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Introduction

In this issue of Focus on Trade, Shalmali Guttal wades into the murky waters of Financing for Development, Walden Bello sets out a strategy for the movement against corporate globalisation and looks at what's missing from Kim Dae Jung's "Sunshine Policy", Mark Weisbrot explains why we need free trade, Boris Kargalitsky takes us on the roller-coaster of Russian globalisation and Nicola Bullard shows how the poor can save capitalism.

We have also included the 'report' of the meeting between trade unions, NGOs and social movements which was held in Bangkok on 12 and 13 March, organised by Focus on the Global South and the Friedrich Ebert Stiftung, but there will more on that another time.

But first, corrections and an apology. In Focus on Trade #59, we denominated the production cost of the Porto Alegre Davos hook-up in the wrong currency. In fact, it should have been French francs, or about $250,000 – far from big budget! A 30-minute version of "The Globalisation Divide" can be viewed on the web at www.madmundo.tv and the full transcript of the debate and a press review are available at this address. Next week, a discussion forum about "The Globalisation Divide" will be open on www.madmundo.com.

The Global Conjuncture: Characteristics and Challenges
by Walden Bello

(Co-authored with Nicola Bullard. Keynote speech at the National Convention against Globalization, New Delhi, India, March 21-23, 2001)

Today the movement against corporate-driven globalization is at a decisive juncture. There are different proposals on how to move forward. Oftentimes, clarification of the demands of the moment are clouded by what are, in effect, non-issues. For instance, among many of those who support attaching environmental and labor clauses to the World Trade Organization, one often encounters the feeling that the opposition of many social movements and civil society organizations to this approach stems from either lack of sympathy for labor rights and the environment or "softness" towards authoritarian regimes. This is regrettable since many of those most opposed to the social clause approach are also oftentimes strong backers of labor rights, labor organizing, and environmentally sensitive development in their countries.

Values are not the issue. Whether or not we adopt the social/environmental clause approach to constraining globalization is largely, in our view, a matter of strategy and tactics. And the question of what are appropriate strategy and tactics for the moment can only be determined by analyzing the current global conjuncture.

Crisis of Legitimacy

The global conjuncture or, to use a more precise term, the global correlation of forces after Seattle and Porto Alegre is quite different from that in the mid-1990's. The founding and ratification of World Trade Organization in 1994-95 (WTO) was the apogee of capitalism in the era of globalization. Socialism had collapsed and the Washington Consensus seemed to carry all before it. There seemed to be very little space for maneuver, and very little opportunity to influence events except to play by the rules and get whatever morsels of reform you could get. It was this sense of being overwhelmed by a juggernaut that informed the strategy of attaching social and environmental clauses to the WTO and other trade agreements that some labor and environmental groups came up with during that period.

Today, the global correlation of forces is different—some would say, quite different. A crisis of legitimacy now envelops the key institutions of global economic governance: the International Monetary Fund (IMF), the World Bank, and the WTO. The Asian financial crisis of 1997-1998 was the Stalingrad of the IMF. It was clear to observers and ultimately to some people in the IMF itself that the Fund, with its prescription for capital account liberalization, helped create the crisis, and with its cure of tight money and tight budgets, converted a financial crisis into economic collapse in Thailand, Indonesia, and Korea. The now famous Meltzer Commission report and the massive demonstrations against the World Bank in Washington, DC, and Prague in 2000 combined to precipitate the World Bank's crisis of legitimacy. The Meltzer report, which is likely to inform the new Bush administration's perspective on the Bank, argues that the Bank is irrelevant to the question of solving poverty and should be radically reduced in terms of scale and functions. Seattle, of course, saw the magic combination of massive street protests, a revolt of the developing countries in the Seattle Convention Center, and irreconcilable differences between the European Union and the US scuttle the Third Ministerial and place the WTO in a state of limbo. Three quotations from extremely credible sources underline the depth of the crisis of confidence of the global elite in their key institutions of global economic governance post-Seattle. * The Economist: The protesters "are right that the tide of 'globalization,' powerful as the engines driving it may be, can be turned back...International economic integration is not an ineluctable process, as many of its most enthusiastic advocates appear to believe. It is one...of many possible futures for the world economy; others may be chosen, and are even coming to seem more likely."

