

EDITORIAL

## A Tug of War Throttles Doha Round

By: Piyush Pant

"There are some countries who really don't want a Doha round outcome. I think that is unfortunate." - *US Trade Representative Susan Schwab, swiping at India and Brazil over breakdown of talks in Potsdam.*

"The key problem is the European Community. Until they act significantly to cut their trade barriers in agriculture, things won't move." - *Alan Oxley, Chairman of the APEC Study Centre in Australia*

So Post failed-Doha Round negotiations at Potsdam, a fresh round of allegations and counter-allegations have started again. While US and EU accused India and Brazil of not cooperating enough, the US and EU were charged by the developing countries with adopting a rigid stand on the question of reducing agricultural subsidy and export tariff cuts. But insiders say that the real culprit has been the United States. No doubt, the US always plays the spoiler. Pandering to its farm lobby, the American government has always been refusing to reform its agricultural subsidy programme, thus giving the Europeans the excuse not to touch their own common agricultural policy. While EU has been unwilling to open its protected food markets, America has been slow to offer real cuts to its most trade - distorting farm subsidies. Now look what happened in Potsdam. Burying their differences temporarily to join forces, the EU and the US pointed fingers at India and Brazil accusing them of showing inflexibility especially in industrial goods. On the other hand India and Brazil said that US - offer on reducing trade distorting domestic farm subsidies was way too low and the tariff reduction in industrial goods, which the developed world was asking for, was way too high. Robert Azevedo, Brazil's chief negotiator at Doha Round of trade talks, went a step further and said, *"United States is walking a little bit counter-current on trade liberalization, especially in agriculture, because US agricultural subsidies payments have actually been increasing, while everywhere else they are decreasing. -----It is not fair that a farmer in a developing country must compete with the treasury of a rich country." In the same vein, Mr. Kamal Nath, Indian commerce minister said - "Agreeing to this would have not only been against the mandate of Doha Development Round, it would have seriously jeopardized the livelihoods of the farmers of the developing and least developed countries and threatened the food security of the many poor nations".*

Thus it is clear that knives are out against each other and for all practical purposes the Doha Round seems to be reaching the dead-end. This is to be pointed out that many countries had hoped that G-4 talk in Germany will lead to

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a successful Doha outcome, but the negotiations broke down and hopes got shattered. Like in July 2006, this time too, the US refusal to take on substantial commitments in reducing its trade-distorting farm subsidies was the main reason behind the failure of the talks. The US offered to bind these subsidies at 17 billion dollars which is much more than the existing actual levels. The Doha Round was launched nearly six years ago in 2001 with the aim of freeing up world trade, boosting global growth and helping to lift millions of people out of poverty. But, alas, it remained a hope against all hopes.

In fact, the very structure of WTO has been exploitative in nature, heavily leaning in favour of developed countries of the world. Much praised Uruguay Round itself was on weaker foundation as, during that Round, the developing countries were economically quite weak and hence found themselves at the receiving end of the spectrum. Therefore, during the Uruguay Round, it was relatively easy for the developed countries to get their way with the developing world by a combination of bullying, cajoling, dividing, bribing and threatening. It may have 123 countries as members but, in practice, the developed countries enjoyed immense powers. Moreover, the trading system that emerged from the Uruguay round was although stronger in terms of rules, disciplines and enforcement mechanisms, it was not capable of dealing with the challenges of its membership. Many developing countries, as WTO members, are unable to take advantage of a more stable and predictable rules-based system, some of the rules turning too demanding to be implemented. Even the institutions, in many of the developing countries, were not ready to address the procedures embedded and to apply the sophisticated trade disciplines. Moreover, the regulatory barriers in export markets along with the high-tariff and non-tariff measures impeded the full exploitation of trade opportunities. For many countries enforcing rights and seeking legal protection through recourse to dispute settlement is still only a theoretical device whereas infrastructure gaps, a lack of adequate logistics and entrepreneurial opportunities are still important components of the domestic barriers to trade. And this can be seen reflected in the demand raised by G-20 and other groups under the leadership of Brazil and India that the Doha Round results must be balanced and should take into accounts their point of view.

In fact much has changed in between Uruguay and Doha Rounds of trade talks. Earlier the US was the leader of the developed world and as such was quite powerful to dictate terms. So the Uruguay Round of trade talks did not face many hiccups. But gradually the real import of the imbalanced global trading regime started setting in. The feeling among the developing countries grew stronger that free trade always favoured the most powerful and advanced economies. They also realized that trade commitments were not respected by the countries of the developed world. Barring textiles and clothing, the Uruguay Round contributed very little to increase the share of the developing countries in global trade, particularly in agriculture.

This realization found its expression in the form of group formations and resentment against the proposals of US and EU in various ministerial on way to completion of Doha Round. The admission of China as a full member in 2001, the emergence of India as growing power, the election of Lula as president of Brazil, and the willingness of South Africa to join forces with them has meant that the developing countries have begun to acquire a powerful voice, substantial bargaining presence and a self confidence in their ability to resist western and Japanese pressures.

Obviously this is not being liked by developed countries. Hence they are issuing all sorts of warning including that of a certain demise of Doha Round and the consequent dangers inherent in it. They are arguing that failure to complete Doha would mean end to the era of multilateral trade agreements and return to the protectionist trade regime which will be counter-productive to the interests of the developing countries. But the import of this argument loses its ground the moment we look at the fact that having failed to dictate its terms at Doha negotiations' the US has already switched over its attention from multilateral to bilateral deals and has concluded a series of them with Singapore, Chile, Malaysia and Australia.

## **The Doha Round – If Truth Be Told**

*By: Aileen Kwa (Geneva, June 2007)*

Developed countries' pretense that the Doha Round will deliver on 'development' has fallen by the wayside. The Round was never launched to deliver on development in the first place. As an Asian delegate to the WTO quipped, "'Development' was in 50-60 places in the Doha text. Do you see it now in the negotiating texts?" (He was referring to New Zealand Ambassador and Chair of the Agriculture negotiations, Crawford Falconer's "Challenge" papers).

Both the recent process of negotiations at the WTO, as well as the substance of the negotiations have failed developing countries. In fact, the "multilateral" process conducted in Geneva in the recent weeks has been described in WTO corridors, by developing negotiators themselves as "farcical". The real negotiations had been taking place between the G4 (US, EU, Brazil and India). Director General Pascal Lamy had even told the Chairs of agriculture and non-agricultural market access (NAMA) to withhold issuing draft modalities texts until after the planned week-long Potsdam G4 Ministerial meeting which got underway on 19 June, and which broke down on the third day. The plan had been to wait for the G4 to come up with their package, weave that into the draft texts of the Chairs so that the G4 package is made more palatable to the other Members, hold a series of quick Green Room discussions between 20-35 delegations in Geneva, bring a selected number of Ministers (by invitation only) to Geneva at the end of July, and viola, stitch the Round together.

In response to being marginalized, the "G90 plus", comprising of the African Group, ACP (African, Caribbean and Pacific) countries, LDCs, and Bolivia and Venezuela, came together to publicly denounce such a process. In their press conference, the G90 plus declared that "development concerns have been left behind in the rush to agree to a deal in the Doha Round".

Remarked Jamaica's Ambassador, Gail Mathurin, Chair of the ACP countries, "If the Round is to be completed, the concerns of developing countries must be dealt with. But (our) critical issues have been marginalized or left behind as the negotiations proceeded."

Quoting from the G90 plus declaration, Mathurin went on to state that "The recent WTO negotiating process has been "less than transparent and participatory"... The majority of Members have little or no knowledge of the progress and content of the G4 process. Although two of the G4 members are developing countries, they cannot be expected to carry the responsibility of representing the views of all developing countries".

"The groups (ACP, LDCs, African Group plus) are concerned they may be faced with texts they are asked to consider at very short notice... The multilateral

system cannot be used to rubber stamp and legitimize decisions made by a few".

### **US and EU Hypocrisy and Unreasonable Demands in the Talks**

At the heart of the breakdown in talks is the fact that the developed countries, particularly the US and EU continue to act as if they are still the colonial masters of the day. A Middle Eastern delegate privately commented, "The developed countries want the whole cake. You give me, I don't give you".

The US and EU have been exacting on developing countries. In agriculture, they have been deaf to developing countries' concerns of food security and rural livelihoods. What is worse, the Chairman of the agriculture negotiations, New Zealand's Ambassador Crawford Falconer, has promoted positions that give advantage to US / EU positions, whilst downplaying developing countries' proposals. One G33 (a coalition of 46 developing countries at the WTO) negotiator characterised Falconer's recent Challenge paper (30 April 2007) as follows: "The SP (Special products) and SSM (Special Safeguard Mechanism) issues have been given step-mother treatment".

US and EU are also asking developing countries to do more in NAMA, than they would liberalise themselves. They have asked for developed countries to have a swiss coefficient of 10, and developing countries a coefficient of 15. As the NAMA 11 coalition of developing countries recently pointed out, a coefficient of 10 for developed countries would bring down developed countries' average bound tariffs from 6.8 percent, to 4%, a 40.4% reduction. However, a 15 coefficient for developing countries would bring the NAMA 11 developing countries' average tariff down from 34.4% to 10.4%, a 69.9% tariff reduction. The NAMA 11 coalition has asked for a fairer deal, proposing a coefficient of 35. This would bring down their tariff from 34.4% to 17.3%, a percentage cut of 49.5%. This is still higher than the 40.4% cut that would be undertaken by developed countries. For the NAMA 11, this is the only way Members will come close to abiding by their commitment of "less than full reciprocity", a principle agreed in the Doha declaration i.e. developed countries have to undertake tariff larger cuts than developing countries. US and EU in the Potsdam G4 Ministerial meeting rejected this proposal, and blamed Brazil and India for changing the goal posts in the end stretch of the game.

Even as these demands are made of developing countries, both US and EU have joined hands to maintain the status quo on agricultural trade distorting domestic supports. The fight is not merely a theoretical one. Lives

are put at risk as developing countries are told to lower their trade barriers and allow the entry of subsidized imports. According to data from the Institute for Agriculture and Trade Policy, in 2003, soybeans from the US were exported at 10 percent below their cost of production; corn at 10 percent below cost, cotton at 47 percent; and rice at 26 percent below production costs. US subsidies to rice producers amounted to 1.3 bn for rice that cost 1.4 bn to grow. In Indonesia, the import of subsidized soy sent shockwaves through the domestic sector. Between 1996 and 2001, half of the 5 million soy producers were wiped out. In Ghana, rice imports doubled between 1998 and 2003, increasing poverty amongst food crop farmers. 66 percent of producers recorded either negative returns or job losses. US subsidized rice has also hit rice producers in the Gambia and Tanzania.

Both US and EU's subsidized poultry exports have wiped out the domestic poultry production in many countries. According to the FAO, developing countries experienced 669 cases of poultry import surges from 1983 to 2003. The situation is particularly acute in Africa. Even though the continent accounts for only 5% of global poultry trade, 50% of these import surges have occurred there. 70% of the Senegal poultry industry has been lost in recent years and 90% Ghana's local poultry production has been wiped due to poultry imports from US, EU and Brazil. In Cote d'Ivoire, FAO reports 15 000 job losses in the sector between 1997 and 2004 as a result of poultry imports.

According to Canadian sources, US' so-called "overall trade distorting" domestic supports (OTDS) amounted to 10.8 billion in 2006. Oxfam America projects that by 2007, due to high world prices as a result of the biodiesel gold rush, these supports could be down to 6.5 billion. Yet the US continues to argue for the leeway to provide up to as high as 17 billion in OTDS - nearly three times the amount they would actually use this year!

Note that these figures are seriously minimized. Analyst Jacques Berthelot contends that there is a lot of cheating going on in terms of what is housed under the OTDS - for instance, irrigation and feed subsidies have been excluded. What has also recently surfaced is that up to 6 billion in tax supports for ethanol processors is not recognised by the US as agricultural subsidies.

Over and above the OTDS, the US provides supports to the tune of 50 billion via the WTO undisciplined, uncapped and unlimited "Green Box".

The EU is playing the same Green Box game. As export subsidies and other forms of trade distorting supports are being reduced, the EU is shifting up to 30 billion Euros into the Green Box. This is provided to EU producers through their supposedly 'decoupled' Single

Payment Scheme. In time, according to Peter Mandelson, 90% of their supports will be housed in the Green Box, which the WTO's own litigation has declared as trade distorting.

Indeed, the EU's 2002 CAP reform phased out export subsidies. Internal prices are now much lower, especially on grains, but the decoupled payments to producers help compensate for their high production costs i.e. when these grains are exported, decoupled payments are effectively the new generation of export subsidies. What is the impact of decoupled payments on production? In some sectors eg. beef, some reduction in quantity is anticipated. However, in other sectors, such as grains and dairy, production is likely to even increase! What will this mean for exports? According to Tobias Reichert's study on the Common Agricultural Policy, "For wheat and coarse grains, increased EU exports are predicted. Whole milk powder exports are expected to remain the same." Reichert also concludes that through the Single Farm Payment, most farmers will receive the same levels of support as before the reform.

What is alarming is that both the EU and US have insisted on leaving the Green Box untouched and undisciplined in the current Round - and from his Challenge paper of 25 May, the Agriculture Chair Crawford Falconer seems to support such a position! A chorus of protests is rising on this issue - now not only from the G20 but also the G90 plus countries. In their 21 June declaration, the G90 plus countries state, "There must be new disciplines for the use of the Green Box subsidies by developed countries to ensure they are really non trade-distorting...".

### **Big Bang Liberalisation Has Not Worked for Development**

Let's cut to the chase. The WTO's liberalization formula will not work for development, and much less, the greed of the US and EU in demanding ever more aggressive market access. What is often shoved under the carpet is that the WTO's own preamble states that trade "should be conducted with a view to raising standards of living, ensuring full employment and a large and steadily growing volume of real income and effective demand...".

Trade liberalization - according to cookie cutter formulas and time lines instead of being based on countries' own economic strategies, needs and pace - simply cannot deliver on 'raising standards of living' and 'full employment'. The structural adjustment experience of developing countries in the last 25 years is indicative. Most developing countries (excluding some of the Asian countries that had a headstart and which implemented heavy government regulation) saw their industries contract, even the countries which



increased their exports either stagnated or deindustrialised eg. Mexico and Chile. In Mexico, between the late 1980s and through the 1990s, manufactured exports grew quickly - nearly 30 percent - in part due to the passage of the North American Free Trade Agreement (NAFTA). However, according to former UNCTAD economist S.M. Shafaeddin, manufactured value added (MVA) "did not accelerate, and upgrading of the industrial base did not take place". Chile is usually portrayed as the success story in Latin America. However, even after 25 years of reform, there has been little upgrading of its industries beyond the expansion of natural resource based industries such as wood and chemical products. Even more alarming, Jamaica, Ghana, Colombia, Uruguay and Paraguay have all experience high or moderate levels of growth rates in exports, but have had negative growth rates in manufactured value added (MVA). "Notwithstanding two decades of reform, Ghana's growth in MVA added was significantly negative, registering -3.5% during the 1990s, implying severe deindustrialization".

The failures of liberalization has perhaps been most stark in Sub-Saharan Africa. According to the World Bank, "Sub-Saharan Africa failed to take off despite significant policy reform improvements in the political and external environments, and continued foreign aid. The successes were few - with Uganda, Tanzania and Mozambique the most commonly cited instances - and remained fragile more than a decade later".

According to UNCTAD's most recent Least Developed Country (LDC) report, "In recent years, many LDCs have achieved higher rates of economic growth than in the past and even higher growth of exports. But there is a widespread sense - which is apparent in the concern to ensure "pro-poor" growth - that this is not translating effectively into poverty reduction and improved human well-being". The report goes on to state that the incidence of poverty did not decline in the 1990s in LDCs as a group, and has remained at 50% of the total population. If this trend continues, the number of people living in poverty in LDCs will increase from 334 million in 2000 to 471 million by 2010.

