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Focus on Trade is a regular electronic bulletin providing updates and analysis of trends in regional and world trade and finance, the political economy of globalisation and peoples resistance, and alternatives to global capitalism. Your contributions and comments are welcome. Write to n.bullard@focusweb.org

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Two year's ago UN secretary-general Kofi Annan convened a high-level panel to recommend "radical changes" in the UN system in response to a moment he described as "no less decisive" than when the UN was founded in 1945. However, as the 60th session of the United Nations General Assembly convenes this week in New York there are no signs that the UN is able to rise to the challenges of the times, and not only because of US intransigence.

Although the US is in the vanguard when it comes to undermining the multilateralism of the UN, it seems that very few countries are willing to take a lead in the opposite direction. While it's easy to point to the finger at the US's recently appointed ambassador to the UN, John Bolton, and the 750 amendments to the proposed reform package (deleting for example all references to the International Criminal Court and nuclear disarmament) there is no doubt that many other countries are willing to stand by while the US does the dirty work. The five permanent members of the Security Council showed no real willingness to loosen their grip on their veto power and one is left with the sense that most countries are happy to let the US be the "bad cop" to their "good cop". This is not to let the US off the hook, but simply to say that without a strong political leadership to reverse the trend of stagnation in the UN system, the US position will dominate.

One mitigating factor that could sway the final outcome of the high-level plenary this week is Hurricane Katarina. With Mexican troops supporting relief efforts in Louisiana and international assistance coming from all parts of the globe, the US is not in a position to adopt a highly belligerent attitude to multilateralism. But we will see: humility is not a hallmark of the Bush administration.

What is certain, though, is that there will be no revolution in New York this week and the debate and proposals on where the UN is heading will continue. But rather than leaving it to high-level panels maybe the time is ripe for the social justice movement to start our own debate on whether the UN system can be part of the solution to global injustice, and if so how.

In this issue of Focus on Trade, Walden Bello and Nicola Bullard look at the UN system, while Herbert Docena examines the draft Iraqi constitution.

Philippines trade unionist Josua Mata reports on US unilateralism at the conference of democracy promoting foundations held recently on Stockholm and Walden Bello assesses the progress of democracy in the South.

ON SECRETARY GENERAL ANNAN'S VISION OF "FREEDOM FROM FEAR"

By Walden Bello*

(Comments delivered at a Seminar on 'In Larger Freedom' by United Nations Secretary General Kofi Annan, New World Hotel, Makati, Philippines, 6 September 2005.)

In its section on "Freedom from Fear," Secretary General Kofi Annan's report *In Larger Freedom* presents a comprehensive approach to ensuring global security. Prevention of deadly conflict, it notes, "must be central to all of our efforts, from combating poverty and promoting sustainable development; through strengthening national capacities to manage conflict, promoting democracy and the rule of law, and curbing the flow of small arms and light weapons; to directing preventive operational activities, such as the use of good offices, Security Council missions and preventive deployments."

One cannot but fully agree, and it is certainly a step forward that there is a growing consensus among us that development, peace-building, and conflict prevention must be undertaken simultaneously if initiatives at peace and security are to take hold and prosper.

This is, however, a consensus mainly among United Nations agencies, peace analysts and practitioners, and civil society actors. Moreover, the positive experiences in this area have been mainly at the local, micro level.

NEGATIVE GLOBAL TRENDS

Unfortunately, at the global, macro level, trends are in the opposite direction, towards greater destabilization and thus greater human insecurity. What are these trends? The threat of international terrorism is one, as is the weakening of the multilateral regime on nuclear weapons, both of which are underlined by the document. But there are other very threatening developments, which unfortunately are either not mentioned or are, in my opinion, underemphasized by the document.

The first trend I would like to focus on is what the document euphemistically calls the move of some states "to find alternatives to the Security Council as a source of authority" to use military force against other states. Never since the end of the Second World War have established norms of international law been more under threat than they are today. And what is disturbing is that the key destabilizer is the most powerful member of the global state system. It is ironic that there is lively debate on

whether or not China is, to use the terms of international relations theory, a "status quo" or a "revisionist" power when the focus of the discussion should really be the United States.

There can be no doubt, in my view, that the US is a revisionist power, that is, one that seeks to radically alter the correlation of global power even more in its direction, if we take into account the following developments:

- Under the false pretext of eliminating weapons of mass destruction, the US has attacked the fundamental pillar of the UN system—the inviolability of the sovereignty of the nation-state—by invading and occupying Iraq.
- The Bush administration has set aside the Geneva Conventions on the treatment of prisoners by creating the new category of "enemy combatants" to allow certain prisoners to be subjected to unlawful punishment, including torture.
- White House executive orders have unlawfully extended the reach of the US state, allowing CIA agents, for example, to seize individuals in Italy, against Italian law, and bring those individuals to Guantanamo Naval Base in Cuba.

The second macro trend countering positive developments on the ground has been the undermining of development by the powerful multilateral economic agencies. Over the last two and a half decades, the stated goal of using trade policy to promote development, which was so well articulated by Raul Prebisch, the first secretary general of the United Nations Conference on Trade and Development (UNCTAD), has been replaced by the subordination of development to free trade, corporate profitability, and the economic interests of the rich countries. This has been accompanied by the dominant position achieved by the International Monetary Fund, the World Bank, and the World Trade Organization at the expense of the United Nations economic agencies in the system of global economic governance and the hegemony of the ideology of neo-liberalism.

More poverty, inequality, and economic stagnation have been the consequences of the neo-liberal paradigm, resulting in its loss of credibility and legitimacy. However, like the proverbial dead hand of the engineer on the throttle of the speeding train, neo-liberal policies continue to prevail nearly

everywhere. But the problem is not only ideological, that is, a case of negative outcomes resulting from policies guided by wrong assumptions. The policies themselves are increasingly followed to consciously subvert the interests of developing countries.

At the International Monetary Fund (IMF), for instance, the rich countries have killed off all attempts to reform the decision-making system to give developing countries more weight in determining the policies of the agency. Likewise, an already very mild proposal that would have allowed developing countries to protect themselves from creditors while restructuring their external debt, the Sovereign Debt Restructuring Mechanism (SDRM), was vetoed by the US.

At the World Bank, the appointment of Paul Wolfowitz, whose name is synonymous with unilateralism, heralds a new era in which the policies of the World Bank are likely to be oriented even more closely to what the American right defines as the national interests of the United States.

At the World Trade Organization (WTO), the so-called "July Framework Agreement" that serves as the negotiating document of the coming ministerial meeting in Hong Kong brazenly preserves the high levels of subsidization of agriculture in the European Union and the United States while demanding greater access to the markets of developing countries in order to dump subsidized commodities.

Because these negative trends in the global economic system create more poverty and inequality, they must be seen as a threat to global security, as reducing freedom from fear, and must be confronted directly by the UN and dealt with decisively.

Failure to do this has led to the third negative trend I would like to call your attention to, which is the usurpation of the role of the United Nations in leading the effort to meet global challenges by the Group of Eight. At the recent G8 Summit in Scotland in early July, the G8 staked out global leadership in the areas of debt, trade, aid, and climate change. This is hugely problematic for two reasons. First of all, the G8 is an informal, unelected, and unaccountable entity. Second, it represents the interests of the world's most powerful countries, so that the proposals it has come up with for dealing with some of the world's most pressing problems are tailored to fit primarily the interests of the dominant interests in those countries.

What is emerging in effect is a structure of global governance in which the G8 makes the key decisions of issues of global import, which

are then implemented by the IMF, World Bank, and WTO, bypassing the UN system. What makes this power play so insidious is that it is being carried out with the rhetoric of achieving the UN's Millennium Development Goals and promoting global poverty reduction.

These then are some of the key trends at the macro, global level that can easily undermine the successes registered at the local, micro level by more coordination of development, peace-building, and conflict prevention efforts.

COUNTERTRENDS

Fortunately, there are counter-forces to these negative global trends. What are these positive countertrends?

First, there is the global peace movement, the potential power of which was on display on 15 February 2003, when some 40 million people in hundreds of cities throughout the world marched against the projected invasion of Iraq. Probably one of the most stunning achievements of the movement was the convoking of the World Tribunals on Iraq (WTI) in New York, Copenhagen, Tokyo, Mumbai, South Korea, and a number of other cities. At its recent culminating session in Istanbul, the WTI's Jury of Conscience headed by novelist Arundhati Roy adopted a resolution that is likely to have a moral influence on the course of events: it called on US and Coalition soldiers in Iraq to exercise their right of conscientious objection and called on communities throughout the world to provide haven to those who heed this call.