* Stephen Byers, UK Secretary for Trade and Industry: "The WTO will not be able to continue in its present form. There has to be fundamental and radical change in order for it to meet the needs and aspirations of all 134 of its members."

* C. Fred Bergsten, head of the Institute of International Economics and prominent advocate of globalization, in a speech before the Trilateral Commission: "the anti-globalization forces are now in the ascendancy."

Implications for Strategy and Tactics

Today we are in a different ballgame from that in the mid-nineties, when the social and environmental clause strategy was devised. Whatever merits it may have had then, today such an approach is unsound and counterproductive, both tactically and strategically. Tactically, it is unsound because the only way to smuggle it into the WTO is by having a new trade round that would simply open up the space for other forces to add new agenda for liberalization and globalization such as competition policy, investment policy, more agricultural liberalization, a new round of industrial tariff cuts, a TRIPs even more congenial to TNC interests. A new round is a Pandora's Box. The WTO, says C. Fred Bergsten, is like a bicycle. It can only remain upright by moving forward in terms of more liberalization and globalization. Our immediate goal must be to pin the bicycle down and out of locomotion by preventing a new trade round.

More broadly, we are engaged in an epochal struggle for legitimacy, and, as in every kind of warfare, the strategy revolves around the issue of who has the momentum, who has what Clausewitz called the "moral initiative." Strategically, the social and environmental clause strategy is obsolete given the new global correlation of forces. To borrow from military strategy, using the social/environmental clause strategy is like employing a pre-Stalingrad strategy of defensive warfare to a post-Stalingrad situation that demands offensive warfare.

The Soft Corporate Counteroffensive

The shifting balance of forces is causing the global elite to reassess its own strategy and tactics, a development indicated by the fact that a number of key corporations, like Caterpillar and Boeing, as Naomi Klein points out, are now endorsing social clauses as a way to secure fast track authority for the US president that would facilitate new round of liberalization and globalization via the WTO and regional free trade agreements like the proposed Free Trade of the Americas Agreement (FTAA).

The global elite—the Davos crowd—is beginning to embrace the social clause as part of a strategy to relegitimize globalization. They do not have to read Gramsci to know that unless legitimacy is regained, global power structures whose cohesion is principally dependent on the perception of legitimacy could begin to unravel. But the social clause is not the only element in what we might term the "soft corporate counteroffensive." There are two other moves that must be highlighted.

One is participating in the Global Compact promoted by UN Secretary General Kofi Annan. A brainchild of Annan and the Davos crew, the Global Compact is said to commit corporations to nine principles, the most important of which have to do with respecting labor rights, human rights, and the environment. However, compliance is voluntary and self-monitored, and consistent corporate rights violators like Nike, Shell, and Rio Tinto are making use of this platform to bluewash their very tarnished image. Even George Soros admits that the Global Compact is nothing more than a device to whitewash the corporate image, and it is unfortunate that some civil society organizations have been manipulated into endorsing it.

A third prong of the soft counteroffensive is the corporate embrace of civil society. In a manner similar to the way they coopted gender diversity and racial diversity into their drive to market dominance (a process so insightfully analyzed by Naomi Klein in her classic book No Logo), the smart corporations now see "civil society"—meaning us—as the key to both legitimacy and marketing success. NGOs are now being literally deluged with requests to join this corporation's NGO advisory committee or that multilateral organization's NGO consultative group. A few weeks ago, even the IMF held its first NGO consultation in Singapore. Of course, the Davos elite club has begun to justify its existence by saying that it has began to incorporate labor unions and NGOs into its annual retreat held in Switzerland at the end of January. In the leadup to this year's meeting, for instance, Davos chiefs Klaus Schwab and Claude Smadja made sure to trumpet the fact that "a thousand business leaders from the forum's member companies will be joined by dozens of heads of state or government and nearly 70 representatives of civil society to discuss, and hopefully advance, the major issues on the global agenda." The idea is to project dialogue when in fact monologue governs and to gain legitimacy via the mere mention of "consulting civil society."