UNCTAD cites Comoros, Malawi, Mali, Tanzania and Zambia as countries where GDP per capita growth has not translated into higher consumption per capita - i.e. there has been no poverty reduction.

### **No Tears Over Doha's Demise**

If the G4 collapse spells the end of the Doha Round, no tears should be shed. It was never intended by the developed countries to deliver on development. Even the one issue many developing countries are angling to

obtain - a cut in trade distorting domestic supports, and a phase out of export subsidies- will not happen. The EU itself projects increases in production in grains and dairy. The same amount of money is being provided to the same producers, but now simply labeled as decoupled and 'Green'. Export dumping continues without so much as a hiccup. US "trade distorting supports" this year may be about 6.5 bn, but they want to cap their supports at 17 bn. Are we losing anything? The bulk of the payments will be washed green. Small wonder that the US and EU want to keep the Green Box sacred and intact, unlimited and undisciplined.

What about the multilateral trading system? Will it also collapse and should we be worried? The WTO has proven itself to have a splendid ability over the past 11 years to marginalize developing countries, and especially during its most critical negotiations! In substance, its liberalization agenda simply cannot and will not deliver on development. The past 25 years of structural adjustment should have taught the international community that lesson.

Developing countries would do well with a new multilateral trade system. One that regulates trade and ensures it is fair, rather than acts as an enforcer of liberalization, especially of developing countries. What does this mean? We need a system that can be the whistle blower, disciplining countries that dump on others and warning affected countries when dumping occurs. The system should also regulate corporate size, behavior and transparency. Multilateral trade regulation should outlaw the corporate abuse of transfer pricing and predatory market practices. As there are in domestic competition laws, there should be certain disciplines and limits put on the size of corporations when they venture abroad. Thirdly, instead of attempting (and only half-heartedly) to liberalise agricultural trade, which will benefit only the most competitive, and penalize millions of poor farmers across the developing world, we need a multilateral system that supports commodity agreements so that prices and supplies can be regulated and matched with demand. This is not only for tropical commodities - coffee, tea, cocoa - but also for major staple products such as grains and dairy, which currently suffer from over-supply from the major agricultural producing countries, resulting, as in the case of the US and EU, in dumping.

This is a radical overhaul of the system, but one that at least has a fighting chance of offering real development to a large number of countries which, under duress to liberalise, are today simply floundering in their attempts at economic development.

*(Courtesy: Focus on the Global South)*

## Global Trade Talks Collapse Over Agricultural Subsidies

*By: Carter Dougherty*

**Frankfurt, June 21:** A high-level meeting aimed at salvaging sputtering global trade talks collapsed on June 21 as the United States and the European Union fell out with India and Brazil over plans to slash agricultural subsidies and tariffs.

The four members of the World Trade Organization were trying to break a persistent deadlock that has bedeviled the Doha round of negotiations since 2001: How deeply rich countries will slash the domestic farm subsidies that have distorted trade in commodities like cotton, sugar and corn.

The failure of the talks appears to have defeated the strategy of bringing together the United States, Europe, Brazil and India - a grouping known as the G-4 - to resolve major differences before turning to the entire membership of the WTO, which comprises 150 countries.

Brazil and India, two countries that have assumed a leadership role for much of the developing world, rejected American and European advances as insufficient to warrant opening their markets to more imports of the industrialized world's goods and services. The United States, in turn, charged that Brazil and India had arrived at the talks, being held in the German town of Potsdam, outside Berlin, with virtually no negotiating flexibility.

Now, the U.S. trade representative, Susan Schwab, will head to Geneva, where she will meet with the WTO director general, Pascal Lamy, and appeal to other developing countries to pressure Brazil and India for new concessions that would jump-start the round.

"We are absolutely determined not to give up on the Doha round," Schwab said. "It may be that the G-4 process does not get us there."

The breakdown, though a serious blow, does not appear to have triggered the same level of despair as a similar episode last August, when Lamy officially suspended the Doha round. Though Lamy said in a statement on Thursday that an agreement in Potsdam "would have been helpful," he held out hope that other members could resuscitate the negotiation.

"Helpful does not mean indispensable," Lamy said. "This negotiation is an endeavor among the 150 members of the WTO."

Peter Mandelson, the EU trade commissioner, likewise acknowledged the setback even as he underscored the heavy burden WTO members now face.

"It is not the end of the Doha round," Mandelson said. "It places a very major question mark on the ability of the wider WTO membership to complete this round but does not in itself mean that the negotiations cannot be put back on track."

U.S. officials placed the blame for the deadlock in Potsdam squarely, and explicitly, on the shoulders of Brazil and India, two countries that they said showed no flexibility at all when the meeting, which was supposed to have lasted through Saturday, began on Tuesday.

"They adopted that attitude from the beginning and it cast a chill over the entire week of the discussions," said Mike Johanns, the U.S. secretary of agriculture.

U.S. officials said they sounded out various negotiating scenarios with Brazil and India but received no hints that they would scale back their own trade barriers.

"Large economies like Brazil and India should not stand in the way of progress for smaller, poor developing nations - but that appears to be what happened in Germany this week," Tony Fratto, a White House spokesman, said.

Kamal Nath, the Indian trade minister, said the United States had offered to cap its domestic agricultural subsidies at \$17 billion, considerably lower than the \$22 billion it had offered before, but still well above the roughly \$11 billion that American farmers are currently receiving. Nath said that offer had "no logic or equity," a point his Brazilian counterpart, Celso Amorim, echoed. "It was useless to continue the discussion on the basis of the numbers put on the table," Amorim said.

Fights among the major trading nations has traditionally spelled the end of global trade talks, since other countries can avoid making their own concessions as long as the biggest players are split. But Schwab said that she would appeal to other developing countries by making the argument that Brazil and India - as well as China, which was not present in Potsdam - are serving their interests badly.

Brazil, Schwab said, is a major agricultural exporter while India is strong in services and China is a manufacturing powerhouse. If other developing countries are going to compete with them, the more advanced nations like Brazil and India need to reduce their trade barriers as well, she argued.

"When you are in the leadership circle you have to lead by example and that's not what we are seeing," Schwab said.

Mandelson also said Doha was worth an extra effort following the failure in Potsdam, but he insisted that the 27-nation EU has so far made extensive concessions with no reciprocity.

"I firmly believe we constructed a landing range in agriculture which is fair and forthcoming for developing countries and takes to the limit what the EU can do," Bloomberg quoted him as saying.

*(Courtesy: International Herald Tribune)*

## **Global Trade Talks Suffer a Familiar Outcome, But for an Unfamiliar Reason**

Sunglasses, hairbrushes, picks, hoes, nuts and bolts—this is just a sampling of the goods China is alleged to have dumped on the markets of manufacturing rivals such as Brazil, Argentina and South Africa in recent years. Hard-pressed companies complain to their politicians of “floods” and “invasions”, destroying whole industries and inflicting “horrific injury”.

The cause of all this angst was not present at last week's trade talks in Potsdam, where ministers from the European Union, America, Brazil and India failed once again to narrow their differences in the interminable Doha round of negotiations. But it seems the fear of China was well represented. As a result, a new excuse to fail to agree was found.

Previous summits have broken down over agriculture. This time, however, the Europeans decided not to push America too hard on its farm subsidies, and the Americans did not demand too much from a Europe notoriously reluctant to open its agricultural markets. Thus America offered to cap its trade-distorting handouts at \$17 billion, lower than its previous offer (\$22 billion), but rather more than it actually spent last year (\$11 billion). In return, the Europeans now seem willing to cut their agricultural tariffs by about half on average.

Thanks to this new-found unity in mediocrity, the talks turned from agriculture to industry, and from the rich world to Brazil. The populous and increasingly prosperous emerging markets that Brazil represents in these talks are of growing interest to exporters in the rich world. This gives the Brazilians a bargaining chip. The question is how much can they get for it.

In Potsdam the Brazilians decided that America and Europe were offering too little and demanding too much. In return for modest concessions on agriculture, the two powers were seeking cuts of 50-60% in industrial tariffs, as the Brazilians saw it. The “level of ambition” in each strand of the talks was thus out of kilter. Nonsense, the Americans and Europeans retorted. They said they were asking for reductions in industrial tariffs of just a few percentage points overall. Could both sides be right?

In WTO negotiations, countries haggle not over tariffs, but over tariff ceilings. In many cases, however, these mutually agreed ceilings give countries much more latitude than they choose to use. Brazil,

for example, has pledged not to raise its duties on industrial goods above about 30% on average. But the duties it actually imposes average less than 13%.

The gap between these two numbers is known as “water” in WTO-speak. After the liberalising wave of the past two decades, in which countries decided to open their economies without waiting for others to do likewise, there are now big gaps between actual tariffs and allowable ones. Exporters fear the Doha round will amount to little more than a mangle, squeezing water out of the trading system.

For example, Brazil, Argentina and others have offered to lower their ceilings by over 40%. But this proposal would trim the tariffs Brazil and Argentina actually impose by less than a percentage point, the WTO has calculated. Even the more ambitious efforts urged by America and the EU would shave only about three percentage points off the South Americans' average.

Why all the fuss then? Behind these averages lies a lot of variation. A handful of industries cowers behind barriers that brush close to the WTO ceilings. For example, South Africa's garment-makers enjoy a tariff of about 40%; its carmakers one of 30%. As a result, South African assembly lines still turn out a slightly modified version of the original Volkswagen Golf, decades after it disappeared from production elsewhere. Under any Doha deal, South Africa's government would be permitted to spare some lines of business from the full force of the cuts, but it would “have its hands full parcelling out the pain”, observes Peter Draper of the South African Institute of International Affairs, a think-tank based in Johannesburg.

In Latin America the types of goods China exports face tariffs about 9% higher than average, according to a recent study published by the World Bank. A Doha deal would take a bigger bite out of tariffs the higher they are. But not all of Brazil's peers are allowing fear of China to paralyse them. After the Brazilians left Potsdam in a huff, Mexico joined with Chile and six other middle-income members to try to revive the round, by showing a bit more ambition on industrial tariffs. Perhaps they appreciate cheap sunglasses.

*(Courtesy: The Economist)*

## US-Russia Clashes Sour G8 Meeting

Potsdam, Germany (AFP), May30: A clash between the United States and Russia over a proposed missile shield overshadowed a meeting of G8 foreign ministers today also marred by differences over climate change and Kosovo.

The meeting here to thrash out the agenda for a summit of G8 leaders in Germany next week ended on a sour note after Russian Foreign Minister Sergei Lavrov and US Secretary of State Condoleezza Rice exchanged sharp words over Washington's plans to base parts of a missile defence shield in eastern Europe.

Although both sides welcomed the announcement that Russian President Vladimir Putin would visit US President George W. Bush for rare face-to-face talks in Maine on July 1-2, the strains were clear.

Lavrov reacted angrily to comments Rice made on May 29 that Russian concerns over the shield were "ludicrous" and he accused Washington of reviving Cold War-era tensions.

"I think that those who are professionally aware of this problem understand that there is nothing ludicrous about this issue because the arms race is starting again," Lavrov told reporters after the meeting.

The United States says the planned radar base in the Czech Republic and 10 interceptor missiles in neighbouring Poland would defend Europe against potential threats from Iran and North Korea, but Russia argues the shield threatens its security.

In a terse response to Lavrov, Rice said: "The idea is that this particular missile defence programme cannot and is not expected to be able to somehow degrade the Russian nuclear deterrent."

She said Russia's nuclear arsenal "would overwhelm quite easily anything that is anticipated now or in the future for American and European missile defence."

Lavrov and Rice were also sharply at odds over the future status of Kosovo.

The Russian minister stressed that Moscow remained totally opposed to recommendations from chief UN negotiator Martti Ahtisaari that the UN Security Council should grant Kosovo internationally supervised independence from Serbia, a traditional Russian ally.

Lavrov said he hoped Russia would not have to use its Security Council veto to block a resolution on the province.

"I hope a veto will not be necessary," he said.

Rice said the Western powers were united in their support for the plan and would not accept Kosovo being reincorporated into Serbia.

"We and several of my European colleagues here believe that the Ahtisaari report provides the right basis for resolving the issue of status for Kosovo," she said.

Kosovo has been under UN control since 1999, after a NATO bombing campaign helped to force the withdrawal of Serb forces carrying out a brutal crackdown on ethnic Albanians.

Lavrov and Rice crossed swords again later at a meeting of the so-called diplomatic Quartet working to bring about peace in the Middle East, with the Russian minister warning that a sharp increase in US military aid earmarked for Lebanon could "destabilise" the country.

Rice retorted that Washington was complying with a UN Secretary Council resolution calling for reinforcement of the Lebanese army with the aid boost, which was approved by Congress last week.

Although global warming was not officially on the talks' agenda, divisions at the meeting indicated it was unlikely that the G8 summit in Heiligendamm on June 6-8 will produce any binding agreement on limiting greenhouse gases.

Chancellor Angela Merkel has staked Germany's presidency of the G8 on reaching a binding agreement between the leading industrial powers on limiting harmful carbon emissions -- a prospect Washington has rejected out of hand.

Rice said countries like Germany, which prides itself on its green credentials, should respect the US strategy of seeking a technological approach to reducing greenhouse gases.

G8 member Japan underlined in Potsdam that it believed a German-proposed deadline to conclude negotiations on the successor to the Kyoto Protocol by the end of 2009 were "premature."

Amid the discord, all eight nations presented a united front on Iran's nuclear ambitions.

A joint statement said the G8 was prepared to back "appropriate measures" if the Islamic republic failed to halt uranium enrichment.

Iran says it is solely trying to produce nuclear energy, but Washington believes it is trying to develop atomic weapons.

The foreign ministers of Afghanistan and Pakistan were invited to the Potsdam meeting and backed a G8 initiative, underlining "their common interest in working together to promote peace, security and development in the region."

The G8 summit will be attended by the leaders of Britain, Canada, France, Germany, Italy, Japan, Russia and the United States.

*Courtesy: Agence France-Presse*



## Protests in Germany Against G-8 Meeting Turn Violent

**Rostock, Germany, June 3:** More than 400 police officers were injured in clashes with demonstrators protesting against the upcoming Group of 8 summit meeting in northern Germany. Protest organizers said 520 demonstrators were hurt.

The police said 63 people remained behind bars after violence that broke out on June 2 on the sidelines of a demonstration by tens of thousands in this German port. Despite their riot gear, 433 officers were hurt, including 30 hospitalized with broken bones and cuts after fighting into the evening Saturday with about 2,000 protesters who showered them with beer bottles and fist-sized rocks, the police said.

Other officers were treated for inhaling smoke from burning vehicles and debris, and for eye irritation from the tear gas used by the police in an attempt to dissipate the skirmishing groups of black-clad youths.

Organizers said 20 of the injured demonstrators were seriously injured, and an activist, Mani Stenner, said more than 165 had been temporarily detained.

As part of the precautions, the German police surrounded the meeting site with barbed-wire fences and closed the surrounding waters and airspace.

People protesting against the summit meeting had streamed into Rostock from around Europe and elsewhere for what began as a relatively peaceful demonstration.

The authorities put the size of the demonstration at 25,000, while organizers said it was 80,000. About 13,000 police officers were on hand.

The protesters gathered in two large groups and then

marched through town chanting slogans and carrying signs against the Group of 8 event, which begins Wednesday in the nearby coastal resort of Heiligendamm.

Chancellor Angela Merkel of Germany will lead discussions with leaders of Britain, France, Japan, Italy, Russia, Canada and the United States on global warming, aid to Africa and the world economy.

