corporation convicted of reckless homicide, hundreds aren't even investigated when a worker is killed on the job.

Even egregious instances of corporate crime go unpunished. For decades, the makers of leaded gasoline systematically suppressed information about the severe health hazards of their product. They were not prosecuted. Warner-Lambert recently offered a diabetes drug called Rezulin. The Food and Drug Administration forced the drug off the market, after 61 confirmed deaths and 28 non-fatal liver failures. Despite evidence that, prior to the marketing of Rezulin, Warner-Lambert knew of the correlation between the drug and liver toxicity, no prosecution has been brought. Earlier this year, an explosion at a Phillips Petroleum plastics plant killed one person and injured 74. It was the third fatal accident at the complex in the last 11 years and the fourth explosion within the last year. This record of repeated disaster has produced no criminal prosecution. When corporate criminals are punished, they often receive lenient treatment. For example, earlier this year four Hoffman-LaRoche Ltd. executives pleaded guilty to an international conspiracy to eliminate competition in the vitamin industry-perhaps the largest criminal antitrust conspiracy in history. Their prison terms ranged from three to four months. The Clinton/Gore Administration had been soft on corporate crime. Clinton and Gore talked about street crime and putting more police on the streets, but not about corporate crime and putting more prosecutors in the suites. Prosecution of environmental crimes has fallen sharply during the Clinton/Gore Administration. Weak enforcement policies have characterized the administration in every arena where corporations are big players, including foreign corrupt practices, food and drug, occupational safety and health, trading with the enemy laws, and financial and securities fraud. What can be done? In addition to increasing budget allocations for inspectors, corporate-crime prosecutors and field agents, we should:

- Require publicly held corporations to report their histories of wrongdoing to the Securities and Exchange Commission;
- Establish a corporate crime data base and create a corporate crime strike force at the Department of Justice;
- Encourage private attorney general actions;
- Add citizen bounty-hunting provisions to federal laws;
- Strengthen whistleblower laws;
- Dissolve corporations convicted of serious crimes;
- Debar recidivist corporate criminals from federal contracts;
- Mandate adverse publicity sanctions; and
- Eliminate country club prisons.

(Courtesy : Nader.com

PPP: Plan Puebla Panama or Private Plans for Profit?

By Miguel Pickard

There is a currently a multi-billion development scheme underway that would turn southern Mexico and all of Central America into a massive free trade zone, competing in the world wide race to the bottom of wages, working conditions, lax environmental regulation and disregard for human rights.

Known as the Plan Puebla Panama, or PPP, it is the brainchild of Mexican President, and former Coca-Cola executive, Vicente Fox who announced the Plan soon after his election in July, 2000. The PPP has drawn fire from environmentalists, labor leaders and human rights advocates throughout the region. Yet few people outside of Mexico and Central America, including many opponents of corporate globalization, are aware of the Plan.

The thrust of the PPP is to "develop" a relatively poor piece of geography in the Americas, namely nine Mexican states running south to southeast of Mexico City, and the seven Central American republics, long neglected by private and public capital, and beset with some of the worst socioeconomic indicators west of Haiti.

The PPP proposed by Fox is not a new agenda, but rather an ersatz "conceptual umbrella" for a number of development plans that have been on the drawing board for years. Fox's proposal links Mexico's development plans to those of its Central American neighbors and also pushes the region further down the road of corporate globalization.

Overview

Fox set priorities early in his administration when he stated: "my government is by entrepreneurs, for entrepreneurs." Not surprisingly then, the PPP emerges not as a strategy to end endemic poverty, as the government maintains, but as an ingenious ruse to channel massive public funds into infrastructure projects that will, hopefully, induce private investment.

It is also a Plan to turn over control of the area's vast natural resources - including water, oil, minerals, timber and biodiversity -- to the private sector, particularly multinational corporations. In spite of 20 years of relentless neoliberal privatization policies, many resources in the region are still controlled collectively by indigenous campesinos (peasants), or entrusted to the state.

But it's not simply a matter of inviting in corporate investment. Under the current "rules" of corporate globalization, governments have an important role to play. But their role is limited to increasing the potential for corporate profits by making sure that:

- infrastructure requirements are in place
- all legal safeguards for private capital are in place (repatriation of profits, no local content requirements, etc.)
- people have been properly trained with at least some minimal educational skills
- people have been properly "tamed" of desires to retain ancestral lands, defend labor rights, and preserve others social values

Precisely in these aspects the Mexican and the Central American governments have been historically remiss. For centuries the PPP area has languished economically and socially, for numerous reasons. One reason is that the area's natural resources were, up to recently, of limited interest to private investment capital. Seen as a backwater by the private sector, elite-based governments followed suit, and ignored the economic needs of the region, except those linked to export crops, such as coffee, sugar, cotton, and bananas. Human development was neglected or forgotten.

Today, the backwardness is evident: infrastructure is deficient or nonexistent, socioeconomic indicators rival Africa's, and, not surprisingly, the region is rife with ongoing social conflicts, often punctuated by armed movements demanding reform or revolution.