Second is the global justice movement, also known as movement against corporate-driven globalisation. This movement contributed mightily to the derailment of the WTO ministerial meetings in Seattle in 1999 and Cancun in 2003. While it is best known for its opposition to the IMF, WTO, and World Bank, this movement is also the site of an exciting process of generating alternatives to the dominant neo-liberal paradigm-alternative systems of development and global economic governance that would subordinate the market, trade, and profitability to the goals of development, economic justice, and social solidarity.

Third is the movement among Southern governments to band together to resist the continuing hegemony of the North. The months leading up to the WTO's ministerial in Cancun in 2003 saw the emergence of the Group of 20, Group of 33, and Group of 90. The resistance of these groupings, along with that of civil society, prevented the Northern governments from railroading the ministerial.

While these alliances have had their share of shortcomings, they nevertheless offer the possibility of serving as the springboard of efforts toward greater South-South economic cooperation outside the Bretton Woods-WTO framework.

Finally, many Southern governments as well as global civil society networks are slowly coming together around the UN reform process, out of a sense that while the UN system has many flaws, it still serves as one of the few existing global multilateral framework that can counter the trends towards a more unstable and inequitable world promoted by the dominant political and corporate interests.

This leads us to the question of UN reform, some positive proposals of which are laid out in the Secretary General's document. However, most of the proposals lie at the level of improving efficiency. What are really needed are reforms that address the global imbalance of power among member states, which is the primordial cause of global insecurity. UN reform in the view of many governments and civil society networks is not what the United States government means by "UN reform," which means further eroding the capacities of the UN. On the contrary, the progressive UN reform program contains, among others, the following:

- a greater effective decision-making role for the General Assembly;
- dilution of the power of the big powers in the Security Council, including the abolition of the anachronistic system of Five Permanent Members;
- increased ability of the UN and UN-linked judicial institutions, such as the International Criminal Court, to address and sanction departures from and violations of international law by powerful member countries, especially the United States;
- the end of double standards in the international security regime, foremost of which is the Nuclear Non-Proliferation Treaty, which allows a few states to maintain nuclear weapons while banning them from possession by others-meaning all states must get rid of their nuclear weaponry;
- strengthening of the UN system of economic agencies composed of, among others, UNCTAD, the Economic Commission for Latin American, and the Economic and Social Commission for the Asia Pacific, to serve as a counterweight to the Bretton Woods system and the WTO;
- the institutionalisation of a co-equal decision-making role for civil society-especially social movements-

alongside governments, in the UN system.

In sum, we cannot divorce advances in promoting human security at the ground level from macro, global trends. Some of these trends are truly disturbing, especially the increasingly brazen unilateralism of the United States, which many analysts increasingly describe as evincing the characteristics of a rogue state. The United Nations system cannot remain relevant without directly confronting and moving to contain these trends, and it can perhaps do so most effectively by finding ways to harness those developments, such as the emergence of a more independently minded developing country bloc and the growing strength of global civil society, which are moving in the other, positive direction.

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WHY UN REFORM IS NOT A PRIORITY

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"Ask not what you can do for the United Nations but what the UN can do for you," with apologies to John F Kennedy.

When US president George W. Bush announced that he would invade Iraq, with or without the support of the United Nations Security Council, he repeatedly drew attention to the weaknesses and failings of the United Nations. In effect, he threw down the gauntlet to the UN and, in so doing, inadvertently revived debate about the role of the UN and especially the need to reform and "strengthen" the UN as a foil to US unilateralism.

This debate has become even more alive in the lead up to the UN's 60th anniversary in September this year. It has been fuelled by scandals over the oil for food programme, allegations of nepotism and corruption, release of the high-level report on global security and jockeying for seats in the proposed expanded Security Council. Throughout, the US has maintained an attitude of belligerence and self interest: an attitude underscored in a recent report "American Interests and UN Reform" which confirms the US' lack of vision when it comes to the UN. President Bush's decision to appoint John Bolton as his ambassador to the UN, despite failing to get approval from the Senate, indicates that this posture will continue.

The UN has been in need of reform from the day it was founded because of its "fatal flaw": that the Security Council institutionalises the post-World War 2 balance of power. Throughout the Cold War era, East-West politics were played out in the UN, and were particularly evident in the functioning of the Security Council. Along with its veto power in the Security Council, the US has always used its financial leverage to serve its interests inside the UN. Nonetheless, despite the power plays, stand-offs and bureaucratic sclerosis, there remains a considerable degree of support for the UN amongst some governments, especially those for whom "one country one vote" in the General Assembly is the rare opportunity to be heard on the international stage.

The UN also has many supporters amongst NGOs and some sectors of civil society who believe it has the potential to curb excesses of power, redress injustices and to form the basis of democratic global governance. Some support it simply because their own existence is tied to the fate of the UN.

The prospect of a reformed, democratic and powerful UN is, of course, very tempting: not only as a means of reining in the US but because the global problems of violence, war, inequality, environmental degradation, exploitation and insecurity, desperately need concerted, international action.

FOUR REASONS WHY UN REFORM IS NOT THE PRIORITY

But before we jump on the "save the UN" bandwagon, we should ask the simple question: is the UN worth saving? Whose interests does it serve? Would a "reformed" UN have the capacity to deal with pressing global concerns? Where is the potential for democratising the global system when the main sources of the "democracy deficit" - the market and militarised, globalised capitalism - are outside the UN system? Is it realistic to imagine that the UN could "control" the market and curtail the world's superpower? And, most importantly here, what sort of reforms, if any, would address the concerns of peoples' organisations and social movements, especially those struggling for basic rights such as land, water, work, housing, health and education?

Given the enormity of the power imbalances in the global system, I do not believe that reform of the United Nations is where we should be focusing our efforts. This conclusion is based on an assessment of the present situation, of which there are four important characteristics.

First, the inter-state system on which the United Nations was founded has changed radically in the past 15 years resulting from the processes of economic integration and globalisation in the post-Cold War era, and where US hegemony has no challenger. The consequences of this for UN reform are significant given that states themselves have unequal economic and political power and, as economic integration deepens, fewer and fewer possibilities to shape their own economic and political destinies.

Second, states are no longer the main interface between their citizens and the world beyond their borders. This function is now shared by transnational corporations and financial markets, the Internet and the media, all of which contribute to transforming the consciousness of citizens about their location in a global system. The borders of the nation state no longer exclusively define our physical, political, economic and psychological horizons.

Third, many of the proposed reforms of the United Nations system, such as an expansion of the Security Council or establishing an Economic Security Council, do not address the underlying balance-of-power dynamic that shapes all decisions of the UN – that is, the balance of power between the US and the rest of the world, and between the globalised capitalism and citizens. Until these fundamental imbalances are resolved, the United Nations will be nothing more than the ineffective “conscience” of the world.

Fourth, the foundations of the United Nations – the Charter, the Universal Declaration of Human Rights and all the derivative human rights conventions – are potentially powerful tools for emancipation. However, while the UN has been exemplary in establishing norms, it has failed, almost without exception, to develop effective instruments to monitor and prosecute states, institutions, individuals and corporations that fail to meet their obligations to uphold individual and collective rights. (1)

Finally, it is impossible to build the superstructure of international democratic governance when the basic conditions for peoples’ democracy are so lacking. Creating new means for social movements (2) to defend their rights within an international and universal framework would provide a more solid foundation for the long-term project of global democracy.

Therefore, I suggest that the starting point for democratising the international system is not reform of the UN but instead to find innovative and effective ways to guarantee that social movements have the means available to them at the local, national and international level to defend and protect their rights. That is, rather than using our time and creative energies on cosmetic reforms, we need to find the means by which social movements can use human rights as a tool in their daily struggles and, by doing this, build democracy from the bottom up.

WHAT’S WRONG WITH THE UN?

The extent to which the United Nations is now lumped together with the World Bank and the International Monetary Fund as apologists for neo-

liberal globalisation and United States imperialism should not be underestimated. Nor should the validity of the experience that leads many social movements and activists to that conclusion.

Since the proclamation of the Universal Declaration of Human Rights and the founding of the UN, many Third World countries have seen their sovereignty subverted by Cold War rivalries, often played out in the global political space of the Security Council and the United Nations, and their economies gutted by structural adjustment programmes imposed by the IMF and the World Bank.