After the two groups of protesters converged on Rostock harbor to hear speeches and music, clashes broke out on the sidelines between the police and about 2,000 violent demonstrators wearing black hoods and bandanas covering their faces.

The summit gathering, like past ones, had been expected to attract protesters opposed to capitalism, globalization, the war in Iraq and the G-8 itself, though organizers of the demonstration had called repeatedly for a peaceful action.

Calm prevailed in central London where hundreds of people, clad mainly in white, lined the banks of the Thames on Saturday to urge the G-8 countries to honor past pledges.

Banners bearing the names of organizations including Oxfam, Christian Aid, Cafod and Action Aid called on G-8 leaders to take urgent action on debt, AIDS, climate change and trade. The protesters chanted slogans like "G-8, the world can't wait" and blew whistles and horns. The police said the London rally was incident-free.

"This rally is to tell Tony Blair to make the G-8 live up to the promises they made two years ago on AIDS, poverty and climate at their Gleneagles summit," the antipoverty campaigner and musician Midge Ure said, referring to a summit meeting in Scotland.

### **No Leeway on Farm Access, Avers India**

India, on Friday, 22<sup>nd</sup> June asserted that it would not make any compromise on market access on its agro products without matching cut in farm subsidies by the developed and rich countries.

"We cannot make any compromise on livelihood of our millions of farmers. But at the same time we stand committed to successful conclusion of Doha round of negotiations of the World Trade Organisation (WTO), Commerce Minister Kamal Nath told newsmen here.

Mr Kamal Nath said the G-4 talks broke down because of the failure of the developed countries to accept effective reductions in their agricultural subsidies and at the same time, seeking additional market access in the developing countries for their agricultural products, including for their highly subsidised ones.

#### **End of day for G-4**

"There is no question of any compromise on agricultural market access issues which would have affected our farmers," Mr Kamal Nath, who attended the G-4 meet, said.

Asked about the deadline set by the WTO to start the Doha round negotiations by July 31 this year, he said "It is now the end of the day for G-4. Now it is for the full membership of the WTO to take the Doha round forward."

"Developed and rich countries want greater access to the markets in the developing world but refuse to cut their trade distorting subsidies in agriculture," Mr Kamal Nath lamented.

"For them (developed countries) it is question of further enhancing prosperity of their farmers. For us (developing countries) it is the very livelihood of our farmers. There can be no give and take where the very survival of our farmers is at stake," he said. "India, which is a firm believer in a rule based, fair and transparent multilateral system of trade, would work with other like minded countries-both developing as well as developed, to bring about a successful conclusion of the Doha Round," Mr Kamal Nath asserted.

Meanwhile, WTO Director General Pascal Lamy said the global trade negotiations toward concluding a deal on Doha Round would continue despite failure of talks between the four key nations — India, Brazil, the US and the EU — at Potsdam in Germany.

He said the G4 members have been meeting to bridge gaps in their negotiating positions. "Prior convergence among these members would have been helpful to pave the way toward multilateral convergence. But helpful does not mean indispensable. This negotiation is an endeavour among 150 members of the WTO," he said.

## UN Official Calls for No More G8 Summits

*By: Haider Rizvi*

A prominent United Nations representative joined ranks with thousands of activists gathered in Germany to protest the economic and political dominance enjoyed by the Group of Eight (G8) industrialized countries.

This year should be the “last” G8 Summit, said Jean Ziegler, the world body’s special rapporteur on the right to food, at the launch of the “Alternative Summit” called by rights groups to counter the annual G8 meeting.

Ziegler reportedly said he could not see why the annual meeting of the G8 leaders, which has run since 1975 and is costing German taxpayers about \$135 million this year, should continue.

Arguing that “another world is possible,” he observed that globalization as pursued by the G8 leadership had lost its way and that there was a need for a new “revolution” from below.

“2.7 billion of the world’s population is living below the extreme poverty line. That is nearly 40 percent,” he said in a speech. “Capitalism may have conquered the world but it has left behind a rash of diseases that are purely man-made.”

The UN representative insisted the G8 countries eliminate farming subsidies, a demand that the world’s poorer nations have been raising for years, though they have failed to get a positive response from their wealthier counterparts.

The Alternative Summit was organized by a wide range of environmental and social justice organizations, including Greenpeace, Friends of the Earth, ActionAid, Christian Aid, and Oxfam International.

Those who spoke at the Alternative Summit came from as many as 40 countries. The first day of protest this week saw more than 1,000 demonstrators wounded when police cracked down on the protests.

But organizers described their summit as a great success.

“After the demonstrations and violence it’s good to see something that we have supported from the start come to fruition,” said ActionAid Germany’s Astrid Schwietering, adding that the event was about refocusing globalization from the perspective of the southern hemisphere.

This year, among other issues, the summit leaders focused their talks on climate change. The group announced it had reached a deal to seek a “substantial cut” in greenhouse gas emissions, but failed to set any mandatory targets.

In addition to the civil society protestors, a number of developing countries have also raised concerns about the way rich nations are pushing their agenda on globalization, economic development, and environmental sustainability.

On Wednesday June 6, the UN-based largest coalition of developing nations, known as the Group of 77 and China, said it was concerned about the G8’s role in perpetuating inequalities between the industrial North and the largely agriculture-based economies of the global South.

Munir Akram, Pakistani envoy to the UN and chairman of the G77, said that developing countries have demonstrated a sincere commitment to fulfilling the pledges made in successive international conferences and summits during the past few years, but added “unfortunately our development partners have not reciprocated.”

Akram lamented that Official Development Assistance, the international aid given by wealthier countries to support the development of poorer ones, has declined in recent years. He feared it was likely to continue to decline in the near future.

He urged the G8 members to take “bolder and innovative measures” to meet the internationally agreed upon target of putting 0.7 percent of national budgets toward development assistance for poorer countries.

Of the G8 member countries, which include Canada, France, Germany, Italy, Japan, Russia, the United Kingdom, and the United States, none have yet reached that target. The United Kingdom came closest last year, allocating just over one half of one percent of its national income to development assistance. At 0.17 percent, the United States gave a lower percentage of its income than any other wealthy country except Greece.

Stressing that the aid given to poor countries should be “responsive to their national policies and free from any conditionality,” Pakistan’s Akram said the G77 would like to see comprehensive reforms of the international financial system and its governance architecture.

**He also called on rich countries to reduce the huge subsidies provided to their agricultural sectors, which he said threatened food security for the poorest, and he urged his colleagues from wealthier nations to lift restrictions on access to technology, a vital component for any country’s economic development.**

## US Trade Policy: The Trade Two-Step

TRADE deals are often concluded at the eleventh hour. This week's bilateral agreement with South Korea came even closer to the wire. The negotiators inked an accord 25 minutes before George Bush lost the right to send Congress new trade deals under the fast-track rules that limit lawmakers' ability to amend them.

A close call, but for the White House a useful boost. After six years, Mr Bush's trade achievements are modest. The Doha round of global trade talks is floundering. Many of the dozen bilateral deals passed since 2000 are more about foreign policy than free trade. The biggest prize has been a regional pact with six small countries in Central America.

The South Korea agreement is a bigger deal. It would be the largest bilateral accord America has struck since NAFTA was passed in 1993, as well as the first with a large Asian economy. Though far inferior to a breakthrough in the Doha talks, the South Korea deal could shore up Mr Bush's free-trade record.

Yet only two days earlier, the same free-trading Bush administration slapped tariffs of up to 20% on imports of glossy paper from China, after an American firm complained that its Chinese competitors got unfair subsidies through cheap loans. The sums involved were tiny: America imports some \$224m of glossy paper from China a year, less than 0.1% of all goods it buys from China.

But the symbolism was important. For more than two decades America has refused to impose anti-subsidy tariffs on countries, such as China, that it deems to be "non-market" economies. Instead, aggrieved American firms can file for anti-dumping duties if they prove that Chinese products are being sold below their supposed cost of production in "similar" countries. Now American firms will be able to file both anti-dumping cases and anti-subsidy cases against their Chinese competitors. From steel to plastic, no one doubts that American firms will soon be queuing up to use the new tools.

Welcome to the George Bush trade two-step. The theory presumably is that a few carefully targeted barriers will fend off more acute protectionist pressure from Congress and shore up political support for free-trade deals. That was the strategy behind the 2002 steel tariffs. Temporary help for America's steel industry was deemed a necessary price for extracting fast-track negotiating authority from Congress. It was a dubious punt back then. Mr Bush squeezed fast-track through the Republican Congress, but America infuriated its trading partners, making the Doha round much harder to negotiate.

Today's gamble has even longer odds. Mr Bush has little political capital even within his own party. And Congress is controlled by the Democrats, many of whom are deeply opposed to new trade agreements,

most of whom want to get tougher on China and few of whom want to give the White House a political victory.

The about-face on anti-subsidy tariffs is unlikely to forestall the passage of more comprehensive China-bashing laws, which seems all but certain this year. Instead of posturing about extreme tariffs (such as a 27.5% across-the-board levy) that are obviously against WTO rules, congressmen are determined to enact more sober (but still dangerous) legislation. One such bill enshrines the right to levy anti-subsidy duties against non-market economies. Others would declare China's currency to be just such a subsidy. Almost a dozen anti-China bills have already been introduced in Congress this year.

Nor will the Bush team's sudden China-bashing win many votes for its free-trade agreements. A few wavering Republicans may be convinced by the tough talk. But Democrats are the real barrier, both to the passage of existing FTAs and to the extension of Mr Bush's fast-track negotiating authority, which expires on June 30th.

Despite much shuttling between the Bush trade team and Charles Rangel, the top trade Democrat in the House of Representatives, the chances of a package that could buy Democratic support either for existing proposed FTAs (with Peru, Panama, Colombia and now South Korea) or for renewing fast-track, seem slim.

The Bush team has promised more money to help those hurt by trade; it has offered to get tougher on foreign labour-standards. But judging from a wish-list published by congressional Democrats on March 27th, none of that will be enough. As well as tough labour-standards, the Democrats want "immediate action" against currency manipulation in China and Japan and specific changes to individual trade-deals. The latest deal, for instance, must link the reduction of America's car tariffs to the number of American cars sold in South Korea.

The extent of these conditions suggests that congressional Democrats (perhaps with the exception of Mr Rangel) do not really want any trade deals to go through. The exact excuse differs. Labour standards are the biggest hurdle for the Latin American deals. That is less of a problem with South Korea, a richer country with strong unions. Nonetheless, America's unions have already declared their opposition.

The political calculus for extending fast-track is different. If the Doha talks make sudden progress, it is possible that Mr Bush could get a limited extension to conclude a global deal, since the Democrats will not want to be blamed for sinking global trade talks. But without such a breakthrough, fast-track extension, too, seems a non-starter. For all the nifty footwork of recent days, America's trade agenda seems headed backwards.

## **Adios, World Bank!**

*By: Nadia Martinez*

World Bank is not only losing supporters, it is also losing victims. In Latin America, countries are paying off their World Bank loans early, cutting off ties with the Bank, and creating their own financing instruments to replace the world's oldest multilateral lending agency.

Unfortunately, the latest corruption scandal involving questionable promotions and outrageous salary increases for Wolfowitz's girlfriend, Shaha Riza, is just the tip of the iceberg when it comes to doubts about the World Bank's credibility, legitimacy and capacity to fulfill its stated mission of eradicating world poverty.

Poor countries throughout the world should follow Latin America's lead and desert the planet's biggest hypocrite.

### **Breaking the Debt Ties**

Since its creation over 60 years ago, the World Bank has provided trillions of dollars in loans to poor countries. In Latin America, in recent years World Bank financing—though diminishing—accounts for about 20 percent of multilateral lending, excluding loans to the private sector as well as political insurance and guarantees extended by its private sector and insurance arms. **In addition to providing financial resources, the World Bank—along with the International Monetary Fund (IMF)—took the lead in making policy prescriptions to poor governments, which it ensures are adopted by making them “conditions” for lending. Throughout the developing world, debt seriously hinders countries' abilities to provide for the basic needs of their citizens, and imposed “conditionality” interferes with governments' rights to make sovereign decisions.**

At the same time, persistent poverty in Latin America has barely budged. A report by the Center for Economic and Policy Research found that poverty and inequality in Latin America increased between 1980 and 2005, when compared with the prior 20-year period. The United Nations' Economic Commission on Latin America drew similar conclusions. Their figures show that between 1960 and 1980, per capita income in Latin America experienced an 82 percent increase in real terms, whereas between 1980 and 2000 it only grew by 9 percent.

As a result, there has been a clear backlash to the disastrous financial failure of the neo-liberal, “Washington Consensus” economic model, promoted and often imposed by institutions such as the World

Bank in the last two decades. In 2006, presidential elections were held in 12 Latin American countries. In six of them, the left-wing candidates won and in another four, left parties made considerable progress. Economic policy was a dominant theme in all of the election campaigns. Candidates who were critical of the conservative, pro-business, free market economic policies of their predecessors fared much better than supporters of the Washington-favored status quo.

For example, countries like Argentina, Brazil, Ecuador and Venezuela have made efforts to break themselves free from the debt chains that tie them to these financial culprits. In April, Venezuela announced that it was paying off all its outstanding debt with the World Bank—totaling \$3.3 billion and dating from before President Hugo Chavez took office in (1999)—five years ahead of schedule. Venezuelan Minister of Finance Rodrigo Cabezas said that because of this, “Venezuela is free ... and thank God, neither today's Venezuelans nor children yet to be born will owe one single cent to those organizations.” Later that month, in the wake of the Wolfowitz scandal, President Chavez declared that Venezuela was withdrawing its membership in the World Bank and the International Monetary Fund.

Likewise, Argentina, Brazil and Ecuador have paid off their debts to the World Bank's sister institution—the IMF—and others have expressed a desire to do the same. Symbolically, Venezuela's recent decision could help strengthen the efforts of other developing countries seeking reform at the World Bank by demonstrating to the institution that choosing not to be part of it is a real option.

### **Persona Non Grata**

At the same time that Venezuela announced it would pull out of the World Bank and IMF, Ecuador expelled the Bank's representative in that country, declaring him persona non grata. Ecuador's new President, Rafael Correa, accused the World Bank of blackmail, announcing that, “because a sovereign country decided to reform a national law—for misbehaving—they withheld the check.” He was referring to a \$100 million loan that was cancelled by the World Bank in 2005, when Correa was finance minister. At the time, the matter ended with his resignation.

Ecuador is the second largest oil exporter in Latin America, after Venezuela. Nearly 40 percent of its export earnings and one-third of its income are derived from oil. Yet, more than half of its 13 million inhabitants live in poverty. In an attempt to address this imbalance, in 2005 Correa, then Minister of



Finance, urged Ecuador's congress to modify a fund that was established in 2002 at the behest of the International Monetary Fund (IMF) to collect and distribute part of Ecuador's oil revenue. The fund was initially structured to allocate 70 percent of its resources to service Ecuador's foreign debt—debt to international lenders including the World Bank. The remaining 30 percent was destined toward stabilizing oil revenues (20 percent), and to improve health and education (10 percent). The World Bank estimated that from 2003 to 2007, the Fund would be able to generate over \$1.5 billion for foreign debt payment. Congressional reform of the oil revenue fund increased the amount used for health and education to 30 percent and consequently lowered that for debt repayment to 50 percent. The change was hardly a radical shift, as the largest portion of the fund continued to go to Ecuador's creditors. But that was not acceptable to the World Bank, who responded to Ecuador's action by canceling the previously approved loan.