Rather than an altruistic design to bring the region "into the 21st century" as Fox maintains, it is multinational corporations' changing perception of the profitability of the area's natural resource base that has fueled the PPP.

For example, within the past decade, the importance of water as a strategic resource has increased enormously. The PPP region has extraordinarily abundant water reserves. The state of Chiapas alone receives 50% of Mexico's watershed. Energy needs, particularly those of the United States, can be profitably supplied by hydroelectric dams built in an area with plentiful rainfall. Further, the increasing price of petroleum has made rich, but deeply buried oil deposits profitable to exploit.

The region's geography -it is the narrowest part of the Americas -- is doubtlessly strategic, as East-West trade is set to skyrocket with the entrance of China

into world markets. The new field of biotechnology has spurred keen interest in this area, one of the richest in biological diversity in the world. And the region's numerous Mayan archeological sites, pristine beaches and (still) relatively unpolluted Caribbean waters are being packaged to rake in tourist dollars.

These and other factors have led corporations to take a fresh look at Mexico and Central America. And it is corporate interests, with the region's neo-liberal governments at their beck and call, and the backing of multilateral banks, that have brought the PPP into fruition.

The PPP at a Glance

The PPP's main components call for massive state investments in infrastructure projects. Close to 84% of the funds initially appropriated are for highway construction and improvement along two axes: the Pacific and Gulf Coast corridors. The latter reaches beyond the PPP's geographical confines and stretches 1,745 km from Central America's Caribbean coast to the Mexican border with Texas. The Pacific Corridor will run 3,150 km from central Mexico to Panama City. Both projects, together with feeder roads, will cost over US$3.5 billion. Other projects include:

- Upgrading and linking the electrical grids of Central America and Mexico
- Supplying electricity into the ravenous US market
- Constructing 25 dams throughout the PPP area for hydroelectric generation
- Improving or building or new ports, airports and bridges
- Upgrading telecommunications facilities, including a fiber-optic network, already well underway
- Integrating protected wildlife reserves into "corridors", ostensibly to protect diverse species, but also facilitating bioprospecting by seed, chemical and pharmaceutical companies
- Improving tourist facilities and infrastructure

Energy

One of the main projects currently in progress is SIEPAC (Electrical Integration System for the Central American Countries) a US$405 million venture that will improve electrical generating and transmission capabilities. By 2004 the electrical grids of Central America and Mexico will be compatible and interconnected, in essence linking the region's considerable hydroelectric generating capacity to the electrical grid of the United States.

The plan fits neatly into other activities, such as Fox's desperate attempt to ram legislation through the Mexican congress that would open the publicly held Federal Electricity Commission to private investment. Another component of the Plan is dam construction. Twenty-five dams of all sizes are planned for the PPP area, 18 in the Mexican state of Chiapas alone.

In the near future, electricity generated in the region will be sold to the United States. And some will undoubtedly be channeled to the maquiladoras that are opening in the southeast of Mexico and Central America almost daily. The maquiladoras are assembly plants identical to the ones that have operated on Mexico's northern border since the 1960s. They are manufacturing enclaves that exclusively serve the demands of multinational corporations, and are divorced from the economic needs of the host country, save the minimal wage paid to the largely unskilled labor force.

Chiapas historian Andrs Aubry has compared the exploitive nature of modern maquiladoras to the old-time fincas or plantations, that are still common in rural Mexico and Central America. He says that fincas are being replaced by sweatshops fostered by the Plan Puebla Panama.

"The main difference is their flexibility, " according to Aubry. "In the old finca system, the land came first, forcing the finca owner to seek and attract manual labor...[Now, maquiladora] owners can easily pack up the light machinery and move it to another peripheral zone, situate themselves in the first depressed area they find, and capture the benefits of unemployment sown by the blows of the economy."

Maquiladoras are expected to absorb part of the rural labor displaced by major PPP projects, such as dams, and the biological corridors cleared of human inhabitants. They are also touted as alternatives for peasants forced from their land by "free-trade" policies that permit the dumping of heavily subsidized corn, beans and other basic foods from the United States into the Mexican and Central American markets.

"Corn growing has basically collapsed in Mexico," stated Carlos Heredia, economist and former legislator in Mexico's congress, in a recent speech to an American audience. "The flood of imports of basic grains has ravaged the countryside, so the corn growers are here [in the US] instead of working in the fields."

"Dry Canals" and Super-Highways

With the Panama Canal saturated by traffic and too small to handle large oil tankers, the PPP region has

long attracted attention as a site for new shortcuts for east-west trade. State-of-the-art water canals have been proposed for Nicaragua, Honduras and the Isthmus of Tehuantepec in Mexico, but until technical and financial considerations make them a reality, "dry canals" or "land bridges" are in vogue.

Projects are already underway in Tehuantepec. Plans call for upgrading the two major ports on each side of the Isthmus (Coatzacoalcos on the Gulf, Salina Cruz on the Pacific), linking them by high-speed trains and highways, thereby allowing corporations to transship hundreds of thousands of cargo containers per year. Similar projects are also proposed for Nicaragua.

Who Pays?

Who is footing the bill for this gigantic public-works project that will benefit private transnational capital, and help assure the profitability of corporate investments? To an overwhelming degree, it is the people of the eight PPP countries who will pick up the tab through their taxes.