In the early 1990s, the UN tried to capture the goodwill unleashed by the end of the Cold War to build a new international agenda of cooperation and common values. Throughout the decade, the UN sponsored a series of summits, dealing with everything from the environment to racism. (3)

The agreements reached in these unwieldy and frequently contentious conferences established a new set of international norms, based on the human rights declarations but elaborated and expanded to include key concerns, such as gender, environment, development and indigenous rights. Each of these summits has been followed-up with five-yearly reviews, often revealing the weakness of government implementation and even resulting in a dilution of previously agreed commitments. (4)

As the 1990s rolled into the 21st century, many of the previously agreed values that underpinned the United Nations – such as multilateralism and the universality and indivisibility of rights – were systematically attacked and undermined by right-wing governments and ideologues, as well as by corporations and the financial markets. Indeed, as the speed of global economic integration accelerates and as transnational corporations and finance capital seek to conquer every aspect of human activity, the possibility of achieving human rights, let alone the right to development or peoples’ democracy, became an even more distant hope.

To make matters worse, the United Nations propagates the view that it is possible to give “globalisation a human face” by mitigating the worst excesses of market failure without addressing the causes of these excesses.

The scepticism about the UN is deep and justified. For, so long as the Food and Agriculture Organisation advocates genetically modified organisms (GMOs) under pressure from agri-business; so long as the UNDP promotes public private partnerships

in basic services such as health and water under pressure from services industry; so long as the UN fails to sanction Israel for repeatedly abusing General Assembly resolutions; and so long as the United States is able to stand outside the jurisdiction of the International Criminal Court, the UN (and indeed all international institutions) will be seen as simply another arm of US and corporate domination.

SHOULD THE UN BE FIXED?

Efforts by the UN to present itself as the only thing standing between US unilateralism and chaos are at least partly motivated by organisational self-interest. The fact is that we already have “chaos” (if by this we mean war, poverty, and amoral economic and political systems) and we already have US unilateralism (although this is nothing new - the opportunistic use of unilateralism and multi-lateralism is a long tradition of US foreign policy).

There is no reason to believe that either a “strengthened” or a “reformed” United Nations would make any difference given that any reforms or increased powers will be subject to what is effectively a US veto (by one means or another). From the viewpoint of the UN however, reforms are necessary simply to hold on to what they have. Or, as the Prince reflects in Guiseppe di Lampedusa’s *Il Gattopardi* “If we want things to stay the same, they are going to have to change.” (5)

Faced with this record of failure, why should social movements - who are already over-stretched with their own struggles for land, water, food, shelter, work, social security, freedom from oppression and self-determination - spend their time “saving” the UN?

REFORM TO DO WHAT?

However, rather than be accused of throwing out the emancipatory baby with the reformist bathwater, it might be useful to ask whether a “reformed” UN would be useful for social movements.

This raises two questions: (i) what is the basis and character of the relationship between social movements and the United Nations and (ii) how could the UN be used to advance the interests and demands of the impoverished and marginalized who comprise the vast majority of “we the peoples.”

To start answering these questions in a very tentative way, let’s consider what “we the peoples” means 60 years after the words were first written.

(6)

In 1945, “the people” were exclusively the subjects of the state, and all the ensuing institutional and legal constructions were based on a monogamous relationship between the state and its citizens.

These days, we are all “global” citizens in so far as global processes, such as the all-encompassing market, effect us all. However, we are far from being global citizens in terms of rights, either at the national level or at the international level, not least because the market effectively obliterates or subordinates any notion of universal rights by placing everything - whether it’s water or knowledge - in the economic realm.

Nonetheless, as mentioned above, we are living in a time when our collective consciousness of being global citizens has never been greater. The global social justice, anti-war and alter-mondialist movements tap into and reinforce this consciousness, and it is here that we should look to build the foundations of global democratic governance.

“We the peoples” in the 21st century is a powerful idea because it is a self-definition that arises out of this consciousness, one which is generated and reinforced by collective action and solidarity. The elegant opening words of the UN Charter have become alive and manifest in the diversity of social movements and NGOs that constitute the “movement of movements.” (7)

The “movement or movements” includes the global justice, anti-war, anti-globalisation, anti-imperialist and anti-capitalist movements. It includes workers and women and migrants and peasants and young people and indigenous peoples and all who are struggling for peace and justice. It defies a single category or morphology and encompasses the local and the global, the vertical and the horizontal. It displays a tremendous capacity to create its own organisational forms and processes based on an ever-widening commitment to pluralism and democracy.

What, then, does this have to do with the UN?

Or, to put the question another way, what is the relationship between the emerging (potentially democratic) political and social “culture” of, say, the World Social Forum (as the most visible representation of the “movement of movements”) and the declining (and increasingly undemocratic) culture of inter-state elite diplomacy represented by the United Nations.

Or, to put it yet another way, is the 1950s inter-state model of the General Assembly where everyone wears a suit and diplomats rule, relevant to the multi-coloured “assemblies” of the multitude?

Or, more concretely and positively: Does the essence of the United Nations and the universalism of the Declaration of Human Rights, speak to us in new ways?

The question is potent for social movements, which are, by definition, engaged in the struggle for rights. Whether farmers defending their right to seeds, women demanding control of their own bodies, landless claiming land, or unemployed marching for work and a living wage, social movements exist because people organise and mobilise to defend or demand their rights.

In most cases, achieving their demands is only one aspect of the organising and mobilising effort. Social movements also give identity and voice to sectors of society that are marginalized, silenced and forgotten. This is as true of the dalits in India as it is of the homeless in Europe. Transformation of social, and hence power, relations is inherent in the mere act of organising those parts of society that “polite” society (and that, almost by definition, is the part of society that runs the UN) would sooner forget.

In their day-to-day struggles, social movements use the language of rights and responsibilities to pursue their demands, often borrowing from the UN declarations to provide a legal (as well as a moral) base for their claims. The common language of rights also cuts across and (potentially) unites the masses or multitudes. However, in terms of translating the language of rights into actions and results, there are profound weaknesses. While the UN is exemplary at establishing norms in all areas, from the right to development to gender equality, it is particularly weak when it comes to establishing the means for their implementation.

The power for this resides exclusively with the state, yet the state itself is subordinated to the market. The political will and the economic means to “progressively realise” human rights have been decimated by the market, the “economisation” of social policy and the commodification of public goods and services. In a market economy, rights exist only for those who have the means.

Therefore, social movements struggling for their rights find themselves confronted not only with the failings of the state, but also with the formidable task of overcoming the power of the market and global capital.

Clearly, both the state and the United Nations are out of kilter with the realities of a globalising world where power operates through diffuse

and unaccountable processes such as the financial markets, transnational corporations, and the media. State power in the Hobbesian sense still exists, but in the age of globalised capitalism hegemony can be exercised through many channels and often with profoundly undemocratic effects. (8)

Hardt and Negri argue that we should learn from the past. “Just as it was illusory in the eighteenth century to repropose the Athenian model on a national scale, so too today it is equally illusory to repropose national models of democracy and representative institutions at an international scale.” (9) They suggest that rather than generating reform proposals, we must develop “experiments for addressing our global situation.” (10)

Much of the discussion about reforming the UN system misses the point about the current construction of power and, more importantly, how social movements themselves are attempting to restructure and redefine power. It is not the task of the social movements to build international institutions, no matter how “democratic” they might be. The work of the social movements is to shift power or - as the Zapatistas would have it - to redefine power.

The universal rights scripted within the UN system provide an invaluable tool for social movements as they confront the market, the state, landowners, the militia, international financial institutions and corporations. In Bolivia, for example, the language of “rights” - such as the right to water, the right to self-determination, and sovereignty over resources - are powerful mobilizing tools that have been used to great effect by the farmers, indigenous, workers and urban poor to redress wrongs and reclaim rights. And it is powerful because it taps into deeply held beliefs and emotions.

It is difficult to imagine what sort of institutional reforms would be useful in this struggle. What use would be an expanded Security Council to the coca farmers of Bolivia? Would an Economic Security Council defend the peoples’ resources against the multi-nationals? It seems most unlikely. However, the still potent and universalising morality of the human rights discourse is one aspect of the United Nations that must be defended because it can be a genuinely powerful tool (albeit largely rhetorical) for social movements in their struggles.