The World Bank's arm-twisting tactics aren't new, and its motivation was clearly to ensure that Ecuador continued to produce oil to generate resources to pay its debt. Bringing development to the country, and its people out of poverty takes a far second place. The World Bank has shown its true colors not only in Ecuador but also in the rest of the poor, indebted and resource-rich world. This was going on long before Wolfowitz's misdeeds and is a far more serious problem.

Meanwhile, Ecuador's Correa has stated that his country reserves the right to bring official charges against the World Bank for damages caused by the cancellation of the \$100 million loan. His government plans to look more closely at World Bank loans taken out by previous administrations.

### **Bank of the South**

The increasing frustration with traditional multilateral financing options has led some governments to begin thinking about alternatives to fulfill their financing needs, while at the same time breaking their dependence on capital—and influence—from the United States and Europe. At the same time that the World Bank is suffering its most damaging scandal to date, plans for an alternative regional bank are advancing quickly.

Earlier this year, Venezuela and Argentina launched the new "Banco del Sur" (Bank of the South), pledging more than \$ 1 billion to get the institution up and running in the next few months. Although the details are currently being worked out (a 90-day deadline

has been established to define some basic operating rules) several other countries have agreed to join: Brazil, Bolivia, Ecuador and Paraguay will also be founding members. Additionally, Nicaragua, several Caribbean countries and even a few Asian nations have expressed interest in participating in the new multilateral institution.

The Bank of the South's creation underscores the severity of the disenchantment with the traditional U.S.-dominated instruments for development finance. From the World Bank to the Inter-American Development Bank (IDB) (which provides financing exclusively in Latin America and the Caribbean), voting privileges are based on financial contribution, which makes the U.S. Treasury the single largest shareholder, bringing with it the largest share of the vote. In the IDB, the U.S. not only "owns" a whopping 30 percent of the vote, but it also holds veto power—an advantage to which no other member is privy.

In a clear departure from this undemocratic and paternalistic governance structure, Banco del Sur promoters assure, as Cabezas has said, that in the new institution "no one will be the sole owner." Although not fully defined, there has been indication that voting power will be based on financial need, rather than monetary contribution or political weight. But beyond the critical structural and political delineation, the real challenge will be to create an institution that does not only look different than its predecessors but that it actually thinks and acts differently. This means that member countries will need to think long and hard about how development will be defined and how it will best be achieved.

### **Beyond the Hypocrisy**

Regardless of what happens to Wolfowitz or his girlfriend, the World Bank will continue in its downward spiraling crisis of legitimacy, at least in Latin America. As countries are able to mobilize the necessary resources to free themselves from financial obligations with the institution, they are likely to make this a priority. So too, will they continue to collaborate in finding new ways to solve the region's poverty and other plights without turning to the World Bank—but rather by devising innovative arrangements such as bartering (i.e. oil for doctors, as in the case of Venezuela and Cuba), and by catalyzing existing resources through the Bank of the South and other regional institutions.

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## Forward March Of Capitalism In Orissa

*By: Sarbeswar Sahoo*

The New Year 2006 greeted the people of the state of Orissa, India with the sounds of bullets and shedding of blood, leaving 12 people dead and creating a sense of fear and insecurity among others on 2nd January. This barbaric and dishonorable act committed against ordinary citizens in the name of modernization and development reflects the height of capitalism in Orissa. The questions here are, is Orissa a capitalist state? And, why do people resist the industrialization ventures of the government, if it aims to bring development? Although the first question seems less important, is inseparably related to the second. **Despite of having more than 40 percent of its population below the poverty line, the historical trajectory of development and policies of the government of Orissa reflect the incessant pursuit of profit over the general interest of the people. Capitalism is marching forward in the name of development, and generating poverty and inequality as its intrinsic logic.** Given this background, the paper analyses briefly the historical trajectory of development in Orissa and its implications for the people in the context of firing at Kalinga Nagar on the issues of industrialization, displacement and rehabilitation.

Due to the unequal allocation of resources, administrative apathy, and central neglect, Orissa has been suffering from extreme poverty and underdevelopment in comparison to other Indian states. In his eagerness to bring development to Orissa the then chief minister, Biju Patnaik openly endorsed the new economic policy and invited investment from the country and overseas to set up steel plants, power plants, and refineries which projected Orissa as a dynamically enterprising, liberalizing, and privatizing state. By virtue of cheap labour and low transportation costs it attracted the largest amount of private sector investment during 1995-96, followed by Gujarat, Karnataka, and Maharashtra, and emerged as one of the major economic power in the Asia-Pacific region.

Recently, due to Chief Minister Navin Patnaik's open invitation to the corporate bodies to get the mining rights on massive iron and bauxite reserves of the state, Orissa optimistically expects a Rs. 1,00,000 crore bonanza over the next five-to-seven years, which is highest in comparison to any of the Indian states. Taking into account the growing demand for steel in international market and its commitment towards industrialization and development, the present Biju Janata Dal-Bharatiya Janata Party alliance government has signed up 43 memoranda of understanding for steel plants and 3 for aluminum refineries so far. The state also has proposed to build two more ports in Dhamra (L&T and Tata Steel) and Gopalpur (global bid on build-own-operate-

transfer terms) to provide investors with a gateway to international trade. Thus, Orissa has fast emerged as a major site for foreign direct investment and free market capitalism.

**The question then is why do people resist the development projects undertaken by the state? In order to understand the politics of resistance, we need to understand the implications of capitalist development for the people of Orissa and especially the displaced population? Grounded on Western rationalism, the capitalist mode of profit oriented development and modern industrial growth has not only perceived nature as 'external' to society and thus, an infinitely exploitable domain, but also transformed the people, often against their will, into a dispossessed working class. In the name of development, people have been pushed off the land; their forests and water have been taken over by the state and the market, so that they have been deprived of everything except their labour power. Coercive state power has impoverished the people and, in this context, resistance is seen mainly as a reflex action prompted by being driven over the edge by economic and political deprivation.**

The state of Orissa, which seems to be acting as the managing agent of the corporate giants, is deliberately flouting the constitutional provisions of the Panchayats Extension to the Scheduled Areas (PESA) Act, 1996. The study group of the CSD in 1999 found that there is no evidence of consultation of gram sabha by the state related to land acquisition and R and R package. The local administration in the region in league with the company does not seem to have any respect for and commitment to the rule of law, which it is supposed to uphold. Large-scale industrial and infrastructural projects have displaced the tribals from their productive assets (particularly land, forest) and homes.

The Land Acquisition Act of 1894 (now amended in 1984) empowers the government to acquire private lands and properties in 'public interest'. Statistical figures on Orissa indicate that till 2000, about 20 lakh people have been directly affected by development projects in varying degrees out of which about 5 lakh have been physically displaced losing their home and hearth from their original habitat. Mining in Orissa has created "an estimated 50,000 environmental refugees," according to news reports. The government of India (1994) admits that 15.5 million people have been displaced by various development projects, out of which 74.52 percent displaced people were still awaiting rehabilitation. This unsuccessful rehabilitation policy also stands as one of the major reasons of resistance of the development projects.

Establishment of industrial projects, felling trees to supply timber for laying railway tracks, building towns and collecting raw material for industries gave birth to a process of deforestation. The destruction of forests have unleashed a situation where more and more people are being displaced from their communities and traditional ways of life and resulted in an insecure livelihood for the tribal and indigenous communities in the hilly areas and tribal belts of Orissa. Displacement dismantled the existing socio-cultural fabric and economic base of the displaced families, which has been built over several centuries and generations. It dispersed and fragmented communities, dismantled patterns of social organization and interpersonal ties; kinship groups became scattered as well. It also increased the drop out rates and caused a wider loss to the children of the displaced tribals and denied their basic right to education and literacy.

The new policies of development in consonance with the needs of the market forces have been forcing the indigenous people to leave their traditional rights of community (common property) resources and minor forest produces. In course of time, tribal lands and forests became the property of the state, denying them from their right to employment, work and livelihood. Nature turned into property. Instead of protecting the interest of the people, protection of the interest of the multinationals and profit occupied the central place in every move of progress by the state. This process of development by the state has brought disentanglement for the people, where the tribals are gradually denied access to the support system of their livelihood.

As Cernea (2000) has argued, capitalist development projects have generated various impoverishment risks for the displaced people. These are: (1) landlessness, (2) joblessness, (3) homelessness, (4) marginalization, (5) increased morbidity and mortality, (6) food insecurity, (7) loss of access to common property, and (8) social discrimination. To this list Courtland-Robinson (2003) added two more: (9) loss of access to community services, (10) violation of human rights. A.K. Mahapatra (1996) added the eleventh point: (11) loss of educational opportunities.

It is evident from the above that the government's patrimonial and profit oriented policies by permitting corporations for extracting mineral wealth indiscriminately and pushing thousands of people into destitution reveal the exploitative and exclusionary development agenda and unstoppable forward march capitalism in Orissa. The primacy of profit over people has severely violated the human rights of the people. The democratic state has given rise to a kind of Hobbesian 'state of nature' where a sense of fear, insecurity, and lack of freedom rule over society. The Hegelian state, which ensures and legitimizes the freedom in civil society and protects the citizens, is now using its sovereign powers to protect the MNCs and TNCs to crush the interests of the citizens. The citizens are turned into refugees and aliens in their own country, the 'foreigners' and 'aliens', because of the capital they possess, are treated more than citizens. And, civil society as a sphere of freedom has turned into a domain of the oppressed.

### **Poverty Gap 'Widest in 40 years'in UK**

*By: Clare Francis; The Time, UK*

British society is becoming increasingly divided. The gap between rich and poor is at its widest for 40 years, research from the Joseph Rowntree Foundation has revealed.

The wealthy have become disproportionately more well-off while an increasing number of families find themselves below the bread line. The disparity is leading to a schism as rich, poor and average households are now less likely to live next door to one another than they were in the 1970s.

The wealthy have moved to the suburbs while poorer households remain in the inner cities. The wealthiest families are concentrated in the south east. This is likely to be a result of local economies with many of the highest paid working in the capital. Rising house prices are also a contributing factor.

The average house price in London is £292,409, compared with £134,523 according to Nationwide's latest figures. Not only does the house price divide have an impact on where people can afford to live, but it has also meant that the richest people have benefited most, and had their wealth boosted, by the property boom.

Danny Dorling at the Joseph Rowntree Foundation said: "Over time it has become clear that there is less and less room in the south for those who are neither rich nor poor; they have either moved elsewhere or become poor."

However, the Joseph Rowntree report also found that the number of very poor is declining, because of initiatives such as tax credits. The less well-off are more likely to use loans and credit cards to smooth out the effects of fluctuations in their incomes. The level of debt relative to income for the poor tends to be 20 per cent to 25 per cent higher than for the population as a whole.

Those caught in the debt trap are also more likely to struggle with rising interest rates. The Bank of England has hiked rates five times since last August, and while figures out today reveal that inflation slipped back slightly to 2.4 per cent last month, most economists doubt this will be enough to stave off another rate increase. The situation for those already facing financial difficulties therefore looks set to get worse rather than better in the near term.

## **Private Capital Flows to Developing World hit US\$ 647 Billion**

Net private capital flows to developing countries hit a record US\$647 billion in 2006, continuing a pattern of high, broad-based economic growth in the developing world, according to a recent World Bank's Global Development Finance (GDF) 2007 report.

But while 2006 marked the fourth consecutive year in which developing countries grew by more than 5 percent—an “unprecedented” achievement in the last 50 years of development history—the pace of financial flows is beginning to slow, says the report.

“What we’re seeing now is a leveling off of these increasing capital flows, and on the macroeconomic side, a likely easing of world growth and developing country growth over the next two years,” says GDF lead author Mansoor Dailami.

The GDF is the World Bank's annual review of recent trends in and prospects for financial flows to developing countries. Such capital flows contribute to development and are often seen as new roads, machinery, technological improvements, and the kinds of manufacturing enterprises that drive employment and economic growth in developing countries.

This year's special topics—low-income countries' access to commercial debt markets and the fast-growing corporate sector in developing countries—highlight two areas of increasing importance to the future growth and financial stability of emerging market economies.

According to the report, the world economy grew by an estimated 4 percent in 2006, and developing countries by 7.3 percent. Overall economic growth in developing countries is expected to slow slightly in the next two years, but will still be about 6.7 percent in 2007 and 6.2 percent in 2008.

Dailami cautions that the projected slowdown in global growth, driven in part by a downturn in the U.S. and reinforced by tighter monetary policy in high-income countries, could make financing conditions for developing countries somewhat less favorable in coming years.

### **The development finance landscape is being transformed**

Equity continues to account for the bulk of capital flows, the report's authors say. Equity flows totaled \$419 billion in 2006, accounting for three-quarters of total (private and official) capital flows, up from two-thirds in 2004.

Portfolio equity reached a record \$94 billion in 2006, up from only \$6 billion in 2001-02 – a remarkable leap. The strength of investors' interest was well demonstrated by initial public offerings (IPOs) by two Chinese banks (the Industrial and Commercial Bank of China and the Bank of China) totaling \$21 billion. These ‘mega-IPOs’ dominated the scene in 2006.

Foreign Direct Investment (FDI) to developing countries increased to \$325 billion in 2006, equivalent to roughly one-fourth of worldwide FDI flows of \$1.2 trillion.

“Companies and banks in emerging markets are taking advantage of favorable conditions as well as much more liberal financial regulations to come to the markets in quite a massive way,” says Dailami, Manager of International Finance in the Bank's Development Prospects Group.

Most corporations are from the telecom, oil and gas sectors. Banks from India, Kazakhstan, Russia, Turkey, and other countries are coming to the international capital markets to where they can get better terms, which in turn allows them to shore up their domestic loan portfolios.

“Access to global capital markets allows these corporations to diversify their sources of funds, improve risk management through more sophisticated financing instruments, borrow at longer maturities, and reduce their cost of capital,” says Dailami.

### **Less Government Borrowing**

At the same time, governments are borrowing much less from financial markets, because many large middle income countries have big reserves, smaller fiscal deficits, and booming commodity markets.

Dailami explains, “Developing countries have done quite a lot in terms of putting their houses in order. They've undertaken significant reforms on the macroeconomic side and the institutional side, as well as opening up their borders to international capital flows.”

### **Private markets work, but not for the desperately poor**

Another powerful trend is that private capital flows now dwarf development assistance, but this money does not go to the poorest countries. In fact, 82 per cent of the private capital flows to developing countries in recent years have gone to just 20 of the 135 developing countries included in the World Bank's analysis.

“The poorest 51 countries received just 8 per cent of total capital flows – a pittance when compared with the whole pie. Sub-Saharan Africa was the destination of only 6 per cent of the \$4.9 trillion in private capital that flowed to developing economies between 1990 and 2006,” Dailami explains.

### **No boom lasts forever**

The report's authors conclude that a global rebalancing is in store and recommends that policy makers in developing countries take advantage of good times now to build the necessary institutions to be able to withstand future shocks and avoid a credit bust or systemic banking problems.



## **Unethical Ethanol Tariff**

*By: Adam Dean*

Brazilian President Luiz Inácio Lula da Silva and U.S. President Bush met early April at Camp David to discuss the future of ethanol. As the world's largest producer of sugar and a pioneer in the production of ethanol, Brazil is a key ally in Bush's plan to reduce America's foreign oil dependence and environmental footprint.

Imports of Brazilian ethanol could be a major step toward achieving Bush's goal of reducing American gasoline consumption by 20 percent over the next ten years. As ethanol can be produced from sugar, increased consumption of the fuel in the United States could also lead to a higher commodity price for sugar producers in Brazil, with the potential to lift thousands out of poverty.