Although some private investment in infrastructure investment is likely, most of the US$10 billion that the PPP will cost will come from direct government payments, or from loans granted by the Inter-American Development Bank. In any event, taxpayers pay, either this year through government disbursements for PPP projects, or for years into the future, as the IDB loans are added to already staggering debt burdens.

Who Profits?

Which American corporations appear interested in the regional scheme? In the energy sector, Applied Energy Services of Virginia, Harkin Energy Corporation of Texas; in ports and transportation, Eagle Marine, Maya Kin Superferries of Texas, Prescott Follet and Associates; in railroads, Genessee and Wyoming Inc., Santa Fe Corporation, Illinois Railroad, Kansas City Southern Railway, Mi-Jack Products of Illinois, Anacostia and Pacific Railroad, CSX Transportation Incorporated, Union Pacific-Southern; in forest plantations and paper products, International Paper, Temple Inland; in petrochemicals, Exxon, Mobil, Dow Chemical of Mexico, Union Carbide; in bioprospecting, Monsanto; in fishing and canning, Ocean Garden.

This is only a partial list of the companies that have been attracted to the PPP. At a PPP trade show in Yucatn, Mexico in July of this year, 780 companies of all sizes sent representatives seeking information.

Speaking recently of the PPP's highway initiative, Costa Rica's Commissioner for the PPP said, "This highway network will serve as a catalyst for new investments in the region. High-capacity, high-speed and safe corridors will open the doors to other projects, such as the improvement and expansion of ports, airports and cargo services. Its impact will be felt in other areas of the economy, such as tourism and agro-industry."

In general all the major infrastructure projects require large amounts of land. This is particularly the case of dam construction, where flood plains are expected to displace hundreds of thousands of people. It is also true for new airports, roads, agro-export plantations, and the biological corridors. The latter is currently an especially contentious issue.

In the state of Chiapas, Conservation International has appealed to federal and state authorities to remove Zapatista indigenous communities within the Montes Azules ecological reserve. CI would seem to be pushing a radical "no people" agenda for wildlife preserves. Interestingly, though, its board of directors is controlled by CEOs of large corporations, some with direct interests in bioprospecting. The policy seems evident: clear the people from the land in advance of corporate penetration.

Grassroots Resistance

Defense of the natural resource base and of land itself has become the linchpin in the grassroots opposition to the PPP and the basis for alternative development plans. In a year and a half, three regional forums have been held on the PPP, drawing civil and social organizations from throughout Mexico and Central America to discuss alternatives to the corporate-led PPP.

The latest gathering in July 2002 in Managua, Nicaragua, drew over 1,200 delegates and observers, representing more than 350 grassroots organizations. One of the agreements reached: A series of coordinated protest activities will be held throughout the eight-country region, and in the United States, on October 12, 2002.

The final declaration in Managua was clear and to the point. "We have agreed **to a total rejection of the Plan Puebla Panama, the FTAA and the free trade agreements,** because we are convinced that they are contrary to the sustainable development of our people, ruin biodiversity, deepen poverty and increase the debt. Likewise [these plans and agreements] are an expression of the interests of the US government, which is intent on building a free trade zone at its service and that of the multinational corporations, to the detriment of our most fundamental rights."(emphasis in original)

But the Managua encounter was just one of dozens of similar meetings throughout the region held to discuss the PPP, and even its component parts. Grassroots activists have held forums to discuss dams, maquiladoras, biodiversity, agro-toxins, highways, the free-trade agreements, the Free Trade Area of the Americas, and the building of people-centered alternatives.

National and international coalitions are uniting throughout the region. Several meetings have already been held between Mexican campesinos from Chiapas and their Guatemalan counterparts from Petn, to hammer out joint activities to prevent dams from being built on the Usumacinta River that separates the two countries.

Although formally outside the PPP area, peasants in the Texcoco area just northeast of Mexico City, who staged a nine-month, machete-wielding uprising over the expropriation of farmlands for the capital's new airport, are emblematic of what is at stake: an indigenous and campesino struggle to maintain and control natural resources, in the face of government and corporate attempts to wrest them away.

On August 1st, 2002, following violent confrontations that left one peasant dead and scores injured, the Fox government announced it was withdrawing the expropriation order, thus conceding an enormous victory to the Texcoco campesinos. Enjoying the festivities that followed, Francisco Morales perhaps best summed up the feeling in Mexico and Latin America.

"I am an ejidatario (communal land owner) from La Magdalena, Morales explained. "I'm 75 years old and have been working my plot for 50 years, since my father passed away. Our people have preferred a handful of earth to a wad of bills. Money disappears (but) we will have our lands forever. Our land is our life. Our land allows us to look people in the eye, as equals."