EXPERIMENTS FOR ADDRESSING OUR GLOBAL SITUATION - SOME SUGGESTIONS

We have the elements of a common global agenda amongst social movements, regardless of their sectoral or geographic concerns. This agenda includes rolling back the powers of the corporations and the financial markets, reasserting public services and community control of water, forests, land and natural resources, eliminating debt and expanding economic and social policy space at the national and local level. In the framework of “deglobalisation” (11) this is seen as “deconstructing” the power of the markets and the institutions of neo-liberalism and “reconstructing” communities and livelihoods, local economies, nature and culture. In an attempt to manage this huge agenda, human rights could be an entry point.

But first, the responsibility for protecting and promoting human rights must be extended beyond the states to include corporations, business entities, financial markets, militias, and the international financial institutions. This is not based on a belief that these entities are “reformable” or that they can be “socially responsible” but simply because we need legal mechanisms with binding rules and enforceable penalties to curb the power of those who are presently virtually unaccountable.

As a starting point, the initiative to create the “Norms on the responsibilities of transnational corporations and other business enterprises with regard to human rights” through the Commission on Human Rights deserves our support, but the campaign also needs to be greatly strengthened to counter the current attempts to weaken or destroy it. Kofi Anan’s appointment of John Ruggie as Special Representative on “human rights and transnational corporations and other business enterprises” is an ominous sign given that Ruggie’s main claim on the job is his experience as architect of the Global Compact, the UN’s non-binding and non-enforceable “code of conduct” which is widely regarded as a corporate “bluewash”.

Although it would be politically and, one would hope, legally useful to expand the ambit of human rights to include corporations, approaches based in international law are just one element of a larger strategy that must be based in building movements and campaigns at every level to resist power and to regulate and roll-back financial markets and corporations. However, doing this in the framework of rights can potentially build a unity that is not

possible in campaigns based on defending sectoral interests (for example workers or peasants) or ideological positions.

Similarly, elements of the Universal Declaration provide the “language” to defend and “de-commodify” human rights such as food, water, health and education. Indeed, work being done in the Commission on Human Rights (should it survive the swingering reforms proposed by the Bush administration) by the special rapporteur on the right to food provides a powerful case for a complete transformation and de-commodification of agriculture and food production. (12)

The Commission’s work on human rights and trade, debt, intellectual property, health and housing, amongst others, is equally useful.

However, the challenge of bringing those who operate comfortably in the quasi-legal world of international human rights together with the social movements remains. Indeed, as professor of international law Yash Ghai observed “a major weakness of the human rights movement has been the inability to involve the masses as subjects rather than objects of rights.” (13)

Therefore, the task is not to “reform” the United Nations but to join arm in arm with the social movements and communities to build the political and institutional tools so that “we the peoples” can, ourselves, fulfil the promises made by the UN 60 years ago. Our work is to transform “we the peoples” from being the objects of an imaginary benevolent state to “we the peoples” who are the active subjects in building global democracy.

How to do this could be one of the common Agendas for discussion at the World Social Forum and in the many local and national forums that are blossoming across the world. It is not an abstract proposition, but one that can and must be based in concrete campaigns and struggles. It would be a lot more interesting and useful that (yet) another session on the Millennium Development Goals, and almost certainly a more effective way to achieve them.

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1. The International Criminal Court may prove to be an exception, however the fact the United States refuses to recognise the jurisdiction of the ICC is evidence of the US’ willingness to put narrowly defined national interests ahead of all else. Unsurprisingly, the recent report “American Interests and UN Reform” refers continually to the need to prosecute war criminals but makes

- no reference to the ICC.
2. In this paper, the term “social movements” is used in a descriptive and non-theoretical way to denote groups that are organised to defend and claim their rights, in particular social, economic and cultural rights. The list is long, but includes women, indigenous, “sans papiers” and migrants, landless, communities, workers and unemployed, and so on.
 3. The list is long: World Summit for Children (1990), the World Conference for Education (1990), the United Nations Conference on Environment and Development (1992), the World Conference on Human Rights (1993), the International Conference on Population and Development (1994), the Fourth World Conference on Women (1995), the World Summit for Social Development (1995), the UN Conference on Human Settlements (1996), the World Food Summit (1996), the World Conference against Racism, Racial Discrimination, Xenophobia and Related Intolerance (2001) plus a string of “+5” and “+10” follow-up conferences. See Alison van Rooy, ‘The Global Legitimacy Game: Civil Society, Globalisation and Protest,’ Palgrave, London, 2004, page 20.
 4. For example, at the WSSD +10 in Johannesburg in 2002 there was significant “backsliding” with corporations making major inroads into the sustainable development agenda by pushing for the adoption of “solutions” such as “public private partnerships.” Similarly in the women’s and population review conferences, a great deal of political energy was spent simply maintaining a minimal line on reproductive choice in the face of the reactionary onslaught from the US and the Vatican.
 5. Guiseppe di Lampedusa, “Il Gattopardo,” 1958, quoted by Jose Saramago in “The Least Bad System is in Need of a Change,” *Le Monde Diplomatique*, August 2004.
 6. The opening lines of the Charter of the United Nations says: “We the peoples of the United Nations determined to save succeeding generations from the scourges of war, which twice in our lifetime have brought untold sorrow to mankind, and to reaffirm faith in fundamental human rights, in the dignity and the worth of the human person, in the equal rights of men and women and of nations large and small and, to establish conditions under which respect for justice and respect for the obligations arising from treaties and other sources of international law can be maintained, and to promote social progress and better standards of life in larger freedom.”
 7. Notwithstanding the need to update the Charter to incorporate gender, environmental sensibilities.
 8. For example, the financial markets were able to force Brazil’s popular, but as yet unelected, presidential candidate Lula de Silva to adopt market friendly economic policies even before the election was contested.
 9. Michael Hardt and Antonio Negri, “Multitude: War and Democracy in the Age of Empire,” The Penguin Press, New York, 2004, page 307
 10. *Ibid*, page 305
 11. What is deglobalisation?
 12. “The Right to Food: Report submitted by the special rapporteur on the right to food, Jean Zeigler, in accordance with the humans rights resolution 2003/25,” Commission on Human Rights, E/ CN.4/2004/10, 9 February 2004
 13. Yash Ghai, “Human Rights and Social Development,” Democracy, Governance and Human Rights Programme Paper Number 5, UNRISD, Geneva, October 2001, page 43.

IRAQ'S NEO-LIBERAL CONSTITUTION

By Herbert Docena

Last June 30, the Iraqi newspaper Al-Mada newspaper published the latest draft of the Iraqi constitution that was then being negotiated upon by Iraqi politicians. (1) Its contents would have been enough to give former occupation authority chief Paul Bremer a heart attack.

The Iraqis - even those who were willing to cooperate with the Americans - wanted, at least on paper, to build a Scandinavian-type welfare system in the Arabian desert, with Iraq's vast oil wealth to be spent upholding every Iraqi's right to education, health care, housing, and other social services. "Social justice is the basis of building society," the draft declared. All of Iraq's natural resources would be owned collectively by the Iraqi people. Everyone would have the right to work and the state would be legally bound to provide employment opportunities to everyone. The state will be the Iraqi people's collective instrument for achieving development. (A matrix of the key provisions is included in the website version of this article. See <http://focusweb.org>)

In other words, the Iraqis wanted a completely different country from the one the US had in mind for them. They, or at least those who were involved in drafting the constitution, did not want the kind of economic and political system that Bremer and other US officials had been attempting to create in Iraq ever since the occupation began. What the occupation authorities wanted was to fulfil "the wish-list of international investors," as The Economist magazine had described the economic policies they began imposing in the country in 2003. (2)

As direct occupiers, the US had enacted laws which give foreign investors equal rights as Iraqis in the domestic market; permit the full repatriation of profits; institute a flat tax system; abolish tariffs; enforce a strict intellectual property rights regime; sell-off a whole-range of state-owned companies; reduce food and fuel subsidies; and privatise all kinds of social services such as health, education, water delivery, etc.

Unsurprisingly, by the time the next version was leaked in late July, the progressive provisions in the draft constitution had disappeared.