Despite these potential benefits, there is disagreement on whether producing fuel from food crops such as sugar or corn is truly a panacea. Breaking nearly a year of silence due to ill health, Cuban leader Fidel Castro recently lambasted the U.S. plan. According to Castro, the diversion of food crops to fuel production devastates the poor of Latin America, who can no longer afford basic food staples. For instance, due to its use in the production of ethanol, corn prices have risen more than 80 percent since last summer, from \$2.17 to nearly \$4 a bushel. This increase has caused tortilla prices in Mexico to rise by nearly 50 percent over the same period.

*Increased use of ethanol in the US could also lead to a higher commodity price for sugar producers in Brazil, with the potential to lift thousands out of poverty.*

Enrique Ochoa, a scholar specializing in Latin America and food issues, has argued that the rising price of corn has been especially difficult for Mexican consumers because of NAFTA. Due to the NAFTA requirement that the Mexican corn market be opened to U.S. imports, many Mexican corn producers were put out of business by cheaper American imports. This reduction in domestic corn production made Mexico more vulnerable to steep price increases.

But the effects of rising corn and sugar prices are not all bad. The use of sugar in ethanol production has the potential to benefit thousands of rural farmers in Latin America who depend on the commodity's price. If the United States were to increase imports of Brazilian ethanol, the additional demand could lift the price paid to Brazilian sugar producers from a recent low of only nine cents per pound. In this way, Castro's complaints over the rising prices of food commodities fail to consider the benefits for producers in developing countries.

Similarly, Ochoa's analysis of rising tortilla prices in Mexico fails to grasp the complexity of commodity prices and agricultural trade policy. There is no doubt that the implementation of NAFTA led to reductions in Mexican corn production, but that development alone did not lead to rising corn prices. In fact, the cheaper

American corn imports made possible by NAFTA had the potential to lower food prices. An American commitment to free trade would allow all to benefit from the advances in biofuel technology.

Despite the above criticisms of biofuel consumption and free trade, the key to higher living standards for the poor of Latin America does not lie in protectionist trade measures or abandoning ethanol production. Rather, an American commitment to free trade would allow all to benefit from the advances in biofuel technology.

*An American commitment to free trade would all to benefit from advances in biofuel technology.*

At the heart of the issue is U.S. ethanol policy. Despite the Bush Administration's explicit support for increased U.S. ethanol consumption, the United States maintains a tariff of 54 cents per gallon for imported ethanol. This tariff limits U.S. ethanol imports and creates a higher domestic price than would otherwise result from a more open market.

By limiting market access for Brazilian ethanol producers, who would benefit from increased exports, the U.S. tariff also limits the subsequent benefits that would accrue to Brazilian sugar producers. Furthermore, since ethanol production in the United States is based on corn, the tariff also leads to a higher price of corn in the United States. This artificially inflated price is then passed on to Mexican consumers in the form of higher food prices.

*It is the U.S. tariff on ethanol imports that may have caused higher tortilla prices in Mexico and slowed the growth of Brazilian ethanol production.*

In these ways, it is the U.S. tariff on ethanol imports that may have caused higher tortilla prices in Mexico and slowed the growth of Brazilian ethanol production. If the United States were to eliminate its ethanol tariff, we would likely witness market changes that would greatly benefit everyone involved.

The ramifications of the U.S. ethanol tariff display the ethical consequences of American trade policy. Although free trade agreements such as NAFTA hold the potential to benefit Mexican consumers through access to cheaper goods, these benefits can be eliminated by later market distortions, such as the ethanol tariff. In order for Mexican consumers to benefit from open markets, the United States must be committed to a free trade policy that does not distort the price of basic commodities such as corn. Likewise, in order for Brazilian ethanol and sugar producers to benefit from global trade, they must be granted tariff-free market access to the United States.

If the United States is to share the benefits of globalization with developing countries, it must maintain a commitment to open markets for foreign imports and carefully consider the global impact of its trade policy.

*(Courtesy:Global Envision)*

## Hidden Wars: US Troops in Germany

*By: Heather Wokusch*

"The point now is how do we work together to achieve important goals. And one such goal is a democracy in Germany." - **George W. Bush, May 2006**

There's an unexpected front in the Bush administration's "war on terror" - Germany. And the roughly 68,000 US troops stationed across the country often find themselves in the center of controversy over US foreign policy.

Take Agustín Aguayo, a Mexican-American conscientious objector (CO) formerly based in Bavaria. Aguayo unsuccessfully applied for CO status before deploying in 2004, and citing non-violence, even refused to carry a loaded weapon during his year as a combat medic in Iraq.

In late 2005, Aguayo appealed to a US Federal court on grounds that his CO status had been wrongfully denied, and after his bid was rejected, fled Germany rather than redeploy to Iraq in September 2006. Before surrendering to military authorities in California less than a month later, Aguayo held a press conference stating, "I have come to believe that it is wrong to destroy life, that it is wrong to use war, that it is immoral, and I can no longer go down that path."

Aguayo was promptly sent back to Germany and thrown in the brig. His case became something of a national cause célèbre, with prominent German newspapers reporting his eventual court martial and conviction for desertion.

Other US troops in Germany seeking early discharge have been luckier, and many can thank the Bammental-based Military Counseling Network (MCN). In fact, all seven of the conscientious objector applicants the MCN supported through the application process in 2006 ended up receiving Honorable discharges.

One was former US Army Specialist Kyle D. Huwer, who served for one and a half years before, as he puts it, "I finally came to my senses and realized that what I was doing was wrong."

Another was former US Army Private Clifton F. Hicks, who served from the summer of 2003 to late 2005. Hicks says, "I joined to defend the people of the United States, and when I found our Army was not doing that, and that I was in fact being used to further the goals of evil men, I began to question my involvement in such an organization."

For some troops in Germany, going AWOL (absent without leave) seems the only option, such as "John," who took a stateside leave earlier this year and never

returned.

Even John's family does not know where he is now, and it could be for the best. His parents are avid Bush-supporters; his uncle works for a weapons manufacturer and his stepfather, for an oil company.

The only person John has fleeting contact with is his girlfriend, "Sarah," doing her best to cope with his absence. Sarah had lived in Germany with John and is frustrated with life back in the US: "Watching the news here really makes me angry, people are so detached from reality. They increase the troop deployments from 12 to 15 months, and no one besides the military families recognizes it. They are sending back national guard people for multiple deployments, no one recognizes it. You hardly hear anything about what that puts on the families, emotionally and financially. I'm deeply mad and sad about that at the same time."

Initially gung-ho about enlisting, John said second thoughts arose when he was repairing a phone hookup in Baghdad and spotted "Abu Ghraib" on a faulty fiberoptic cable. He felt part of something wrong: "I didn't directly have blood on my hands, but I was part of it."

John granted an exclusive interview for this article, and spoke about becoming disenchanted with the military. Of his year in Baghdad: "It was not what I was expecting at all. There are people in Iraq making HUGE sums of money profiting over poorly supervised and ill-run government contracts. When you hear about the cost of the war in Iraq, it's this kind of thing that's doing it, not the body armor, having to pay the soldiers a couple of meager extra bucks, or armoring the humvees. It's paying KBR \$90 for every time I turn in my laundry while

paying poor Pakistani and Filipino workers who work long hours with no days off for years at a time (and handling thousands of bags of laundry) \$15 a day."

John's unit returned to Germany in mid-2006, but he says, "We were treated like dirt still, and being late in the morning was a serious thing because they were afraid of people killing themselves overnight."

After a few months out of Iraq, John felt "a tantalizing taste of freedom and what life should be like, not what life in the army is." Rather than deploying to Afghanistan later this year, he approached the Military Counseling Network and decided to go AWOL.

While MCN counsels US troops on a range of early discharge possibilities, case manager Tim Huber says that conscientious objection and hardship are currently

the most prevalent choices: "These two discharges reflect an expansive array of problems with the military, including problems with the morality of the current war in Iraq, family issues, a dismissive attitude on the military's part towards post-traumatic stress disorder, and a general fed-upness towards rotational deployments with no end in sight."

Huber and MCN Director Michael J. Sharp face a daunting workload. Since the beginning of this year, they have handled roughly ten new soldier cases every month - a 30% increase over the numbers averaged in 2006.

Of course, the majority of US troops in Germany are not seeking early discharge. The military has become a way of life, and that can present challenges when they eventually return home and look for civilian work.

That's where Sudie Nolan-Cassimatis comes in, a vibrant woman who teaches job-application skills to retiring service members. As part of the Department of Labor's Transition Assistance Program, Nolan-Cassimatis travels across Germany to different military bases each week, coaching classes of 10-50 on the finer points of entering the US job market. Basics such as writing résumés and answering interview questions are covered in the course, but as Nolan-Cassimatis observes, "these things seem very straightforward to those of us who have never been in uniform, but don't seem at all straightforward to folks who have spent their careers in the military."

She's clearly dedicated to her work: "Mostly, I am amazed and touched each week at the stories I hear from soldiers. Many of them have been deployed twice or more, even the soldiers who are only 22 years old, and they have a resilient spirit. They've given up multiple years of their lives. Many of them have kids that they've been away from for years at a time. I think it's only fair that they get a shot at a job on the outside."

Nolan-Cassimatis knows firsthand about having a loved one serving in a war zone. Her husband Dimitri is currently in Baghdad working as a Squadron Surgeon.

Before deploying, Dimitri Cassimatis was a cardiologist at the sprawling Landstuhl Regional

Medical Center (LRMC) in southwestern Germany. It is the largest American hospital outside of the US and the first stop for medical and psychiatric evacuees out of Iraq and Afghanistan.

C-17 cargo planes drop off the wounded day and night, and LRMC's staff of 2,200 can handle 1000 beds in an emergency. A typical day at LRMC sees nine new acute cases.

On a recent visit to the facility, the Iraq war's toll on US troops was brutally evident. A 23-year-old soldier, physically shattered and facing blindness, was among many battling for life in the Intensive Care Unit. Couldn't even see the newly-earned purple heart pinned to his pillow.

In the next ward, a fresh-faced young woman whose neck had been crushed during a bad fall. A 19-year-old nearby contemplating life with just one leg. Relentless stories of IED (improvised explosive device) attacks and sniper assaults; youth putting a brave face on lives torn apart and innocence lost.

The wounded at LRMC may be under the radar for most Germans, but debate continues over whether the US military presence there ultimately perpetuates the Bush administration's wars.

Just last week, a group of Iraq veterans and German peace activists demonstrated outside Katterbach Army Airfield in Bavaria, trying to convince active-duty soldiers preparing for a 15-month deployment to reconsider. As Adam Kokesh, a 25-year-old member of Iraq Veterans Against the War (IVAW) told the Berliner Zeitung newspaper, "There is no military solution for Iraq. An army can only destroy." Kokesh and other US veterans were also trying to raise awareness about the struggle of those in the Bavarian town of Ansbach working to resist the expansion of a US military base there.

Advocates point out that Americans have lived peacefully in the country for decades, supporting the economy, contributing to communities and befriending locals.

But as Lori Hurlebaus of Courage to Resist notes, "Even if the German military was not involved in the invasion of Iraq, there is a military conducting a war of aggression from German soil."

*(Courtesy: Counter Currents)*

## Towards (Trans) Locating the Adivasis in Junk Spaces (Malls)

*By: Asit*

If we look at the media headlines today, the following spectacles and phenomena dominate the information barrage:

- Bullish stock exchanges
- Crowded McDonalds and swarming beach resorts
- Swinging discotheques
- The sparkling Queen's necklace (Marine Drive)
- Malls, multiplexes, software parks, 'smart cities', swanky emporias, towers with all their glass and glitter.

Against this backdrop we have the sweeping gentrification of slums, burgeoning suburbia with their pools, golf courses, custom built vehicles, luxury condominiums and so on. The banner headlines bombard us with the news of India's arrival as an economic superpower with a phenomenal 8-9% growth of the GDP.

Before we point out the impact of this much-flaunted economic achievement on vulnerable segments like women, dalits, ethnic and religious minorities, adivasis, peasants and workers etc, we would like to deconstruct the myth of 8% growth and the stock exchange boom. This economic turning point is a bloody pointer of early 21st century imperialism -with a century-long bloodthirsty trajectory of eliminating the peasantry from the face of the earth, extermination of the indigenous people from most parts of the globe- is the long tiring story of capital's insatiable hunger for profit. This 8% growth has been achieved after the ruling classes of India and their political parties ruthlessly administered the shock therapy known as structural adjustments- liberalisation packaged in the neoliberal paradigm, whose master narrative is known as 'Globalisation'.

Globalisation -which was capital's response to it's own contradictions and cyclical structural crises after the end of the post-war boom, after the "Petroleum crisis", global economic recession, the Vietnam war and so on, the world economic relations were restructured according to the neoliberal ideology. Dollar was de-linked from the gold, and then "social democracy", "Keynesian demand management" and the chimera of the "welfare state", "import substitution" were given up. Washington consensus was adopted to bail out global capitalism in the late 70s and early 80s. The comprador rulers of the third world gave up their shallow rhetoric of socialism, self-reliance, and the whole discourse of decolonisation was reduced to the desensitized moribund terrain of history textbooks and development studies.

In the 80s, as a direct fallout of the debt crisis,

structural adjustment policies of globalisation were ruthlessly imposed by the Brettonwoods institutions, at the behest of the imperialist masters- especially American imperialism on Latin America (which it considered its own fiefdom). These policies devastated and pauperised the entire working masses and indigenous people of Latin America -while the local elites and the multinational corporations made money there was 'boom'. A radical economist of Latin America had then remarked "The economy is doing fine, but the people are not." Then there was the crash, now the word globalisation invites a hostile reaction from the common people of Latin America, and this situation led to the formation of popularly elected left-wing governments. China and India are having the present economic boom because capital has found new virgin areas to exploit. Most of the Sensex leaps are results of foreign institutional investment of speculative finance capital coming in to make a fast buck, and will withdraw at the first signs of the crisis. Then the entire edifice of aspiring Asian economic super-powers will collapse like a house of cards. One should not forget the meltdown of the economy of the so-called 'Tigers of South-east Asia'. On the one hand the depoliticized academia, and the culture-vultures who romanticize tribal culture and their way of life, the governments objectify and museumize them, and the government of India showcases tribal culture in state-sponsored official APNAUTSAVS in London and Paris, while on the other hand, shocking news of starvation deaths of Adivasis pours in from different parts of the country every day.

These adivasis -native people, indigenous people- were condescendingly called 'Tribals' by the colonial masters, while the anthropologists made lucrative academic careers by objectifying them through their studies, as if they are a different species to be showcased in the museums. There was decimation in the name of the white man's burden, arrogantly portrayed as the civilizing mission of the imperialist west. Human beings without private property or power hierarchies had existed for millennia, time immemorial. We started our journey from the caves, hunting, gathering, and struggling to save ourselves from the forces of nature. We were originally a part of the nature, coexisting with it in a mutually liberating symphony- without polluting and devastating the environment like the present day multi-national corporations, in their relentless drive for profit maximization and commodification.

The Adivasis were the original inhabitants of the Indian subcontinent, with their sustainable agriculture,



fairly gender-just democratic egalitarian social order with equality and collectivism as principles governing social life. They reared animals, had subsistence agriculture and were dependent on the forest for fuel, fodder, medicines and other products known today as 'minor forest produce'. Commodification of the commons, and forests were unknown concepts for the Adivasis, until the advent of class society known as the caste Hindu social structure with graded inequality and vertical power structure as its constitutive principles, which is otherwise known as Indian feudalism.