Courtesy : Corpwatch

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Second Earth Summit : A Report

The much hyped Earth Summit in Johannesburg ultimately ended as a faux pas. The summit was expected to take up the issues of development, poverty, over-consumption and unsustainable lifestyles, and also the objective of "re-invigorating the political commitment to sustainable development". Instead, what was seen was the extension of the corporate opportunity by allowing for private involvement and control of crucial areas of service delivery, including water; and by pushing for "public-private partnerships" in all the important priority areas. Many heads of states spoke eloquently about the need to address the most pressing environmental and development issues. They talked about kick-starting an energy revolution that would put clean reliable, renewable energy into the hands of the planet's poorest people and help stem the progress of Global Warming. But those same politicians failed to do any thing new about these issues. Whatever happened in the summit can be best summed up in the Greenpeace Canada's Executive Director Peter Tabuns' words - "The world needs to open its eyes to what has happened here. Multinational corporations have hijacked this summit by ensuring that no meaningful action was taken to get renewable energy into the hands of the poor".

In fact, as heads of State were making beautiful speeches about the need for action on climate change, the 300-strong US delegation in the backrooms of the summit held the future to ransom, forcing delegates to accept that the US would only agree to stump up money for clean water if the world gave up on renewable energy. Behind that insistence was US Energy Policy authorised by the big oil interests that elected Bush and Cheney. This is not something new. In inter-governmental environmental negotiations since Rio, it has been the United States, Canada and Australia that have most often thwarted effective multilateral agreements. The backdrop to this problem is the ongoing hold that corporations have on US environmental-policy making and the related prioritisation by the US and its closest allies of the globalisation project. Though the Action Plan adopted at the end of the Summit talks about the " corporate accountability" but a meaningful corporate accountability to the UN seems hard to come because those who would be held accountable are United Nation's primary partners. That's why despite all the lofty rhetoric about poverty alleviation, poor people's voices were kept out of the official Summit. Said Greenpeace Climate Policy Director Steve Sawyer - "The Plan of Action is not much of a plan, and it contains almost no action".

It is being widely believed that the World Summit on Sustainable Development (WSSD) in Johannesburg

repackaged major components of two earlier accords - the poverty eradication goals of the UN Millennium Declaration adopted in 2000, and the ODA target reaffirmed in the Monetary Summit in March 2002. Thus the five key areas specially underlined by Implementation Plan in Johannesburg are the same previously identified in the Millennium Declaration. These are - water, energy, health, agriculture and bio-diversity.

An accord has been reached in the Johannesburg Plan of Action for halving by 2015 the proportion of people living below the one-dollar-per day-poverty line and of those who have no access to safe drinking water and basic sanitation. It calls for joint action to improve access to energy services in order to facilitate achievement of the poverty reduction target. It also notes that new and additional financial resources will have to be provided to the developing countries so as to achieve by 2010 a significant reduction in the current rate of loss of biological diversity. But much of this is only a reiteration of the goals of the Millennium Declaration.

Access to sanitation and drinking water is being touted as one of the biggest achievements of the Summit. But this was achieved after much hair-splitting between the US and the rest of the world over the language in the agreement. Moreover, this very commitment is already one of the UN goals. Another achievement that has been projected is the commitment at the Summit to "significantly cut" the rate of species extinction by 2010. But signatories to the Convention on Biological Diversity had agreed at a meeting in April 2002 to go even further - to take measures by 2010 to "stop" species' loss.

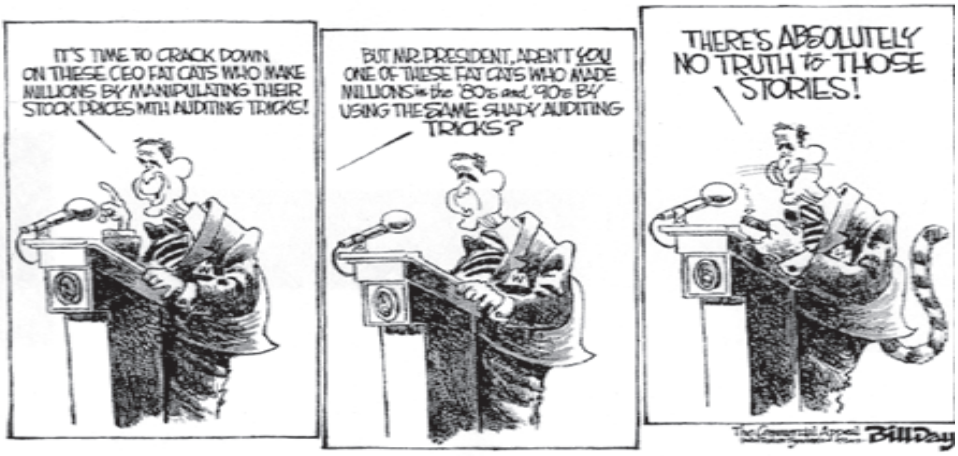
Of course, on energy and bio-diversity there is some new language but there is not real new commitment. An attempt by the EU to introduce a target of 15 per cent of global energy coming from renewable sources by 2015 failed to find much support. It has been reported that the United States, Saudi Arabia and other wealthy and oil-producing nations lobbied hard to eliminate EU proposal. The result was that no targets and time tables were fixed for the installation of renewable energy.