'INTENSIVE DIPLOMACY'

Writing Iraq's permanent constitution is the latest step in the political transition process agreed upon by the US administration and the Iraqi political parties that have chosen to cooperate with it since the beginning of the occupation. At every step of that process, the US has attempted to lock-in policies which would advance and protect its fundamental interests in the country by championing and strengthening the hand of those Iraqis committed to defending them even after formal occupation ends. (3)

Even before combat began, the US had assembled Iraqi exile groups who would not only support the invasion but would also defend free-market policies and tolerate the presence of coalition troops. In July 2003, the US handpicked the members of what would become Iraq's first political entity during the transition, the Iraqi Governing Council (IGC). American lawyers then worked with the IGC members to draft Iraq's transitional constitution, ensuring that all the laws enacted under occupation would be carried over by the incoming Iraqi interim government. (4) In June 2004, the US handed "sovereignty" to this interim government, its prime minister and other officials effectively chosen by the US. (5) In the elections for choosing Iraq's transitional parliament last January 2004, the US conducted both overt and covert operations to support former CIA agent Iyad Allawi's party and to reduce the margin of the winning coalition dominated by the Supreme Council for the Islamic Revolution (SCIRI) and the Islamic Da'awa party. (6) While the US did not succeed in installing Allawi, SCIRI and Da'awa officials subsequently championed the US preferred agenda on oil, privatization, and the presence of coalition troops.

As the Iraqis huddled to hammer-out their permanent constitution, US officials were once again with them every step of the way. Outside the Green Zone, the negotiations were protected by 160,000 US and other coalition troops. Playing a central role inside was newly appointed US Ambassador to Iraq Zalmay Khalilzad, a member of the Project for a New American Century who had called for invading Iraq since 1998. Having served as an intermediary for the US government with the Taliban regime, Khalilzad previously worked for UNOCAL in Afghanistan. After the invasion in 2001, he was subsequently appointed to be the US' first ambassador to Afghani-

stan. There, he was accused of serving as the “campaign manager” of pro-US candidate Hamid Karzai in that country’s presidential elections. (7)

Behind closed doors where real debates took place, according to the Washington Post. Khalilzad was described by Reuters as being a “ubiquitous presence” and by the Financial Times as playing a “big role in the negotiations.” (8) One State Department official called Khalilzad’s actions “intensive diplomacy.” (9) While media spin on the process portrayed US officials as reluctant, impatient intermediaries uninterested in the contents of the constitution - just as long as it gets it done on time, at one point, Khalilzad’s team of American diplomats offered their own proposed text of the constitution to the Iraqis. (10) Shuttling back and forth from continuous meetings with the Iraqi president, the speaker, and other high-ranking officials, Khalilzad was backed up by US embassy officials who, according to the Washington Post, were working from a Kurdish party headquarters to “to help type up the draft and translate changes from English to Arabic for Iraqi lawmakers.” (11)

One Kurdish member of the constitutional committee, Mahmoud Othman, who was involved in the caucuses complained: “The Americans say they don’t intervene, but they have intervened deep. They gave us a detailed proposal, almost a full version of a constitution. They try to compromise the different opinions of all the political blocs. The US officials are more interested in the Iraqi constitution than the Iraqis themselves, because they promised their people that it will be done August 15.” (12) And it’s not that the officials were acting as neutral mediators; according to Othman US and UK officials, he said, are “being governed by their domestic agenda.” He also lamented how these officials were meeting with Iraqis individually in backroom meetings, saying “It’s not right and is counterproductive. If they have something to say, why don’t they come and address the whole committee?” (13) Nechirvan Barzani, the Prime Minister of the Kurdistan regional government in Arbil and one of the US closest allies, confirmed Othman’s charges. “The US and the UK are working behind the scenes, dealing with all the groups, saying it should be like this and like that,” he said. (14)

Khalilzad was conspicuous not just behind the scenes. Just before the original August 15 deadline, he strode into the halls of Iraq’s parliament where he was introduced to the assembly by Iraqi President Jalal Talabani as “dear brother.” (15) Iraqi Foreign Minister Hoshyar Zebari had earlier implored the US to play a greater role in the drafting of the new constitution - proof that Khalilzad’s interventions were not totally unwelcome to everyone. (16) To reinforce Khalilzad’s own recommendations,

President George Bush personally called up SCIRI leader Abdul Aziz al-Hakim on August 24 to talk about the constitution. (17) Just before the extended deadline of August 27, and after working “furiously through the night to broker a deal,” Khalilzad once again stood publicly beside Shiite and Kurdish leaders as they announced that they had sealed the draft. (18) Against criticisms, he defended the draft as being “right for Iraq at the present time,” without elaborating for whom it was right. (19)

While Khalilzad and his team of US and British diplomats were all over the scene, some members of Iraq’s constitutional committee were reduced to being bystanders. One Shiite member grumbled, “We haven’t played much of a role in drafting the constitution. We feel that we have been neglected. We have not been consulted on important issues.” (20) A Sunni negotiator concluded: “This constitution was cooked up in an American kitchen not an Iraqi one.” (21)

A NEO-LIBERAL CONSTITUTIONAL DISH

By the time it was served on the table on August 28, the final draft of the Iraqi constitution must have tasted very different from the previous servings. Not only were some of the key ingredients of the previous drafts removed outright, new ingredients with distinctly neo-liberal flavours were added in.

Gone was the article proclaiming adherence to social justice as the basis of the economy. In its place was a provision binding the state to “reforming the Iraqi economy according to modern economic bases, in a way that ensures complete investment of its resources, diversifying its sources and encouraging and developing the private sector.” By “reforming,” the framers of the constitution could only have meant the usual stock of neo-liberal economic “reforms” which have been prescribed or imposed on dozens of developing countries around the world. This includes privatising state-owned enterprises, liberalizing trade, deregulating the market, and opening it up to foreign investors. Instead of revoking the so-called Bremer Laws, or the decrees enacted by the occupation authority implementing these neo-liberal policies, the draft constitution would make Iraqis constitutionally bound to enforce them. Another provision reiterates, “[t]he country shall guarantee the encouragement of investments in different sectors.”

Also gone was the provision affirming the Iraqi people’s collective ownership of Iraq’s oil and other

natural resources and obliging the state to protect and safeguard them. Instead, a new article lays the legal ground for selling off Iraq's oil and putting it under the control of huge foreign oil companies. Article 110 goes so far as to spell out that "the federal government and the governments of the producing regions and provinces together will draw up the necessary strategic policies to develop oil and gas wealth to bring the greatest benefit for the Iraqi people, relying on the most modern techniques of market principles and encouraging investment."

By "modern techniques of market principles," the draft is most likely referring to current plans - supported by the interim government's top leadership - to privatise the Iraqi National Oil Companies and to open up Iraq's oil reserves to the big oil companies. Referring to such plans, Adil Abdel Mahdi, a senior leader of SCIRI and now Iraq's vice president, told an audience in Washington, just before the elections: "[T]his is very promising to the American investors and to American enterprises, certainly to oil companies." (22)

Incidentally, during the course of the negotiations over the constitution, SCIRI's al-Hakim strongly pushed for the creation of southern Shiite sub-state with nine of Iraq's 18 provinces. The draft constitution would allow this sub-state to determine oil policy in its territory, earn a substantial portion of revenues from existing oil fields, and rake up to 100% of revenues in oil fields that are yet to be developed. The US' stance towards the question of federalism may have a lot to do with the assurance that the ones who may end up ruling over Iraq's oil reserves - the Kurds in the north and the Shiite parties in the South - are people who have gone on record as favouring their privatisation.

Contrary to the impression purveyed by the media, federalism is opposed by a clear majority of Iraqis - by the majority of Sunnis and by the majority of Shiites alike. According to a July 2005 survey conducted by the International Republican Institute, the US government-funded entity tasked to build the machinery of pro-free market Iraqi political parties, 69% of Iraqis from across the country want the constitution to establish "a strong central government" and only 22% want it to give "significant powers to regional governments." Even in Shia-majority areas in the south, only 25% want federalism while 66% reject it. (23)

While the constitution gives oil-producing regions the power to enact oil policy, it also goes out of its way to stipulate that the central state should "guarantee the freedom of movement for workers, goods, and

Iraqi capital between the regions and the provinces." This distinction of roles between the central state and the regions follows the template for the kind of "market-preserving federalism" advocated by neo-liberal constitutionalists: that in which the central state is empowered only to maintain a common market within the territory while the power to regulate the market is relegated to weakened sub-states. For neo-liberals, federalism is acceptable as long as the regions don't put up walls against free trade and so long as they don't become powerful enough to implement labour, environmental, and other social policies. (24)

The constitution is also laying the ground for the eventual acquisition of Iraqi assets, in the form of equity, real estate or other capital, by foreigners or multinational corporations. While the June draft states "Iraqis have the complete and unconditional right of ownership in all areas without limitation"; the final draft drops the words "unconditional" and "without limitation" and adds instead the qualification "except what is exempted by law."