As the exemplary revolutionary and socialist thinker Rosa Luxemburg had taught us years ago, global capitalism needs a core and a periphery for extraction of raw materials, and colonialism is a natural corollary for capital's greed. (See Rosa Luxemburg-Accumulation of capital, Rosa Luxemburg reader monthly review books, New York)

Colonies like India were the jewel in the crown for the growth of British capitalism, and the ushering in of bourgeois modernity in British politics and social life. Indian agriculture had to be restructured to supply cotton for the cotton mills of Manchester. Forests and tribal habitats (including their commons) were commodified for the insatiable hunger of British industrial capitalism. Large scale commercial fellings of forest were undertaken by the British rulers to build sleepers for the railways, to extract cheap raw materials, minerals and other natural resources -most of which were in the tribal areas. For a permanent reserve, colonial industrial growth, draconian acts like the Indian forest act and the land acquisition act were enacted by the British rulers to grab the forests, mines, commons and other natural resources. Adivasis were further pauperised, criminalized, marginalized and pushed to the fringes by the imperialists. The permanent settlement, Ryotbari and other forms of land tenure created a legal structure for the Britishers to maintain a complex, exploitative order vis-a-vis the Adivasis. Their customary rights were infringed upon. This predatory encroachment on their habitat and livelihood created widespread discontent amongst the Adivasis -there were rebellions all over the country, which are one of the most glorious chapters of the anti-colonial struggles of India and the third world.

This fierce resistance of the Adivasis from Rajmahal hills in the east to Khandesh in the west against the predatory encroachment of their habitat and the commons led to various compromises of the British colonial administration. To strike up different compromising arrangements with them including some nascent tribal land protection acts. Various administrative arrangements like 'The light areas act' and agency area administration in Andhra Pradesh

were the results of tribal revolt against colonial deprivations.

When the power was transferred formally from the British imperialists to the Indian rulers, almost all the colonial laws were kept intact. Draconian acts like the Indian forest act, the Land acquisition act, etc, stayed on in the statute book. The Indian constitution recognized the pretentious autonomy conferred by the British by incorporating them into the fifth and sixth schedule of the constitution, and acts like 'Chotanagpur Santhal Paragana land protection act' and Agency Area acts continued in post-colonial India. This was the contradiction of the new Indian rulers commitment to the marginalized social and ethnic groups.

The biggest betrayal of the 20th century was the shameless burial of the democratic aspirations of national liberation movement by the third world rulers at the behest of world imperialism, led by the Britishers, and now succeeded by the USA, which is the current leader of the imperialist camp. Decolonization was the biggest joke of the 20th century. Under the structural relations of the neocolonial arrangements, presided over by the Brettonwood institutions like the World Bank and the IMF to perpetuate the imperialist order. This was necessary for the continued exploitation of natural resources of the third world by the core capitalist countries.

Export of primary commodities like cheap minerals and agricultural products were the main income of the newly liberated countries in the post-WWII world. This was the material basis for the continuation of the colonial laws like the Indian forest act and the Land Acquisition act in post-colonial India, and this suited the imperialist masters and their agents in the third world. This neo-colonial arrangement was necessary for the continuation of global capitalism. This betrayal led to the renewed struggle of the oppressed masses in the third world, in the much talked-about, post-colonial era.

The Adivasis who faced this new exploitative structure and continued intrusion into their customary social and natural rights continued their struggle against the new Indian ruling classes for political autonomy rights over natural resources, commodification of commons and so on. While the rulers kept on subverting the autonomy provisions of fifth and sixth schedules of the constitution.

As a result of the cold-war polarization, Indian rulers maneuvered their way through the super power rivalry to build what can be called 'India-specific capitalism'. To divert the subaltern masses' discontent against this post-colonial exploitative order, the Indian ruling classes used various populist socialist rhetorics while

giving half-hearted concessions to the struggling masses, including the Adivasis.

Jawaharlal Nehru formulated the famous Panchsheel policies of non-interference for the tribal masses, which were shamelessly subverted by the post-colonial political class and the bureaucratic apparatus. Schemes like the 'Integrated tribal development programme' and various land protection acts were used to co-opt the political aspirations of the Adivasis. Due to the structural logic and bureaucratic apathy of the Indian state, all these pretentious, ameliorative measures were a total failure.

Reservations in the legislature, academia and the bureaucracy were used cleverly to indoctrinate and co-opt the emerging post-colonial tribal leadership, to get assimilated and support the new colonial order and the semi-feudal social structure. However, this doesn't mean the whole-sale rejection of the idea of reservation. In a semi-feudal society where democratic tasks are incomplete, the progressive and democratic forces should support all the struggles for reservation and positive affirmation. In a brahminical order, where the Adivasis, Dalits and majorities of OBC's are left out, the struggle for reservation has a democratic content and has to be supported while demanding to fill up all the backlog of the SC/ST posts. The reservations and other rights didn't come as a charity from the so-called liberal capitalist order of the West or Third World regimes. They were achieved after what Ralph Milliband had written that these are the products of centuries of unremitting struggles of the underdogs against the ruling classes. (For a detailed theoretical analysis of various peasant and other subaltern revolts in Medieval England and India see 'Customs and common' and 'Whigs and hunters' by E.P. Thompson and 'Elementary aspects of peasant insurgency in colonial India', by Ranajit Guha in Subaltern studies Volume 1- Oxford University press, New Delhi) Construction of this neo-colonial and semi-feudal socio-economic order is one of the main causes of tribal land alienation and commodification of Adivasi culture and ways of life. Most of the Adivasis were pauperised, driven into debt and bondage due to ruthless usury, rackrenting, cheating, were used by money lenders, dishonest merchants and landlords to usurp tribal land with active connivance of the corrupt politician bureaucracy, police and forest officers nexus. All this happened in spite of the land protection laws, constitutional provisions of autonomy, and pro-tribal rhetoric of the post-colonial state and the political class.

The developmental trajectory of the post-colonial state was nothing too different from their colonial masters. Tribal habitats were considered lucrative sites for natural resources, commercial forestry, cheap labour

for the new capitalist path of development, masquerading as the development path of a welfare state. This neocolonial order further reinforced the extractive economy, squeezing the tribal areas of their lifeblood.

This path of capitalist development displaced millions of Adivasis by megadams, factories, mines, industrial townships and so on. Millions were displaced by national parks, sanctuaries and reserve forests. A substantial number of displaced tribals are forced to migrate due to the loss of livelihood, and ruthlessly cut off from their cultural moorings and sense of security and become part of the urban underclass squeezed into the slums, swelling the ranks of the urban unemployed and underemployed, totally brutalized and dehumanized existence and treated like shit by the depoliticized right wing metropolitan elite. This process leads to a precarious existence -to be ruthlessly displaced again through the gentrification drive of municipal corporations and the builder mafia. (Sympathetic scholars like Dr Walter Fernandez, Enaksi Ganguli Thukral and others have meticulously documented the displacement and other effects on Adivasis from different mega-projects.) There are more than forty million people, including vast majorities of Adivasis and Dalits displaced by megadams and mines, and other industrial projects (see the report of the World Commission on Dams, and Greater Common Good by Arundhati Roy.)

As a reaction to this usurption of habitat and livelihood, and the shrinkage of their commons, tribal peoples have been offering resistance in the Narmada valley, Koael Karo, Kshipur, Kalinganagar, Hosangabad, Western MP and all over tribal areas in India. The tribal resistance movements of post-colonial India is also phenomenal. In the early decades after independence, tribal mobilisations and uprisings took off in several parts of India. One of the prominent movements was the struggle of the Adivasis in Dahanu and other areas of Thane district of Maharashtra. Here the Adivasis built up a strong resistance against local money-lenders, merchants and landlords against usury and other forms of bondage. The eminent radical leader of Maharashtra, the late Godavari Parulekar played a prominent part in the tribal movements of Thane.

All these movements were met by heavy police brutalities. This unleashing of state terror led to the death of thousands of tribal activists by police firing- thousands were put behind bars. The state oppression of tribal movements is a daily experience in post-colonial India. There has been massive and gross human rights violations of Adivasis and other ethnic communities from the North-East, Jammu and Kashmir to other struggling tribal communities. The

Indian state has been enacting draconian repressive laws like 'Armed-forces special power act', 'National security act', and a host of other black laws to trample the democratic aspirations of the indigenous people and ethnic minorities all over the country. There have been thousands of fake-encounter deaths, torture, rape and custodial death by the army and the paramilitary forces and the local police. There is a thriving human rights movement in the North-East, resisting state terror and further repeal of black laws like the Armed forces special power act. Sharmila Irom's great hunger strike is a signal event in the human rights struggle of the oppressed ethnic cultural/religious minorities within India. The massacre of adivasis by police firing in Kashipur, Dewas, Kalinganagar, are serious pointers of the state of human rights in tribal areas. We call upon all the progressive and democratic forces to struggle for abolition of all the anti-people black laws. We appeal to all the radical and democratic movements to unanimously demand immediate withdrawal of absolutely barbaric medieval white terror called SALWA JUDUM by the Hindu Fascist Govt of Chhatisgarh. And supported by the Congress.

The rulers did all this under the pretence of upholding liberal discourse of political modernity, while medieval, inhuman exploitation of the tribal areas was intact. (The Indian state is signatory to the UN and international covenants and charters, including the ILO declaration on the rights of indigenous people, and other human rights charters.)

Bloody trail from Kalinganagar to Nandigram explains the elimination war of Indian state and the State Governments against the Adivasis and Peasants on behalf of International and Indian big business. The cold blooded massacre of farmers in Nandigram by West Bengal Police is a stark indicator of State terror and the State which is the sole repository of violence and has monopolised violence both judicial and extra judicial, it is the ugly symbol of organized violence for ruthless perusal of Capitalist development on behalf of its imperialist masters.

The betrayal of the Indian rulers of the democratic and political aspiration of Adivasis and other ethnic groups of large tracts of the country led to the movements of separate states and autonomous regions in the tribal dominated area. Some of the important movements are the Jharkhand movement, the Gorkha land movement, struggle for Gondwana state, Karbi Anglog, Bodoland and many others. The Tribals are playing important role in the Struggles led by different organized left parties and movements, without forgetting their heroic role in the Historic Telengana uprising which will inspire generations.

There are many autonomous tribal movements like the Kastakari Sanghatana, Adivasi Mukti Sanghatan, Shoshit San Andolan, Kisan Adivasi Sanghatan, the Khedut Mazdoor, Chetna Sangath, the Waynad tribal struggle for land, the Jagrit Dalit Adivasi Sanghatan, Ekta Parishad, Prakrutik Sampada, Parishad Kashipur, Bisthapan Bhirodi Janmanch in Kalinagar, and many others. These struggles are for the rights of the land, forest, natural resources and commons. Against eviction from dams, mines and sanctuaries- now the Special Economic Zones and Special Tourist Zones.

The Indian state conceded some of the demands to legitimize itself to maintain an inclusive democratic facade. It half-heartedly enacted some acts like the PESA act (under the 89th amendment of the constitution) and the recent bill on the tribal forest land rights. All these acts were mostly watered down versions of the various charters of demands presented by the tribal movements. A renewed battle on this front is necessary to make these laws effective. The most horrifying aspect of the Adivasi social life in modern India is the saffronisation of tribals of Gujarat and other places, especially Western M.P. The participation of tribals in the ghastly communal carnage under the direction of the Sangh Parivar in Gujarat in the year 2002 is the most disturbing factor for democratic politics. The fascist Sangh Parivar and the other revivalist organisations through liberal funding for the VHP by equally right-wing communal NRI's from abroad, have worked over time to communalize the Adivasis through various programmes like the Hindu Sangam. These funds for saffronisation of the Adivasis is channeled through equally shady NGO's like Banvasi Kalyan Kendra. (For the retrograde role of state-sponsored apolitical NGO's in indigenous communities, see the chapter "NGO's in service of imperialism" in The globalisation unmasked - Imperialism in 21st century by James Petras and Henry Veltmeyer madhyam books New Delhi. And the funding of Hindu fascist NGO's in India by IDRF, published by Communalism combat, Bombay.) The Adivasis of all of India are struggling to preserve their way of life, and cultural identity. During the 1991 census a vast majority of Adivasis in the present day Jharkand registered themselves as followers of 'SARNA religion'. This was an important method of struggle against offensive fascist homogenizing designs of the Hindu right. In the age of late Imperial culture, manifested through the 'Disneyfication' and 'McDonaldisation' of thrid world societies, we call upon the progressive and democratic forces to firmly support the struggle for assertion of cultural identities by the Adivasi people, which is an important site of resistance against the culture of

globalization and revivalist cultural offensive of the fascist Sangh Parivar.

Under the rubric of globalisation, when neo-liberal offensive is devastating the culture and commons of the indigenous people of India, thousands of acres of the land from Adivasis and farmers are taken away for attracting foreign direct investment and forcibly acquiring cheap lands for the Indian big business. The accelerated phase of neo-liberal economic policies is the present phase of forcible acquisition of land from both farmers and Adivasis for SEZ's. What we are witnessing today in the SEZ's is the ruthless early 21st Century primitive accumulation through violent dispossession and intense commodification of the commons. The sez's and those deemed to be foreign territories where no laws of the land will apply, this shameless surrender of sovereignty is nothing else but recolonisation of Indian territories for super profits making mockery of all the claims of being the largest independent democracy in the world. Sez's are grim reminders of the primitive accumulation process which happened during the consolidation of Industrial capitalism in the colonial era, the creation of sez's are similar to the dispossession of the peasantry, decimation of the indigenous people and grabbing of the resources of the third world, so vividly described by Marx in Vol.-1 of capital which in the Marxist discourse is known as primitive accumulation. (See Hobbswam, Maurice Dobb, Robert Brenner, Polyani and Marx Vol.1 Chapter 26 capital now lucidly explained in John Bellany Foster's "Naked imperialism the US pursuit of Global Dominance, Aakar Books New Delhi)

In the proposed Sezs in India the various state governments propose to acquire around 1.35 lakh acres of land with a total revenue loss of around 1 lakhs crore in tax concessions as said by the finance minister. All the pro labour laws which were achieved after relentless battles of the working class will no longer apply in Sezs. This shrinkage of arable land, apart from seriously jeopardizing the country's food security will severely pollute the environment. This forced depeasantisation will drastically swell the growing number of the unemployed creating a huge reserve army of labour for capital who can be exploited as cheap labour. All these are results of Sezs where land is being forcibly acquired through violence and sexual assault on women for the private profit of multinational corporation and Indian big business ostensibly in the name of public interest as mentioned in the land acquisition act. When the Indian state is boasting of transparency through the right to information act, the million dollar question is where is the Public Interest in the Sezs. This is absolutely and patently an act of fraudulence by the Indian state.

There is a resistance going on by the local Adivasis and farmers against the forcible acquisition of their lands have led to struggles in Bajera Khurd, Singur, Nandigram, Pen Tehsil in Maharashtra. These are the frontier battle lines and important sites of resistance against imperialism and Indian big business. We call upon all the radical democratic forces to rally behind these struggles. The grim episodes of State sponsored massacre and violence at Nandigram mandates for the creation of an all India joint struggle by all the Adivasi, progressive and democratic movements for scrapping the sez Act and halting all the process of land acquisition for sez's all over India.

The recent incidents of violence in Nandigram is the symptom of the sharpening contradiction between the peasants and world imperialism, where on behalf the salim group of Indonesia the West Bengal Police massacred the resisting peasants, this was a shameless act of violence on toiling peasantry by a state govt. to forcibly acquire land for a foreign multinational corporation by a state govt. led by the left front forces us to sit up and rethink the meaning of the word "left". This sheer capitulation to Imperialist interests shamelessly exposes the contradictions of the discourse of left parties running the West Bengal Govt., who protest against Globalisation and Sez at the centre. The violence unleashed by the West Bengal Police on the resisting people of Nandigram is a stark indicator of class violence where the state forces massacre of the peasantry on behalf of a foreign multination company. This exposes the class character of the left front govt. of West Bengal which declares it self to be the guardian of workers and peasants. This Govt. murders and disposes the same rural under class whose interest it is suppose to safeguard. This shows the betrayal of the interests of the bargadars and the peasants by the left front Govt. The hypocrisy and class character of the ruling classes parties like the Congress, B.J.P., Trinamool Congress and Samajvadi Party should be exposed since they are dispossessing the peasantry through the Govts led by them at the center and in states. The time has come for all of us to seriously formulate strategy for a noninvasive participatory and democratic industrialisation process.