The most bitterly contested sections of the Implementation Plan concerned the links between the environment and development on the one hand and trade on the other. Developed countries sought to use the forum for pushing their WTO agenda on issues such as labour standards and eco-labelling. Developing countries responded in the same manner by pressing for removal of trade-distorting subsidies for agriculture in the North. Both sides kept on sticking to their stand and the finally agreed formulations showed only marginal departures from the trade agenda previously agreed in Doha.

The outcome of the Earth Summit has perhaps been well summarised by Kenny Bruno of CorpWatch - "with the world's most powerful governments fully behind the corporate globalisation agenda, it was agreed even before the Summit that there would be no new mandatory agreements. Rather the focus was to be on implementation of old agreements, mainly through partnerships with the private sector. In other wards those aspects of sustainability that are convenient for private sector would be implemented.

It is no wonder that the first reactions to the Johannesburg agreements have been of deep disappointment. The pacts have been described as a watered-down version of the Agenda 21 agreement drawn up at the 1992 Earth Summit by a number of national and global civil society organisations. They have also called Johannesburg as a step back, not an advance from Rio de Janeiro.

(Lok Samvad Bureau)



US Jeered, Summit Denounced

Wed 04 September 2002
SOUTH AFRICA/Johannesburg

While the Earth Summit has been a disaster in its official conclusions, it is at least rewarding to see that the international community hasn't been fooled by rhetoric. Today was another day of action in protest of inaction. Inside and outside the halls of Sandton, there has been a rousing challenge to US claims that it has behaved as a responsible planetary citizen here in Johannesburg.

"Governments failed to do the job" said Greenpeace Climate Policy Director Steve Sawyer. "Now it's up to all of us." Greenpeace's report card on the Summit's performance gave it failing marks overall against nearly every benchmark we had set for success. The US delegation's backroom strong-arm tactics were primarily responsible for the failures. The US position consistently resisted new measures to ensure corporate accountability and opposed meaningful targets to spur the development of renewable energy.

On the Summit's closing day, Secretary of State Colin Powell addressed the packed plenary session around noon on behalf of the United States. Greenpeace and other groups have widely criticised the US for the lion's share of responsibility for this Summit's failure to adopt clear renewable energy targets.

"There were probably groups from more than a hundred countries in there" said Greenpeace delegate Matt Gianni. "There were no organised plans to have a demonstration... But when Colin Powell chastised countries for saying "no" to US genetically modified food, the room simply erupted in boos and catcalls. And when he tried to claim that the US was defending biodiversity and promoting renewables, there was this incredible roar of disbelief -- nobody was silent."

Powell was unable to continue for several minutes as the gallery of the conference room voiced its protest: "Shame on Bush" was among the chants, a banner saying "Betrayed by Governments" was unfurled, and several representatives were escorted out by security, still voicing their disbelief. Chairwoman Nkosazana Dlamini-Zuma called for order, saying "This is totally unacceptable," but the spontaneous outpouring of protest simply would not be silenced.

Gianni said "as an American, I was proud to see the US position here challenged. It's important for the world to know that the US delegation was not here speaking on behalf of all Americans -- they were speaking on behalf of multinational corporations. The US behaviour at this summit was appalling."

Very few non-governmental organisations were allowed inside the official plenary session. Those who were had to queue for several hours on Sunday, and then draw a ticket in an impromptu lottery for the few plenary tickets that were made available.

Many groups protested the exclusion of community representatives and the voices of the environment and the poor from the conference. Oxfam has called the Summit a "triumph of greed and self-interest, a tragedy for the poor and the environment."

There was also protest outside the official plenary session. In Sandton Square, dozens of protestors wore stickers that said "No More Shameful Summits" and refused to be moved until South African police, in what has come to a familiar scene, roughly herded them into a group and pushed and shoved people out of the Plaza, which is littered with exhibits by BMW. The German automaker bought exclusive rights to convey their environmental message in the square. (BMW's latest car engine, now under development, will boast more than 460 horsepower of climate-killing petroleum consumption. On exhibit in the square were only their lesser-polluting models.)

Powell was sent as the United States' official representative to the Summit while George Bush vacationed in Texas. Greenpeace and the Danish 92 Group sent a postcard to the US President hoping that he was enjoying his holiday while the rest of the world met to try and save the planet.

A report by AFP inaccurately stated that Greenpeace had walked out of the summit. "We have a responsibility to expose what's going on behind closed doors here" said Sawyer, "and we're not going to walk away from that responsibility -- even if it would be an accurate expression of our disgust." Greenpeace Executive Director Gerd Leipold added that "Being here is like going to the dentist. Nobody likes it, but not going would be worse."

This morning in Durban, Greenpeace activists did what governments have failed to do at the Johannesburg meeting and took action to demand "Clean Energy Now" at a notorious oil refinery jointly operated by Shell and BP.

Five activists climbed a thirty-meter bridge which spanned oil pipes leading from the refinery, and

dropped huge banners over the pipes. The poorly maintained pipes run right through the middle of the local communities. The plant and surroundings are notorious for oil leaks and toxic air emissions, although neither company has accepted any responsibility for the poor health of local people.