Given that Bremer's Order 39 already allows foreign ownership of Iraqi assets and given that this Order will be perpetuated as a law, the constitution in effect removes the restriction giving Iraqis exclusive ownership over assets in Iraq. While oil is not covered yet, it may soon be, judging from Iraqi officials' pronouncements. The so-called "national patrimony" provision, which reserves certain sector's of a country's economy such as land or natural resources to that country's citizens, is a common feature in the constitutions of many developing countries. It has been struck off Iraq's. So while the press continues to tell the story of Sunnis, Shiites, and Kurds squabbling over the spoils of oil; they are missing the contest between Iraqis and non-Iraqis. The constitution may yet pave the way for non-Iraqis to have as much right over Iraq's oil as Iraqis.

The June draft promises extensive welfare commitments to Iraqis, including free education and free health care. The International Monetary Fund, which has been insisting on eliminating government subsidies to Iraqis, would have found in these principles serious legal obstacles to their prescriptions. The July draft says welfare services would still be given - but only if the government could afford them. The final draft gives vague assurances that the services will be delivered but this time, it adds new language on the private sector's role in delivering them. These subtle changes are significant because they hint at the coming wholesale privatisation of social services in Iraq, as is already being advocated by USAID-funded contractors working to restructure Iraq's educational and health sectors.

One other thing worth mentioning is that Iraq's will probably be the only constitution in the world which enshrines "fighting terrorism" as one of the state's objectives. Given how "terrorism" in Iraqi discourse has been used by pro-occupation Iraqis and US officials to refer to the resistance movement, the clause could be invoked to legally justify continuing military offensives against political forces that refuse to come to terms with the occupation and the political process it has bred. As has happened in other countries, the "war against terror" could also conceivably be used to justify continuing US military presence in Iraq.

THE RULE OF LAW

The contents of Iraq's permanent constitution is of critical interest to those committed to reconstruct Iraq's economy along neo-liberal lines. As the basic law of the land, the constitution establishes the fundamental legal foundation on which Iraq's neo-liberal edifice is to be built. On it will rise the so-called "rule of law" - a rule which will constantly be invoked to legally defend a reduced role for the government in the economy, liberal trading and investment rules, privatisation programs, and other neo-liberal economic policies - long after the 160,000 occupation troops withdraw. In this, Iraq is just one front in a global project to eliminate nationalist and progressive economic provisions in the constitutions or legal systems of dozens of developing countries around the world. Whether or not the "wish-list for international investors" gets granted depends to a large extent on whether the Iraqi constitution provides the legal justification for making these wishes come true.

To get its preferred provisions in the constitution, the US, as in the previous steps in Iraq's political transition process, once again huddled with those Iraqis who were willing to get along with the US' wishes; for their part, these Iraqis accommodated the US' demands because this would be the only way they could also get what they wanted for themselves. Other Iraqis who insist on ending the occupation first before writing the constitution refused at the outset to join the process.

The media has tended to focus on the cultural and sectarian provisions of the constitution, ignoring the significant insertion of economic provisions, and altogether missing the link between the two. What most likely happened was this: The US tolerated the adoption of religious provisions in the constitution and agreed to the establishment of a federal system in Iraq, as demanded by the Shia and Kurdish parties, in exchange for the introduction of

neo-liberal economic provisions in the constitution. In the quid-pro-quo, the investor's rights trumped women's rights. The Bush administration cares little as to what political arrangements the Iraqis chose or which god they preferred to pray to just as long as their wish-list gets fulfilled.

In the run-up to the negotiations, the Iraqi parliament conducted a massive information campaign, sending out questionnaires and conducting focus group discussions across the country in order to solicit ordinary Iraqis' suggestions for the constitution. At least one suggestion picked up by a Knight Ridder reporter supported the ideas articulated in the June draft but that were scrapped in the final text. "Only Iraqis can operate businesses (in Iraq), and if foreign partners are allowed, it should not exceed 49 percent," one respondent wrote. (25) While the June draft was formulated by the same Iraqis who got elected in a process whose legitimacy is widely doubted, it at least gives a hint as to what kind of constitution the Iraqis would have liked if Khalilzad was not inside the room all the time. The Iraqis, too, have their wish-list.

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THE TRAGEDY OF CONTEMPORARY DEMOCRACY IN THE SOUTH

By Walden Bello*

(Speech delivered at the World Meeting of Democracy Promoting Foundations, Swedish Parliament, Stockholm, 28-30 August 2005.)

It is now 25 years since the beginning of the great wave of democratisation that swept away dictatorships from Latin America to Southeast Asia. Yet there is everywhere a palpable sense of disappointment that the new electoral democratic regimes have fallen far short of their promise of not only bringing freedom but also rolling back poverty and social inequality.

This disappointment was underlined by a poll conducted by the United Nations Development Program in 2004 that showed that 54.7 per cent of Latin Americans polled said they would support authoritarian regimes over democracy if the shift would resolve their economic woes. (1)

In Southeast Asia, not a few commentators have noted the marked contrast in the performance between authoritarian Vietnam and democratic Philippines: Vietnam, which started in 1990 with 51 per cent of its people under the UN-defined standard of \$1 a day for extreme poverty, had reduced this figure to 8.4 per cent in 2000. The Philippines, on the other hand, barely made any headway, with 11 per cent of its population classified as extremely poor in 2000. (2)

What happened? Why have democracies been so ineffective in delivering economic betterment?

ELITE CAPTURE OF DEMOCRATIC PROCESSES

One reason is that electoral democracies of the kind favoured by the West have been extraordinarily vulnerable to being hijacked by elites. The system of democracy re-established in the Philippines after the ouster of the Marcos dictatorship in 1986 illustrates the problem. It is one that encourages maximum factional competition among the elite while allowing them to close ranks against any change in the social and economic structure.

The Philippine system is democratic in the narrow sense of making elections the arbiter of political succession. In the principle of “one man/woman, one vote, there is formal equality. Yet this formal equality cannot but be subverted by its being embedded in a social and economic system marked by great disparities of wealth and income.

Like the American political system on which it is modelled, the genius of the Philippine democratic system, from the perspective of the elite, is the way it harnesses elections to socially conservative ends. (3) Running for office at any level of government is prohibitively expensive, so that only the wealthy or those backed by wealth can usually stand for elections. Thus the masses do choose their representatives but from a limited pool of people of means that may belong to different factions—those “in” and those “out” of power—but are not different in terms of their political programs. The beauty of the system in the eyes of the elite is that by periodically engaging the people in an exercise to choose among different members of the elite, elections make voters active participants in legitimising the social and economic status quo. Thus has emerged the great Philippine paradox: an extremely lively play of electoral politics unfolding above a class structure that is one of the most immobile in Asia.

Allowing for institutional and cultural variations, one can say that the dynamics of democratic politics in countries such as Brazil, Argentina, Mexico, Ecuador, and Thailand are similar to those in the Philippines. Elite democracy is one word that some have used to describe this system. Polyarchy is another.

However, elite capture of democratic processes is, in my view, only one factor that subverted the performance of the new democracies that emerged in the 1980s. Another development was equally critical: their economic promise was undermined by the demands of external actors.

THE SUBVERSION OF DEMOCRACY

Let us revisit that historic conjuncture of the early 1980s. The military dictatorships were collapsing not only because of internal resistance but also because key external actors such as the United States, European Union, the World Bank, and International Monetary Fund (IMF) withdrew their support from them. Now, one of the major reasons for this about face was that the dictatorships had lost the credibility, legitimacy, and minimum support to impose the economic reform programs, better known as “structural adjustment,” that these influential forces demanded. Promoted as necessary for economic efficiency, these programs were designed to more widely open these economies to foreign capital and foreign trade and to enable countries to pay off their enormous foreign debts.