Notwithstanding the pro-Adivasi rhetoric of the post-colonial Indian state for six decades, the socio-economic indices and the Morbidity pattern of Adivasis is quite depressing. The Adivasis are the most dispossessed, exploited, and marginalized social groups in India. More than 75% of Adivasis are below the official poverty line, with lowest per capita income, which is less than a dollar per day. The infant mortality rate and pre- and post-natal deaths are highest in tribal areas, with lowest life expectancy and literacy rate.



Every year thousands die from diseases like gastroenteritis in the monsoon. The incidence of Tuberculosis, Polio and blindness is quite high. Thousands migrate to the cities due to displacement caused by mega-projects, famines, drought, indebtedness, etc. Official schemes like the ITDP, Antyodaya and public distribution systems are total failures due to lack of political will and bureaucratic apathy. After a long struggle by the Adivasi movements and the left and democratic movements, the government was forced to enact the employment guarantee act which is quite inadequate seeing the high incidence of unemployment and underemployment. The tribal and other democratic movements should continue the struggle for the transparent, sincere implementation and social audit of the present employment guarantee act, the struggle has to go on for the enactment of an employment guarantee act for the whole year- 365 days covering all the districts of India. We should Demand that an expenditure of 20% of the GDP to be spent on the

### **Part 1: Chinese Investors Fear Burst of Stock Bubble**

In recent months millions of Chinese have gone crazy about stocks, driving up prices to record levels. Now the government is trying to dampen the stock market fever and prevent a crash at the same time -- but what happens if the bubble bursts?

Chinese Premier Wen Jiabao, 64, likes to come across as being concerned about harmony in the People's Republic. Wherever the flipside of the country's economic boom causes dissatisfaction, the friendly communist leader hurries to the scene and comforts those who have lost out. He embraces the urban poor, listens to the concerns of farmers and consoles customers in supermarkets when the price of pork rises too quickly.

The premier could just as well demonstrate his concern for the people's woes by paying a visit to China's shareholders at one of the country's more than 3,000 stock markets. They have become scenes of sheer outrage -- and anger directed against the state. Millions of Chinese small investors are worried about their savings, now that Beijing has taken steps to cool down a stock market fever that has gripped the country.

It was a risky move on the government's part. It tripled the tax on stock transaction to 0.3 percent, triggering massive drops in the price of some stocks. The approach worked, at least initially. A major crash failed to materialize, and the market had even recovered somewhat by last Friday.

social sectors like socialized medicine & community health care, education, maternal and infant care, Pensions housing and the provision of entertainment infrastructures healthy and clean landscape and other forms of social wage. The struggle for forests and land rights, Usury money lending, slavery bondage and different forms of feudal exploitations, radical land reforms, political autonomy, resistance to Imperialist and Hindu fascist attack on Adivasi cultural identity and way of life, against human right violation, displacement, and rolling-back of the neoliberal offensive should be strengthened with renewed vigour.

Our ultimate objective should be the creation of a society without the exploitation of man by man, by man of woman, and human beings of nature. We should all strive for a radical democratic social order, where the associated producers decide their own destiny, where the development of each is the condition for the development of all.

Long live the struggle for human emancipation.

### **Playing the Market in the People's Republic**

*By: Wieland Wagner in Shanghai*

Nevertheless, the incident was a reminder to the world, once again, of the risks that come with China's rapid growth -- for investors and for the communist leadership.

It also prompted growing worries on the global financial markets over what would happen if the Chinese stock market bubble were to burst. The world's financial markets are more closely interlinked than ever before, so that disturbances in one location can quickly spread to all markets.

Stock prices around the globe have been rising almost unstopably in recent months and years, propelled by the boom in the world economy.

#### **Der Spiegel**

China's stock market has been overheating recently.

For the first time since 2000, the German DAX stock market index at the beginning of June crossed the 8,000-point threshold -- albeit only briefly -- and many experts believe that it is only a matter of time before it permanently surpasses the record high it reached in 2000. Back then, euphoria was followed by disillusionment and a sense that prices had strayed too far from reality. The subsequent decline was unavoidable -- and painful.

As prices rise today, so does nervousness in the market. Many observers wonder whether a bubble is developing in the market, just as it did in the days of the New Economy. Has the Internet dream of days gone by simply been replaced by today's globalization fantasy?

And by unrealistic expectations for global growth in general and, more specifically, growth in the emerging economies -- first and foremost China?

In no country has market fever been as rampant in recent months as in China. Its excesses can be seen every day at branches of brokerage houses, such as the Northeast Securities office on Yongjia Street in Shanghai on Monday of last week.

### **Gambling Their Savings Away**

The market doesn't open for another 30 minutes, but people are already jostling for the yellow plastic chairs in front of the panel that displays stock prices. People are shouting to make themselves heard, swapping predictions and trading tips. The excitement is palpable, and the place almost feels like a casino.

Then the market finally opens and the prices flicker on the screen -- almost all in green, which means that stock prices are falling. A collective groan moves through the rows of chairs, and the noise level rises to an angry crescendo. Almost everyone has something to curse about, because almost everyone is losing money. On this day alone, the Shanghai Stock Exchange will plunge 8.3 percent.

Huang, a retiree, throws up her hands in horror. She has invested about 100,000 yuan, most of it in real estate stocks. She doesn't know what to do. Should she sell quickly and rescue at least some of her assets? The man sitting next to her, someone everyone here calls Uncle Li, advises Huang to be patient. "The Olympics are next year," he says. "Beijing will not allow a crash to happen."

A woman who sold off her stock earlier looks stunned as she monitors the action on the board. She began investing in stocks in May, when the Shanghai Stock Index jumped to 4300. She invested a fifth of her savings in especially unstable, low-priced stocks, because the blue chip stocks were already too expensive.

But the cheaper stocks were among the biggest losers in the recent decline, which came on the heels of constant, steep growth, mirroring the unrelenting growth the Chinese economy has experienced for years. The market has risen by about 130 percent in the last 12 months, and since the beginning of the boom in mid-2005, its value has even quadrupled.

In some weeks the Chinese were opening more than a million new stock accounts a week, with many new investors withdrawing their savings from banks to buy securities. Other investors even took out second mortgages on their homes to be able to play the market game. In Shanghai, professors warned their speculation-hungry students not to forget their studies. Domestic servants quit their jobs, lured by the promise of fast money and the hope of striking it rich on the stock

market.

The Internet, with its constant barrage of stock tips and commentary by supposed experts, only inflated the speculative bubble even further. The Web is also the venue of choice for frustrated investors seeking to vent their anger against the "traitors" in Beijing. "Premier, take a look at the Internet, your people are bleeding!" a frustrated stock market investor complained on Guba, an investment Web site. Another user wrote: "No justice, no fairness -- how can this be called rational?"

### **Part 2: Learning the Rules of the Capitalist Game**

The fact that stock prices can fall as well as rise is a truism that many of China's small investors are now learning the hard way. Many investors new to the market couldn't have cared less whether the market actually reflected the value of listed companies. This is reflected in the difference between price-earnings ratios in Hong Kong and in the rest of China: In Hong Kong they are only about half as high as on the mainland.

Despite repeated warnings, the boom continued unabated for a long time. The government vainly attempted to convince investors to let reason prevail. Others also expressed their concerns. "This must be a bubble," said Hong Kong tycoon Li Kashang. And Alan Greenspan, the legendary former head of the US Federal Reserve, even predicted a "dramatic contraction" for the Chinese market.

But China's shareholders, who felt that they had spent too long waiting for the boom, were not about to allow anyone to spoil their shopping spree. The market had slid deeper and deeper into the doldrums between 2001 and mid-2005. A lack of investor confidence was at fault for the malaise. Fearing the consequences of the famous Chinese passion for gambling -- in other words, out of concern for calm and stability -- the party had forced the stock market into a rigid system of bureaucratic rules and regulations.

For example, foreign investors in China were long barred from buying class A shares, the most popular form of stocks, but instead were only permitted to trade in so-called B shares. That rule has since changed somewhat, so that selected foreign financial institutions can now trade in the Chinese market, but their trading is subject to a fixed upper limit.

For these reasons, many large Chinese corporations preferred to raise capital on the Hong Kong Stock Exchange, where they issued so-called Class H shares, or in New York, where their shares are known as Class N shares. By comparison, the two mainland Chinese stock markets, one in Shanghai and the other in Shenzhen, deteriorated into little more than casinos for insider trading. The securities traded on these exchanges were primarily issued by state-owned companies, only a small portion of which are publicly

traded. Ordinary investors were constantly petrified that corporate executives could decide one day to flood the market with vast numbers of non-tradable stocks. Two years ago, Beijing finally addressed the long-overdue reform of China's stock markets. As a first step, many state-owned companies were prohibited from putting their non-tradable securities onto the market. As an alternative, the government convinced attractive companies like insurance company Ping An or Citic, a major bank, to also offer their shares on the stock exchange in Shanghai, in addition to Hong Kong. The communist market overseers deliberately stoked the country's stock fever. They insisted that companies keep their issue prices extremely low -- to ensure that prices would ultimately rise even more dramatically. Ironically, when the market practically exploded, it was because the People's Republic is still far from being a functioning market economy. For example, China ties its currency, the yuan, to the dollar, and in doing so keeps its exports artificially cheap. To defend the so-called "peg" against foreign currency speculators, Beijing must keep domestic interest rates extremely low. In fact, interest rates even go into negative figures when adjusted for inflation.

### **Bracing Themselves for the Crash**

All this means that China is virtually swimming in money. The economy is already booming, and companies are rolling in record earnings. For companies and ordinary investors, there is only one place in which to invest all this money: the domestic stock market. Because of restrictions on the flow of capital, few Chinese have the option of investing their assets abroad.

But for China's communist planners, the stock bubble, which they themselves had energetically helped inflate, has recently become a matter of increasing concern. When the Chinese Communist Party holds its 17th congress in Beijing this fall, partly to confirm the leadership of President Hu Jintao for another five years, the last thing it wants is a market crash to spoil the festive mood.

But Beijing is less concerned about the possible negative consequences for the economy. China, the world's factory, was even booming during the recent market slump in mid-2005, and it continues to boom today. In the first quarter of this year, China's gross domestic product (GDP) rose by more than 11 percent compare to the same quarter last year.

For this reason, a stock market crash will hardly slow down growth within the Chinese economy, at least not directly. China's industry generally uses profits, not the

domestic stock market, to finance necessary investments. It borrows the rest from banks.

But China's one-sided dependency on exports has its own risks, which is why Beijing plans to increase its efforts to stimulate private consumption. However, this plan could be delayed by four or five years if the market crashes and an army of small investors lose their savings, says economist Zhang Jun in Shanghai.

But the greatest concern of Beijing's leaders is over the social and political chaos a market upheaval could trigger. Using lead articles in the state-owned press, they beseeched investors last week not to embark on any panic sales. At the same time, they gave their fellow Chinese a lesson on the rules of the capitalist game. "Bull markets need consolidation, and prosperity requires rationality," wrote *Zhongguo Zhengquanbao*, a financial newspaper.

The communist leadership has always feared the stock market as a potential source of unrest. Party officials remember the year 1992 with a shudder. At the time, 1.2 million Chinese in Shenzhen stormed 302 retail locations where the government was handing out lottery tickets for buying stock. So many wanted to buy shares that the crush of people resulted in several deaths.

In a market economy, an independent central bank could control speculation fever using its monetary policy instruments. But this is difficult in China. And as long as the country fails to come up with a better solution to the contradictions between a planned economy and a free market, the market remains a bumpy environment for investors.

Besides, China does not allow a free press which could shine a critical eye on publicly traded companies. Insider trading cases rarely come to the fore. In late May, the Chinese central bank announced that the country needs laws as quickly as possible to increase the transparency of financial transactions.

How quickly a market panic in China can infect markets in other countries became clear in late February. At the time, a sharp drop in prices in Shanghai triggered panic selling from New York to Frankfurt am Main. This time the global markets responded in a more relaxed way. But will they continue to do so if Chinese stocks enter a free fall?

China's investors hope that they will be spared such a debacle, and they place their bets on the government planners in Beijing. "Our government manipulates the market from start to finish," says shareholder Huang in Shanghai. "Now it has to ensure that we are compensated for our losses."

## Prague: Thousands Protest Against Cuts in Social Programs

*By: Markus Salzmann*

On Saturday, June 23, one of the largest demonstrations since the collapse of the former Stalinist regime in 1989 took place in the Prague, the capital city of the Czech Republic. Approximately 35,000 people protested against the reform plans of the country's conservative-Green Party coalition.

The protest held in Prague's Wenzelsplatz had been called by the central Czech trade union federation CMKOS and various other trade union organizations. The demonstration was directed against the proposals for wide-reaching "reforms" by the government of Prime Minister Mirek Topolánek of the conservative People's Party (ODS), whose plans mean deep cuts in the country's already severely stretched social safety net. Those responding to the protest call included workers, clerical employees, school pupils and students, as well as many pensioners.

The "reform package" drawn up by the government—a coalition of the ODS, the Greens and the Christian Democrats (KDU CSL)—is aimed at paving the way for the republic's entry into the Eurozone. The Czech Republic joined the European Union in 2004, and the introduction of the European currency is planned for 2010.

The reform package developed by the government goes well beyond previous attempts to impose budget cuts. It quite blatantly involves a redistribution of wealth from the poorest social layers to the rich, which is out of the ordinary even by existing Eastern European criteria.

The plan envisages fundamental changes in the sphere of taxes, health and social policy. It is due to be implemented at the beginning of next year. According to government data, the plans will bring savings during the next few years amounting to several dozen billion koruna.

The plans involve massive tax increases for lower and middle-income groups. In the future, taxes will no longer be deducted from wages, but rather from the so-called "super-gross wage," which includes all social and health insurance payments. This move will lead to higher tax deductions and reduced net incomes. The country's reduced value added tax (VAT) rate for such products as medicines, food and newspapers is to be more than doubled, from 4 percent to 9 percent.

The additional revenues obtained from the ordinary taxpayer will be used to finance tax reductions for Czech companies. Business taxes for companies will be reduced from 24 percent to 19 percent. The government is thereby directly reacting to the demands of big business representatives, who have long been calling for a radical reduction of taxes in order to compete with other Eastern European states in the race to introduce the lowest rates of business taxation.

A further key element of the reform package involves changes to the social system. Employment Minister Petr Nečas (ODS) wants to sever the automatic adjustment of social security benefits to the level of income and price increases. In view of rapid price increases, particularly for food and energy, this measure means drastic cuts for the already poor members of society receiving social security benefits. Several other payments for children and single-parent families are to cut entirely.

Nečas is also intent on changing the pension system and is demanding an extra 10 years of payments (from 25 to 35 years) before any worker is eligible for a pension. At the same time he proposes to increase the retirement age from 62 to 65 years.

Organizations such as the World Bank have been demanding an end to the state-run pension system in the Czech Republic. At the beginning of the 1990s, average pensions amounted to 54 percent of previous wages. Now this figure has sunk to around 40 percent.

The current government is not prepared to limit itself merely to pension cuts. Nečas has announced the first steps towards ending the state-financed pension system. From 2010 onwards only a small share of the pension will be guaranteed by the state and the remainder will be privatised. Government representatives have systematically campaigned in favour of private pension funds.