This event follows a week of world wide actions protesting the dominance of big business interests over the true benefits of sustainable development. Demanding that governments at the Earth Summit adopt a policy of new renewable energy, activists kicked off the Summit by dropping "Nuclear Power - out of Africa" banners from top of the nuclear reactor at Koeberg, protesting its use of such an unsafe and polluting medium. "Since the protest at Koeberg it has become apparent that the Greenpeace activists are not the only people who have broken the law. The total failure of the plant owners, Eskom, to provide safety, security and evacuation plans should be investigated by the authorities and is yet another reason why this first nuclear facility in Africa should be the last," said Mike Townsley of Greenpeace.

In other actions, Greenpeace was out in the streets, the fields and the skies all over the world to try to communicate that delegates are failing to meet the needs and expectations of the people of the world. In Thailand, Greenpeace launched a Stop Global Warming balloon over the Mae Moh coal plant in Lampang. On the seas off Cape Town we tracked down a plutonium ship carrying a deadly cargo and put them on the run. On the streets of Manila we collected signatures to petition the Philippine's Board of Investors not to invest in dirty fossil fuels. In the political heart of Australia, climbers hung huge banners from the nation's flagpole saying 'Stop climate change'. In Chile we launched a balloon over the crude oil refineries plant at Vina Del Mar. And outside the halls of Sandton in Johannesburg, Greenpeace's youth delegation were herded away by security for daring to make a stand about climate change in front of BMW's exhibition space.

The longer governments fail to take action on poverty and climate change, the more the international community will rise up in protest and action of its own.

Courtesy : Greenpeace

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World Summit on Sustainable Development

Johannesburg, South Africa, 4 September 2002

Draft Political Declaration Submitted by the President of the Summit
The Johannesburg Declaration on Sustainable Development

From Our Origins to the Future

1. We, the representatives of the peoples of the world, assembled at the World Summit on Sustainable Development in Johannesburg, South Africa from 2-4 September 2002, reaffirm our commitment to sustainable development.

2. We commit ourselves to build a humane, equitable and caring global society cognisant of the need for human dignity for all.

3. At the beginning of this Summit, the children of the world spoke to us in a simple yet clear voice that the future belongs to them, and accordingly challenged all of us to ensure that through our actions they will inherit a world free of the indignity and indecency occasioned by poverty, environmental degradation and patterns of unsustainable development.

4. As part of our response to these children, who represent our collective future, all of us, coming from every corner of the world, informed by different life experiences, are united and moved by a deeply-felt sense that we urgently need to create a new and brighter world of hope.

5. Accordingly, we assume a collective responsibility to advance and strengthen the interdependent and mutually reinforcing pillars of sustainable development – economic development, social development and environmental protection – at local, national, regional and global levels.

6. From this Continent, the Cradle of Humanity we declare, through the Plan of Implementation and this Declaration, our responsibility to one another, to the greater community of life and to our children.

7. Recognising that humankind is at a crossroad, we have united in a common resolve to make

a determined effort to respond positively to the need to produce a practical and visible plan that should bring about poverty eradication and human development.

From Stockholm to Rio de Janeiro to Johannesburg

8. Thirty years ago, in Stockholm, we agreed on the urgent need to respond to the problem of environmental deterioration. Ten years ago, at the United Nations Conference on Environment and Development, held in Rio de Janeiro, we agreed that the protection of the environment, and social and economic development are fundamental to sustainable development, based on the Rio Principles. To achieve such development, we adopted the global programme, Agenda 21, and the Rio Declaration, to which we reaffirm our commitment. The Rio Summit was a significant milestone that set a new agenda for sustainable development.

9. Between Rio and Johannesburg the world's nations met in several major conferences under the guidance of the United Nations, including the Monterrey Conference on Finance for Development, as well as the Doha Ministerial Conference. These conferences defined for the world a comprehensive vision for the future of humanity.

10. At the Johannesburg Summit we achieved much in bringing together a rich tapestry of peoples and views in a constructive search for a common path, towards a world that respects and implements the vision of sustainable development. Johannesburg also confirmed that significant progress has been made towards achieving a global consensus and partnership amongst all the people of our planet.

The Challenges We Face

11. We recognise that poverty eradication, changing consumption and production patterns, and protecting and managing the natural resource base for economic and social development are overarching objectives of, and essential requirements for sustainable development.

12. The deep fault line that divides human society between the rich and the poor and the ever-increasing gap between the developed and developing worlds pose a major threat to global prosperity, security and stability.

13. The global environment continues to suffer. Loss of biodiversity continues, fish stocks continue to be depleted, desertification claims more and more fertile land, the adverse effects of climate change are already evident, natural disasters are more frequent and more devastating and developing countries more vulnerable, and air, water and marine pollution continue to rob millions of a decent life.

14. Globalisation has added a new dimension to these challenges. The rapid integration of markets, mobility of capital and significant increases in investment flows around the world have opened new challenges and opportunities for the pursuit of sustainable development.

But the benefits and costs of globalisation are unevenly distributed, with developing countries facing special difficulties in meeting this challenge.

15. We risk the entrenchment of these global disparities and unless we act in a manner that fundamentally changes their lives, the poor of the world may lose confidence in their representatives and the democratic systems to which we remain committed, seeing their representatives as nothing more than sounding brass or tinkling cymbals.