For instance, in Brazil and Argentina, tight monetary policies and tight fiscal policies drew opposition not only from labour and other civil society groupings in the early eighties but also from business groups. Business interests once benefited from labour-repressive policies imposed by these military dictatorships. Now, however, business circles began to distance themselves from repressive governments when neo-liberal policies failed to produce the promised economic growth. As Stephen Haggard and Robert Kaufmann observed:

“With economic problems mounting, business elites began to re-evaluate the costs and benefits of the technocratic decision-making style that characterized authoritarian rule. Business groups had complained periodically about their lack of access to the remote technocrats who conducted macroeconomic policy, but such concerns had been offset by particularistic benefits and the fact that governments were willing to repress popular sector challenges. The private sector’s gradual disaffection did not reflect a democratic epiphany, but a pragmatic response to changing circumstances. With authoritarian governments increasingly unable to deliver their side of the bargain, “voice” began to appear increasingly important to business groups, even if it meant reopening the arena to the previously excluded popular sectors.”(4)

The democratic governments which displaced authoritarian regimes soon confronted their own dilemma. On the one hand, redistributive policies were blocked by elites that had joined the anti-dictatorship coalition, a development that we have already discussed. At the same time, expansionary fiscal policies were discouraged by the World Bank

and the IMF. It soon became clear that what the multilateral agencies wanted them to do was to use their democratic legitimacy to impose structural adjustment programs. In Argentina, for instance, the international financial institutions pressured the new government of Raul Alfonsin to abandon neo-Keynesian policies, implement tax reforms, liberalize trade, and privatise public enterprises. When the regime quailed, the World Bank “concluded that the government had not made sufficient progress toward its reform goals and suspended disbursements on a structural adjustment loan.”(5)

Electoral democracy became the prime mechanism for the imposition of stabilization or structural adjustment programs in Jamaica, the Philippines, Peru, and Pakistan. In Jamaica, the progressive Manley government suffered a devastating loss of legitimacy when it caved in to pressure to impose an IMF stabilization program blessed by Washington. The program eroded living standards. It led to Manley’s crushing defeat in the 1980 elections by a successor who proceeded to continue the same policies at the behest of the IMF. In Peru, the government of Alberto Fujimori was elected on a populist, anti-IMF platform, but proceeded to impose a neo-liberal “shock” programs that included steep price increases in the rates charged by state enterprises as well as radical trade liberalization. (6) These measures provoked a deep recession, leading to popular discontent that in turn provoked Fujimori to suspend the constitution, close Congress, and rule as a strongman with little respect for constitutional restraints.

In the Philippines, the US and the multilateral agencies abandoned Marcos. Not only was his political position untenable owing to massive popular resistance, but his government’s lack of legitimacy had made it an ineffective instrument for repaying the massive \$28 billion foreign debt and for implementing IMF stabilization policies. An economic crisis accompanied the end of the old regime, but that did not stop the World Bank and the IMF from demanding that the fledgling democratic government of President Corazon Aquino make debt repayment its top national economic priority. People were shocked, and some of Aquino’s economic advisers protested, but the government submitted, issuing a decree that affirmed the “automatic appropriation” of the full amount needed to service the foreign debt from the budget of the national government. With some 40 to 50 per cent of the budget going to service

the debt, this practically precluded national development, since all that was left went to salaries and operational expenses, with little left over for capital expenditures. In some years, 10 per cent of the country's GDP was spent servicing its foreign debt. Thus, it is hardly surprising then that the Philippines registered average growth of below 1.5 per cent per annum between 1983 and 1993.

In 1991, five years after the end of the dictatorship, the percentage of the population living below the poverty line had dipped only slightly from 49.3 to 46.5 per cent, while income distribution worsened, with the share of income going to the lowest 20 per cent of families falling from 5.2 per cent to 4.7 per cent, while that captured by the top 10 per cent rose from 36.4 per cent to 38.6 per cent. Lower class alienation from the revived system of democracy was pervasive. It culminated in an aborted uprising on 1 May 2001—one that was ostensibly directed at restoring an ousted president from power but was actually a boiling over of lower-class frustrations. (7) Today, not only the lower classes but even large sectors of the middle class have given up on the ability of the system to deliver the economic goods.

As in Peru, Argentina, and the Philippines, the return of democracy to Brazil was accompanied by scarcely veiled warnings from the IMF and the US that the first order of business for the new regime was to accomplish what the exiting military regime had failed to do, that is, to impose stabilization programs raising interest rates, cutting back government expenditures, devaluing the currency, and liberalizing trade. From the mid-eighties to the 2002, a series of governments eroded the credibility of democracy by undertaking unsuccessful efforts to impose on a recalcitrant population the economic stabilization desired by Washington and the IMF. (8)

The latest victim is the government of “Lula” or Luis Inacio da Silva of the Brazilian Workers’ Party, one of the most committed anti-neoliberal parties on the continent. Before he even won the presidential elections in the fall of 2002, Lula did the unprecedented in Latin America: he promised the IMF that he would honour the high-interest, expenditure-restrictive conditions of a stabilization loan negotiated with the outgoing President Fernando Henrique Cardoso. Lula acted under duress. The Fund made it clear it would not release the remaining \$24 billion of the stabilization loan unless he behaved.

Lula was true to his word. Consequently, in 2003 Brazilian GDP contracted by 0.2 per cent in Lula’s first year; unemployment surged to a record 13 per cent. This bitter medicine for the Brazilian people was, however, a tonic for foreign investors. In the first eight months of the year, even though the economy remained depressed, Brazilian stocks soared by over 58 per cent, prompting Business Week to advise speculative investors: “Don’t leave this party yet.” (9) As for Lula, he faced mounting criticism from within his own Workers’ Party and governing coalition as well as from ordinary voters; only 28 per cent of the population voicing support for his government. (10) In other words, even before the current crisis stemming from financial scandals among Lula’s closest advisers, the government was already in trouble owing to its adoption of contractionary policies.

Reversal of the third wave of democratization now looms as a threat in Latin America. In South Asia it is a reality. When Gen. Pervez Musharraf seized power in Pakistan in October 1999, and sent the Prime Minister Nawaz Sharaf packing, he ended 11 years of unstable democracy. So worrisome to many orthodox students of democracy was Pakistan’s democratic breakdown that analyst Larry Diamond wrote: “Pakistan [may] not be the last high-profile country to suffer a breakdown of democracy. Indeed, if there is a ‘third reverse wave,’ its origin may well be dated to 12 October 1999....”(11)

Post-mortems of Pakistan’s parliamentary democracy tend to focus on corruption, collapse of the rule of law, ethnic and religious polarization, and economic failure. Other explanations centre on an unaccountable military that had enjoyed special relations with the Pentagon owing to its key role in driving the Russians out of Afghanistan.

Certainly, all this played a part. But also crucial was the role played by the IMF and World Bank, which pushed the democratic regimes of both Benazir Bhutto and Nawaz Sharif to impose stabilization and structural adjustment programs that contributed significantly to the rise of poverty and inequality as well as fall in the growth rate. (12) Noted one eminent Pakistani economist: “The almost obsessive concern with short-term macroeconomic stabilization has with it the danger...that some of our basic social programs might be affected, and this would have inter-generational consequences on development

in Pakistan.” (13) Since democracy became associated with a rise in poverty and economic stagnation, it is not surprising that the coup was viewed with relief by most Pakistanis, from both the middle classes and the working masses.

In conclusion, the last 25 years have been a missed opportunity. A democratic renaissance in the South was derailed by elite capture of democratic processes and external pressure to adopt contractionary economic programs, often connected with debt repayment, which were precisely the wrong prescription from the point of view of democratic consolidation. Thus democracy is today seen widely as simply a mechanism for elite competition and as an obstacle to progressive economic transformation. When people in the Philippines do not see the point in changing a president that they have lost confidence in because her successor, they are convinced, will turn out the same, we are in trouble. When young people in my country look back to Marcos, a man they never knew, through rose-tinted glasses, then we are really in trouble.

To salvage democracy in the South, we need a second democratic revolution, one that would free it from the dead hand of elite competition and control and externally imposed adjustment programs. This is a tall order, but partisans of democracy have no choice but to take on this complex challenge.

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1. Geri Smith, “Democracy on the Ropes,” Business Week, May 19, 2004.
2. Cielito Habito, “Alarming Contrasts,” Philippine Daily Inquirer, March 15, 2004.
3. See Walden Bello, “Parallel Crises: Dysfunctional Democracy in Washington and Manila,” in Back to the Future, ed. Corazon Villareal (Manila: American Studies Association of the Philippines, 2003), pp. 80-91.
4. Stephen Haggard and Robert Kaufman, The Political Economy of Democratic Transitions (Princeton: Princeton University Press, 1995), pp. 59-60.
5. Ibid., p. 192.
6. Evelyn Huber and John Stephens, “The Bourgeoisie and Democracy: Historical and Contemporary Perspectives from Europe and Latin America,” Paper delivered at the meeting of the Latin American Studies Association,

Continental Plaza Hoel, Guadalajara, Mexico, April 17-19, 1997, p. 8.