The plan recalls the so-called "coupon privatisations," which were introduced by the current president, Vaclav Klaus, in the first years after the collapse of the Stalinist regime. At that time, state enterprises and institutions were sold off to foreign trust funds and speculators for ridiculous prices—an blatantly illegal policy which wiped out a large part of the national wealth.

The country's health system has also been targeted for fundamental reform. Fees will be levied for every trip to a doctor or stay in hospital, and prescription fees are also to be introduced. Even children and recipients of social security payments will not be excluded from these regulations. Health Ministry speaker Toma Cíkr explained that the measures were aimed at cutting back "the excessive use of the health service."

Federations of both patients and doctors have protested vigorously against these plans. They fear that the measures will prevent chronically ill and poor persons from visiting their doctors.

There is no fundamental opposition to these measures in the Czech parliament and the reforms have already overcome a number of crucial hurdles. Any criticism of the government plans comes from the right and is bound up with demands for even more extensive measures. Leading the field in this respect are the



Greens, who are calling for additional sacrifices from the population to finance tax gifts for major companies. They are urging a kind of environmental tax, which would drastically raise the price of fuel oil, gasoline and other sources of energy. Such a tax would be especially punitive for low-income earners, who have already experienced large increases in energy prices over the past few years.

ODS deputy and former finance minister Vlastimil Tlustý has demanded even larger tax deductions for enterprises and the country's wealthy elite. Tlustý exercises considerable influence in the government and it is widely expected that he could intensify the reforms even further.

Although the government coalition has only half the seats in parliament, its social cuts and tax cuts for business have been supported by the Social Democrats (CSSD). The same objections raised by the Communist Party (KSCM) are also thoroughly hypocritical. The party has declared on a number of occasions that it would be prepared to tolerate a CSSD minority government, although the program of the CSSD differs only in detail from that of the ODS.

The trade unions that organized the protest on Saturday also have close political links with the established parties. Their criticism is merely directed against the excessive haste with which the reforms are being whipped through and the flagrantly socially unjust nature of the measures.

The head of the CMKOS, Milos Stech, complained that the trade unions had not been involved in advance in

discussions over the planned reforms. When the CSSD headed the government, the trade unions had regularly been involved in policies involving cuts and economic measures. Even now they are not opposed in principle to the government's current reforms. Stech expressed his own support for a pension reform but declared that it should, however, be properly "thought through" and "professionally" implemented.

Over the past few years the Czech trade unions have shifted to the right and adapted to the established parties at breath-taking speed. At the beginning of the 1990s approximately 90 percent of workers were organized in a union. Today this figure is less than 30 percent. At the same time the various trade unions are wracked by internal disputes and an acute lack of funds.

For the past 18 years they have failed to provide any alternative to either the reactionary government led by Vaclav Klaus, which openly rejected any social dialogue, or the various Social Democratic governments, which carried out large-scale attacks on social gains. In fact, in those spheres where they retained any influence, they functioned largely as a tool of the government and were instrumental in suppressing any protests.

Studies carried out by the Capgemini and Merrill Lynch agencies have revealed the consequences of years of attacks on the living conditions and social rights of the Czech population. The studies demonstrate that there has been a huge increase in the ranks of the rich in the Czech Republic. In one year alone (2006) the country's number of dollar millionaires rose by around 1,660 to total 15,000.

### **Brazil Claims WTO Cotton Victory**

*Brazil has claimed a victory over the US after the World Trade Organization (WTO) upheld many of its complaints over subsidies paid to cotton farmers.*

The US has been accused of unfairly helping its farmers, distorting the price of cotton and make it harder for developing nations to compete. Brazil called on the US to comply with the WTO's preliminary ruling, warning of retaliation should it not. The US said it was disappointed by the ruling and would protect its farmers.

It argued that it had already taken sufficient steps to meet WTO requirements, and had scrapped a number of payments and credits. However, the WTO said that it was "very disappointed with these results".

It added that: "The changes made by the US were insufficient to bring the challenged measures - certain support payments under the 2002 Farm Bill and export credit guarantees - into conformity with US WTO obligations."

#### **'Right to Retaliate'**

Subsidies, particularly those paid to the US cotton industry, have been at the heart of WTO trade talks that have been sputtering and stalling. Earlier this week, the WTO urged its members to make a fresh effort to find a global trade agreement during talks scheduled for September.

"The panel has recognized most of the points that Brazil has raised," said Clodoaldo Hugueney, Brazil's ambassador to the WTO, adding that his first reaction to the ruling was one of satisfaction.

US Agriculture Secretary Mike Johanns had a different view, adding that the US would work "very very hard" to protect the financial payments it made to cotton farmer.

"Brazil claims once again to have largely defeated the US," Mr Johanns said. "They have been emboldened by a declaration that they have a right to retaliate." The WTO's member nations are due to meet in September to try and save the current Doha round of trade talks, which started in Qatari capital in 2001.

It has proved impossible to find an agreement as developed nations and less-developed countries have clashed over tariffs levels, the amount of state aid given to key industries, and the level of access to markets.

As well as the stalemate between the US, the EU and other developing nations, there is also deep opposition to a trade deal in the US Congress.

## **Latin America**

### **University strike in Uruguay**

Non-teaching employees of the University of the Republic went on strike on June 27. The strike ended on June 30 after the nation's chamber of deputies approved a US\$10 million wage hike, though some departments did not go back to work. The strikers warned that the strike would resume if the Senate, which has to endorse the lower house's decision, tampers with the wage legislation.

Alfredo Abelando, leader of the University of the Republic Employees Association (AFFUR,) told El País newspaper that a series of 24-hour strikes by employees at some academic departments would continue.

Abelando will lobby Uruguayan senators and tell them that a US\$10 million appropriation for employees' wages is good but insufficient.

### **Chile: national strike by copper miners**

On June 29, striking "contract" copper miners briefly occupied the smelter Radomiro Tomic in northern Chile. They abandoned the occupation shortly thereafter as a sign of readiness to negotiate, according to Andrés Leal, who heads the National Confederation of Copper Workers (CTC). The mobilization was part of a national strike by thousands of contract workers against the state-owned National Copper Corporation (CODELCO.)

The workers, employed by CODELCO subcontractors, are demanding equal rights with workers employed directly by CODELCO. They are demanding a productivity bonus, that the company honor previous agreements and comply with the law.

In a press conference, Leal declared that a year of negotiations with CODELCO has produced nothing, that the company has broken promises and that the unequal treatment has gotten worse. "Thousands of workers across the country feel cheated and defrauded both by the President (Michelle Bachelet) and by CODELCO for not fulfilling what they promised." He added that CTC members have no alternative other than exercising their right to strike.

Workers have mobilized CODELCO Norte, Salvador, Ventanas, Andina and El Teniente—the world's largest underground copper mine.

At El Teniente, there were violent incidents as workers fought police. Buses and a company office were set on fire. Fifty miners were arrested. Two thirds of CODELCO's miners are contract workers.

## **United States**

### **New York construction workers clash with police, non-union workers on picket line**

Seven workers were arrested and two taken to the hospital as a protest by construction workers against a contractor's use of non-union labor at a Midtown Manhattan construction site boiled over on June 29. After a non-union driver ran into a picket, workers locked arms to prevent the truck from leaving the site.

The union for construction workers claims they were forced off the construction site by Times Square Construction and replaced by non-union workers, while the contractor claims workers walked off the job. The protest has been simmering for more than a month while charges have been filed with the National Labor Relations Board.

### **Wall Street Journal reporters protest takeover by billionaire**

Some 200 Wall Street Journal reporters stayed away from work on June 28 to protest a takeover by media mogul Rupert Murdoch. Murdoch reached an agreement with the Journal's parent company Dow Jones that includes an agreement providing for a nominal "independent" editorial board to "protect" the current right-wing editorial proclivities.

The job action was the second by union workers at the Journal, who earlier held a one-day action to protest cuts in healthcare coverage and attacks on salaries. Journal reporters have been working since March without a contract.

## **Asia**

### **Bangladeshi doctors on indefinite strike**

Over 300 doctors, medical officers and consultants employed on contract at the Bangladesh Institute of Research and Rehabilitation in Diabetes, Endocrine and Metabolic Disorders (BIRDEM hospital) at Shahbagh began an indefinite strike on June 25.

They want regularisation of employment and establishment of a uniform service rule covering all hospital employees. The strike erupted after doctors were sent a letter stating that their contracts would not be renewed. Some doctors have been working at the hospital for up to 15 years.

Strikers held a daylong demonstration at the hospital on June 25 that stopped scheduled surgery and in-patient admissions. The outpatient department was partially operational because striking doctors provided emergency services.

About 550 doctors are currently employed at BIRDEM hospital but since 1992, in-patient doctors have been employed on contract. One doctor said that despite the contract hire system no doctor had been displaced until now. "The latest notice issued

by the BIRDEM authorities,” he said, “means we are going to lose our jobs.”

### **Indian communication workers protest**

Contract communication workers attached to Bharat Sanchar Nigam Limited (BSNL) in Palayamkottai and Tuticorin in Tamil Nadu demonstrated on June 26 for a pay increase and uniform salary arrangements.

Thousands of contract workers are employed on a temporary basis in BSNL’s housekeeping, cable repairing, and telegram and delivery departments but do not have job security and their wages vary from district to district. BSNL has imposed a ban on the recruitment of permanent labour. Tamil Nadu Telecom Contract Workers’ Union and the Bharat Sanchar Nigam Limited Employees’ Union organised the protests.

### **Sri Lankan postal workers picket**

Postal workers in the southern town of Matara picketed the local post office on June 19 against increased postal rates and the withdrawal of a shift system of work. They also demanded the filling of 1,507 vacancies across the Postal Department, adequate transport facilities, welfare benefits and introduction of systematic recruitment campaign.

Workers accused the government of undermining public postal services, including exorbitant increases in postal rates to drive people to private providers.

### **Hong Kong social workers demand wage increase**

About 1,000 social workers from non-government organisations (NGOs) held a rally at Government House in Hong Kong on June 24 demanding salaries be brought in line with civil servants.

While they provide services similar to those of the Social Welfare Department they have not been offered the same pay rise that civil servants will receive in August. The average salary gap between NGO and government social workers is around HK\$5,767 (\$US739) a month. Some workers have not received a pay rise for seven years.

The rally was organised by the Hong Kong Social Worker’ General Union and follows a similar action on June 10 organised by the newly-formed Alliance to Fight for Equal Work [and] Equal Pay in the Social Welfare Sector which represents about 40,000 employees in 18 social welfare organisations. Rally organisers handed a petition in at Government House.

Amy, a 29-year-old social worker assistant said she has not received a pay rise since she started in 2000. While her contract is renewed each year, her salary has remained at HK\$13,000 (\$US1,667) a month.

The union wants the government to lift subsidies to

NGOs and restore the HK\$70 million yearly subsidy that was cut in 1999.

### **Malaysian unions demonstrate for minimum wage**

The Malaysian Trade Union Congress (MTUC) organised nationwide pickets on June 25 as part of a campaign to demand the government set 900-ringgit (\$US257) minimum monthly wage for private sector workers, plus a 300-ringgit monthly cost of living allowance.

The pickets, held between 5 p.m. and 6.30 p.m., involved an estimated 50,000 workers. A spokesman for the Timber Employees Union Peninsular Malaysia (TEUPM) said that workers in some industries are paid as low as 300 ringgits a month.

### **Australia and the Pacific**

#### **Auckland liquor workers strike over low wages**

Workers at Independent Liquor in Papakura, South Auckland walked out for two hours and picketed the company’s warehouse on June 26 in support of a wage claim. The company has offered a 2 percent pay increase but inflation is over 3 percent.

Management claims the offer is fair “for this area”—South Auckland—but the mostly Maori and Pacific Island workforce is paid well below other brewery workers. Workers at Lion and DB breweries receive on average of 10 percent more than those at Independent Liquor for performing the same work.

Unite union claims the company’s wage offer is illegal because non-union workers on the site have received increases of up to 7 percent. Under current employment laws it is illegal to offer lower pay or conditions to workers because they are members of a union. Unite has launched a “Boycott Woodstock” campaign to target the company’s most popular ready-to-drink product.

#### **New Caledonia catering workers strike at Goro-Nickel**

About 100 catering staff employed by contractors Sodexo are on strike at the Goro-Nickel plant in New Caledonia. The workers, who are responsible for the preparation and supply of thousands of meals at the mining company each day, are seeking a pay rise, staff increases and better promotion prospects for local employees.

### **Europe**

#### **Refuse workers in Salford, England strike**

On June 27 refuse workers in Salford in northwest England began a 24-hour strike over pay and contracts. The 140 members of the Transport and General Workers’ Union section of the Unite trade

union include recycling teams and road sweepers employed by Salford City Council.

The union is calling for an end to a two-tier pay structure for agency and staff workers, an overtime ban and a work to rule. The agency workers are paid less and do not have the same contract rights as permanent staff.

### **Journalists in Scotland strike over compulsory redundancies**

According to the Scotsman, journalists at three of Scotland's leading newspapers went on strike July 20 against compulsory redundancies. The National Union of Journalists (NUJ) members at the Herald, Sunday Herald and Evening Times as well as Caledonian Magazines walked out in the first such strike in more than 25 years.

The NUJ said more than 200 people joined the industrial action, and a further one-day strike was called for July 25. The dispute began over budget cuts and most recently concerned the fate of four members of staff at the Evening Times who face redundancy.

NUJ organiser Paul Holleran said; "Newsquest [the owners] management questioned support for the strike, but it has been overwhelming."

Despite the company continuing to make profits, it has refused to rule out compulsory redundancies in an attempt to axe up to £3 million from its budgets.

NUJ members voted 87 percent in favour of strike action.

### **Glasgow care workers strike over jobs**

Social care workers in Glasgow went out on strike July 24 to defend their jobs in a dispute over grading. The dispute involves nearly 600 UNISON members who work with children at risk, vulnerable adults and offenders, as well as the entire city's significant number of methadone users.

The workers had previously voted for action short of a strike, but their hand was forced after Glasgow City Council threatened to mount a legal challenge. UNISON's Glasgow convenor, Mike Kirby, said the union had tried to resolve the dispute, but that the council was forcibly downgrading care work.

## **Africa**

### **Zambian council workers dismissed for going on strike**

Striking council workers in the province of Ndola, Zambia, have been served with dismissal notices by their employers. Even before the recent notices, 72 of the strikers had already been dismissed.

The strike in Ndola is now in its second month. Both the union representing council workers, Zambia United Local Authorities Workers Union, and the umbrella organization, Zambia Congress of Trade Unions, are meeting with Local Government and Housing Minister, Sylvia Masebo, to discuss how to end the dispute.

### **Nigerian public service workers attacked by thugs with machetes**

At least 20 striking workers were injured in an attack by machete-wielding thugs on a peaceful demonstration in Ibadan, Oyo State, Nigeria, on June 27. Other workers, two of them women, were injured by moving vehicles during the attack. At least three had broken legs. Police were present at the scene, but did nothing to hinder the assault.

Prior to investigating the incident, the chief of the state police declared that the workers had attacked the thugs. The state government distanced itself from the attackers, but called it an "unfortunate incident". The attack took place in broad daylight, within one kilometer of the state headquarters of the Nigeria Labor Congress (NLC), the organization to which the strikers' unions are affiliated.

The workers went on strike June 26 to demand that the incoming state government honor the agreement made by the outgoing administration and rescind a wage cut from N9,400 (US\$75) a month to N6,500 (US\$51.70).

In another conflict in Nigeria, resident doctors in Osun state are on indefinite strike as a result of state government inaction since the suspension of a previous walk-out. The doctors' complaints include the low number of doctors and other health staff on the state hospital's management board, the crisis in secondary healthcare and the low salaries of doctors and health service staff.



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