Our Commitment to Sustainable Development

16. We are determined to ensure that our rich diversity, which is our collective strength, will be used for constructive partnership for change and for the achievement of the common goal of sustainable development.

17. We welcome the Johannesburg Summit's focus on the indivisibility of human dignity and are resolved through decisions on targets, timetables and partnerships to speedily increase access to basic requirements such as clean water, sanitation, energy, health care, food security and the protection of bio-diversity. At the same time, we will work together to assist one another to have access to financial resources, benefit from the opening of markets, ensure capacity building, use modern technology to bring about development, and make sure that there is technology transfer, human resource development, education and training to banish forever underdevelopment.

18. We are committed to ensure that women's empowerment and emancipation, and gender equality are integrated in all activities encompassed within Agenda 21, the Millennium

Development Goals and the Johannesburg Plan of Implementation.

19. We recognise the reality that global society has the means and is endowed with the resources to address the challenges of poverty eradication and sustainable development confronting all humanity. Together we will take extra steps to ensure that these available resources are used to the benefit of humanity.

20. In this regard, to contribute to the achievement of our development goals and targets, we urge developed countries that have not done so to make concrete efforts towards the internationally agreed levels of Official Development Assistance.

21. We welcome and support the emergence of stronger regional groupings and alliances, such as the New Partnership for Africa's Development (NEPAD), to promote regional co-operation, improved international co-operation and promote sustainable development.

22. We shall continue to pay special attention to the developmental needs of Small Island Developing States and the Least Developed Countries.

23. We recognise sustainable development requires a long-term perspective and broad-based participation in policy formulation, decision-making and implementation at all levels. As social partners we will continue to work for stable partnerships with all major groups respecting the independent, important roles of each of these.

24. We agree that in pursuit of their legitimate activities the private sector, both large and small companies, have a duty to contribute to the evolution of equitable and sustainable communities and societies.

25. We also agree to provide assistance to increase income generating employment opportunities, taking into account the International Labour Organisation (ILO) Declaration of Fundamental Principles and Rights at Work.

26. We agree that there is a need for private sector corporations to enforce corporate accountability. This should take place within a transparent and stable regulatory environment.

27. We undertake to strengthen and improve governance at all levels, for the effective implementation of Agenda 21, the Millennium Development Goals and the Johannesburg Plan of Implementation.

Multilateralism is the Future

28. To achieve our goals of sustainable development, we need more effective, democratic and accountable international and multilateral institutions.

27. We reaffirm our commitment to the principles and purposes of the UN Charter and international law as well as the strengthening of multi-lateralism. We support the leadership role of the United Nations as the most universal and representative organisation in the world, which is best placed to promote sustainable development.

28. We further commit ourselves to monitor progress at regular intervals towards the achievement of our sustainable development goals and objectives.

Making it Happen!

29. We are in agreement that this must be an inclusive process, involving all the major groups and governments that participated in the historic Johannesburg Summit.

30. We commit ourselves to act together, united by a common determination to save our planet, promote human development and achieve universal prosperity and peace.

31. We commit ourselves to the Johannesburg Plan of Implementation and to expedite the achievement of the time-bound, socio-economic and environmental targets contained therein.

32. From the African continent, the Cradle of Humankind, we solemnly pledge to the peoples of the world, and the generations that will surely inherit this earth, that we are determined to ensure that our collective hope for sustainable development is realised.

We express our deepest gratitude to the people and the Government of South Africa for their generous hospitality and excellent arrangements made for the World Summit on Sustainable Development.

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Asia

Sacked Indonesian Workers Picket Targus Factory

About 500 workers employed by PT Hyunsung Indonesia in Tangerang have been picketting the plant since October 14 to prevent its South Korean company director, Joe Yong Seun, from leaving.

The blockade began when Seun closed the factory and told workers they were all dismissed without giving any reason. The company, which produces Targus computer bags, says it will only pay each worker about 590,000 rupiah (65 US dollars) or the equivalent of one month's salary severance pay. Workers want twice that amount.

Philippine Court Employees Protest Loss of Allowances

Philippine court employees have launched a campaign against legislation allowing the government to abolish employees' monthly work allowance. The move is designed to fund a salary increase for judges and government lawyers. Lunchtime rallies are being held outside justice offices in major cities, and court employees are calling on fellow workers to black-ban legislators who support the bill.

The protests are being organised by the Council of Presidents, an informal federation of all court-based organisations at the Palace of Justice in Cebu.

Reform Bill Makes Sri Lankan Power Workers Report Sick

About 3,000 workers at the Ceylon Electricity Board (CEB) called in sick on October 9 to protest against the CEB reform bill being debated in the parliament on the same day. The following day, workers held a sit-down protest outside CEB headquarters in Colombo.

Latin America

Salvadoran Doctors and Health Workers Strike Public Hospitals

On October 14, the entire public hospitals network of Salvador joined the three-month long struggle of doctors and health workers in San Salvador against the proposed privatisation of the Salvadoran Social Security System. The strikers insist they would not stop until the government issues an iron-clad decree against such privatisation.