7. This account on the Philippines is drawn from Walden Bello et al., The Anti-Development State: the Political Economy of Permanent Crisis in the Philippines (Quezon City: University of the Philippines Department of Sociology and Focus on the Global South, 2004), pp. 9-31.

8. See, among others, Maria Rocha Geisa. “Neo-Dependency in Brazil,” New Left Review, No. 16 (Second Series), July-August 2002, pp. 5-33; also Haggard and Kaufman, pp. 193-196, 209-211.

9. “Don’t Leave this Party yet,” Business Week, Sept. 8, 2003, p. 63.

10. Is Lula’s Honeymoon Winding Down?” Business Week, April 26, 2004, p. 31. See also Roger Burbach, “Brazilian Fiscal Conservatives in Lula’s Government under Attack along with International Monetary Fund,” Center for the Study of the Americas (CENSA), Berkeley, Ca., March 22, 2004.

11. Larry Diamond, “Is Pakistan the (Reverse) Wave of the Future?,” in Larry Diamond and Marc Plattner, The Global Divergence of Democracies (Baltimore: Johns Hopkins University Press, 2001), p. 358.

12. A.R. Kemal, “Structural Adjustment, Macroeconomic Policies, and Poverty Trends in Pakistan,”

13. Keane Shore, “The Impact of Structural Adjustment Programs on Pakistan’s Social Development,” IDRC Reports, June 7, 1999.

US-VENEZUELA CONFRONTATION RIPS THROUGH DEMOCRACY MEET

By Josua Mata*

The US-Venezuela confrontation surged to the forefront of the Meeting of Democracy-Promoting Foundations in Stockholm on August 28-30, 2005. In what many saw as a shocking display of unilateralism and arrogance, Carl Gershman, head of the US-government-funded National Endowment of Democracy (NED), ousted Eva Gollinger, a Venezuelan-American attorney, from a panel on the topic “Supporting Regime Change-Democratic Assistance or Intervention?”

Previously slated to speak, Gollinger was dropped a few days before the meeting owing to strong pressure on the Swedish organizing committee from the NED president. Gershman confirmed this during the panel when he said he objected to Gollinger’s presence at the panel because it would be “obscene” to have “somebody persecuting NGO’s” in the same panel with him. Gollinger brushed aside Gershman’s charges as wild allegations, saying that the real reason was that she was a strong critic of NED’s activities in Venezuela, which are aimed at destabilizing the government by “falsely painting the government of President Hugo Chavez as ‘undemocratic’ and ‘illegitimate.’”

“OUT OF CONTROL”

Many other delegates were appalled by Gershman’s action, which he angrily justified, almost shouting, during the panel. “Gershman was out of control,” observed one Northern European delegate who wished to remain anonymous. Another, a woman from Eastern Europe, said, “this is unacceptable behavior what he did to that girl-somebody saying I’m the Big Man and I get what I want.”

Gollinger nevertheless got a chance to speak from the floor during the question and answer session. She assailed Gershman for calling the Chavez government “semi-authoritarian” and implying it was illegitimate when it was, in fact, the “most democratic government Venezuelans have ever had. “Under Chavez, you’ve had 10 free and transparent electoral processes, three of them presidential, and in all of them Chavez won 60 per cent of the vote.” She called attention to the results of a recall referendum in 2004, which were certified as “honest and free”

elections by the Carter Center and the Organization of American States. Gollinger also pointed to the “most democratic event in Venezuelan history-when ordinary Venezuelans went to the streets in April 2002 to demand that their president be reinstated after he was ousted by a military coup, and they succeeded.”

Unbalanced Panel

Gollinger’s absence from the regime change panel resulted in it being dominated by pro-interventionists. Abir Alsahani of the Iraqi Democratic Alliance argued that externally sponsored regime change to impose democracy overrode international law, in response to a comment from the floor by Walden Bello that there was no justification for such an action in international law. And when Bello raised the “appalling tragedy of 10,000 or more Iraqis being killed” by Anglo-American forces during and after the March 2003 invasion of Iraq, she responded, “I know that is terrible, but they would have been killed anyway by Saddam Hussein” had the invasion not occurred.

The controversy over the regime change panel overshadowed other conference proceedings, where progressive voices managed to get themselves heard.

In one panel Kondwani Chirambo of South Africa and Catherine Ndungo of Kenya explored the devastating impact of the HIV-Aids pandemic on democratic political systems throughout Sub-Saharan Africa.

In a panel on “Women in Political Decision-making,” Fereshteh Ahmadi, associate professor at Uppsala University in Sweden, presented a stimulating paper on the women’s struggle for political rights in contemporary Iran against the patriarchal clergy’s daily attempts to marginalize them from social and political life. She described the rise of an “Islamic feminism” which “attempts to constitute a new discourse on women, although on religious grounds, yet by working both from inside and outside the Islamic legal and theological sources.”

DEMOCRACY AND POVERTY

Participants in the opening panel addressed the question of the relationship of democracy to poverty. Cristina Girardi Lavin, an anthropologist from Chile, recounted lessons in participatory democracy in a small city near Santiago, where she had served as mayor.

Suzanne Jambo from Sudan and Halle Jorn Hansen from Norwegian People's Aid focused on the challenges facing democratic processes in Southern Sudan, which will need to address not just political freedom but also development and poverty reduction.

In his presentation, Walden Bello called attention to the causes of what he described as "a palpable sense of disappointment that the new electoral democratic regimes have fallen far short of their promise of not only bringing freedom but also rolling back poverty and social inequality." Bello traced this setback to two things: elite capture of democratic processes and structural adjustment programs imposed by external actors.

The essential dynamics of the formal democratic systems that have emerged since the 1980's, said Bello, is that they allow "maximum factional competition among the elites while allowing them to close ranks against any change in the social and economic structures." Already structurally opposed to economic democracy, this system was rendered even more anti-people and anti-developmental in its effects by the economic programs they were forced to impose on their populations by influential actors.

NEOLIBERAL ECONOMICS AND WOMEN'S EMPOWERMENT IN SOUTHEASTERN EUROPE

The analysis of democracy and women's empowerment by Sonja Lokar of Slovenia paralleled that of Bello. According to Lokar, the "shock therapy" imposed on the new democracies in Eastern Europe in the 1990's were so devastating that they served as the stimulus for the organizing of women's movements throughout the region. "We did not organize mainly with the objective of being equal with men; we were forced to organize to deal with the terrible consequences of neoliberal economics." Women's

organizations fought against cutbacks in women's wages, maternity leaves, and childcare, and forced succeeding governments to retreat from the more extreme neoliberal policies. In the process, women were able to achieve significant advances in parliamentary representation-30 per cent in Kosovo, 26 per cent in Bulgaria, 22 per cent in Croatia, and 21 per cent in Macedonia.

Discussing methods of gender empowerment in Eastern Europe, Loskar attributed much of the success of the women's movement to what she called a "sandwich strategy"-that is, "pushing our leaders from pressures from below while at the same time getting international agencies to pressure them from above on gender issues."

In conclusion, an editorial comment. What did I think of the conference? It explored many vital issues, but the area I found most useful was the discussion of gender empowerment, especially the experiences from Southeastern Europe. Being a trade unionist, I would have liked more of the meeting to have been devoted to trade unionism and democracy promotion. But the overall impact of the meeting on me was one of disquiet. I found it disturbing that Carl Gershman could overturn the decision of the organizing committee and exclude Eva Gollinger. This was bully tactics of the worst kind.

There is a world of difference between organizations such as the Olof Palme International Center, which supports democratic practices in places like the Philippines out of solidarity, and outfits like Gershman's National Endowment for Democracy, which promotes US government interests under the guise of spreading democracy. The NED and its practices are a disservice to democracy. The NED's presence and behaviour at this meeting was a blot on the proceedings.

**Joshua Mata, who attended the three-day conference, is secretary general of the Alliance of Progressive Labor and a member of Akbayan!, the Citizens Action Party of the Philippines. pointing but not disastrous" was taken by some to be, in fact, a rather euphemistic assessment to mask a really gloomy state of affairs. So was the statement of General Council Chairperson Ambassador Amina Mohamad of Kenya that "there is not a 'crisis' in the negotiations-we need not press the panic button."*