The privatisation plans allegedly include handing over health care to insurance companies. Doctors denounced the measure, saying that in effect "those that do not pay will be left to die."

Jobless Protest in Argentina

On October 4, about 300 jobless workers marched to the Labor Ministry in Buenos Aires demanding unemployment subsidies for 10,000 unemployed workers and an end to repression in Jujuy Province. Over 130 workers had been arrested at a similar protest in Jujuy. Most of them have still not been released.

A group of masked protesters armed with wooden batons blocked the streets along the march. "If we uncover our faces and the police identify us, they look us up later in the neighborhood and we are victimized," said one of the masked men.

A group of masked protesters armed with wooden batons blocked the streets along the march. "If we uncover our faces and the police identify us, they look us up later in the neighbourhood and we are victimised," said one of the masked man.

In Formosa province on October 3, 100 unemployed workers blocked a national highway that links Argentina with Paraguay,demanding unemployment subsidies.

Europe

Fiat Workers in Italy Protest Against Job Losses

On October 11, Fiat autoworkers staged a number of protests throughout Italy against plans by the company to shed nearly 20 percent of its workforce. Fiat plans to make 7,600 workers redundant and offer a further 500 transfers or early retirement.

The job losses are the centrepiece of a restructuring plan designed to cut labour costs by some $250 million a year and in preparation to sell Fiat to General Motors or another manufacturer. General Motors bought a 20 percent stake of Fiat Auto in 2000.

These job losses follow a previously announced 3,000 cuts. Fiat employs about 35,000 people in Italy and is the country's largest private sector firm.

All 1,800 workers will be made redundant at Fiat's Termini Imerese plant in Sicily, where the unemployment level is already 20 percent. Termini workers protested with road and rail blockades in the week prior to October 11.

Polish Workers Demonstrate in Warsaw to Demand Job Security

On October 15, 7,500 members of the Solidarity trade union demonstrated in Poland's capital city Warsaw to demand job security and to protest job losses in the national rail, coal and steel industries. The protesters were from the southern industrial region of Silesia and arrived in dozens of buses. They demonstrated for several hours before being dispersed by police with maces and the arrest of a number of participants.

There are fears that some 40,000 jobs could be lost if five coal mine holdings are liquidated. And if Poland joins the European Union in 2004, around 10,000 steel workers jobs could go in restructuring. Job losses are also expected in state rail with unprofitable routes shut and fares increased. Unemployment in Silesia is 30 percent, almost double the national average of 17.4 percent.

Workers carried a large solidarity banner and chanted anti-government slogans during the demonstration. The protest stopped outside Prime Minister Leszek Miller's office, which was protected by metal barriers and riot police. One protester, a 40-year old miner, said, "Everything this government is doing is wrong. the increase food prices and rents, but they never increase our pay."

Canada

Vidéotron Strikers March to Quebec City, Negotiations Resume

Negotiations between the Quebec-based cable and interent company Videotron and its 2,200 striking workers resumed on October 16, following an appeal from Quebec Premier Bernard Landry and the inclusion of his predecessor, Lucien Bouchard, on the company's negotiating team. The workers have been on strike since May 8.

Twenty-three striking Vidéotron technicians had earlier marched from Montreal to Quebec City. They delivered a petition to the National Assembly on October 15. The petition, with 65,000 signatures attached, demands that the Quebec government intervene in the labour conflict.

Videotron was taken over two years ago by media and publishing giant Quebecor, with the assistance of the Quebec Pension Fund and the Parti Quebecois (PQ) government. Quebecor has sought to impose US $ 50 million in wage-cuts and reduced benefits to workers, as well as eliminate almost 1,000 jobs.

Backed by the Quebec government and key players in Canada's political elite - former Tong Prime Minister Brain Mulronely is on its board of directors - Quebecor has waged an all-out assault on the striking workers, including hiring strike-breakers. the courts were only too happy to provide injuctions limiting the number of picketers. Early in the conflict, the Premier and PQ leader, Bernard Landry, sang the praises of Quebecor CEO and principal shareholder Pierre-Karl Peladeau, calling him "a good corporate citizen".

The United States

Boston Janitors Strike Continues

One major cleaning contractor broke ranks with 30 other companies on October 5 and signed an interim agreement with the union representing striking Boston janitors. The company, One Source, employs 1,700 of the 10,700 members of Service Employees International Union. The janitors clean office buildings in the Boston area, and are on strike for higher wages and health care benefits for part-time workers.

Boston part-time janitors earn $9.95 an hour while full-time workers make $10.20 an hour. This compares with wages of $17 an hour in New York, $15 in San Francisco and $12.50 in Chicago.

Equally important, however, is the issue of health care. Less than 25 percent of the unionized janitors work full-time, leaving the majority with no health benefits. The agreement with One Source, along with a handful of smaller companies, provides health care benefits after working 27.5 hours a week, starting in 2005. It also provides for three sick days.

Leading the opposition to the janitors strike is Unicco, the largest of the cleaning contractors, which employs 5,500 workers at 93 office locations. Lead negotiator James Canavan, a Unicco executive, said, "if we were to give comprehensive medical benefits to part-time employees, the cost would be prohibitive."

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