A new civil society-labor strategy needs to be elaborated to respond to the dangers, openings, and opportunities of the new conjuncture. We would like to present a strategy that 1) addresses the soft counteroffensive, 2) delineates the line of struggle or line of march against the key global institutions, and 3) proposes an alternative paradigm of global economic governance.

Countering the Soft Counteroffensive

Allow us to first address the soft corporate counteroffensive. We must meet the challenge of relegitimization of the globalist project head on by discarding the labor and environmental clause strategy when it comes to the WTO and other trade agreements. We must also oppose and expose the Global Compact as a whitewash mechanism and ask NGOs and labor unions that have joined it to withdraw. We must, furthermore, be very discriminating about lending our participation to consultation initiatives launched by the mutilaterals and corporations. Clearly, it is time to boycott the Davos meetings and the Davos process, which has become the premier site for developing corporate cultural hegemony over the rest of us by drawing the participation of some of us.

Moving to the Offensive

Moving on to an offensive strategy against the key institutions of globalization, priority must be put on stopping a new trade round from being launched at the Qatar Ministerial in November of this year. Beyond this, we must support the moves of many peasant and farmer groups like Via Campesina to remove agriculture from WTO discipline. We must ensure that no consensus emerges in the current negotiations on the GATS, the General Agreement on Trade in Services, which would stalemate the process. We must likewise put ourselves squarely behind the drive to place public health above TRIPs and profits by supporting the drive to reproduce and mass-market patented AIDs drugs at cheap prices. We must campaign to enshrine the priority of the precautionary principle above free trade, deriving momentum from the GMO, mad cow and foot-and-mouth eco-health disasters. Likewise, we must place ourselves firmly behind the South's demand for the recognition and institutionalization of "Special and Differential Treatment"—that underdeveloped countries require a different set of trade rules—in trade negotiations among countries. The overall strategy is to disempower or radically "shrink" the WTO so that it becomes simply another forum, with very limited and very diluted coercive capabilities, for trade negotiations.

When it comes to the IMF and the World Bank, the time is ripe to press and build up a global campaign for decommissioning or neutering these institutions. Currently, there are a number of influential appointees in the economic agencies of the Bush administration who favor either eliminating or radically reducing the role of the Bretton Woods institutions. With many Republicans and Democrats in Congress evincing similar sentiments, international civil society and labor unions might add their weight to form a critical mass that would determine the future of these institutions. As the head of one international agency who follows politics in this area fairly closely told us, "The mutilateral institutions are today very vulnerable to a pincer movement carried out by, on the one hand, the conservatives in the new administration and, on the other, international civil society." It might be added that another factor that should spur decisive action on our part is that the staffs of both institutions are severely demoralized currently by the combination of external criticism and/or internal mismanagement. Windows of opportunity are rare, and we better move before this one slams shut.

Next, unions and civil society organizations must band together to scuttle—while they are still in the dockyard the Free Trade of the Americas Agreement and similar global free trade treaties that are now being pushed—partly as a substitute for the stalemated WTO. These regional or bilateral agreements are as much guided by the destructive principles of neoliberalism—liberalization, deregulation, and privatization—as the WTO. Here it must be noted that full opposition to both the FTAA and a new trade round were two of the agreements contained in the common statement signed by hundreds of unions and civil society organizations at the World Social Forum in Porto Alegre a few weeks ago.

Finally, we must extend the crisis of legitimacy from the multilateral institutions of global governance to the engine of globalization itself: the transnational corporation. TNCs are in disrepute today, and even in the US a recent survey has shown that 70 per cent of the people feel that TNCs have too much power over their lives. Corporations find it less and less possible to operate without engaging in criminal activity. This similarity between the mafia and the TNC is something that we must continually stress in this campaign of delegitimation. It is only when we realize how great is the potential of campaigns to unmask the criminal that is at the heart of the corporation that we begin to see how inappropriate and untimely is Kofi Annan's Global Compact and understand how it functions less as a lifesaver for society than a lifesaver for TNCs.

Promoting the Alternative

Finally, to the question of the alternative. Our side has always been criticized for only opposing and not proposing. Well, that is no longer valid—-if it ever was—-after Porto Alegre. Under the banner "Another World is Possible," the 12,000 people who came to the southern Brazilian city not only wrested the moral ascendancy from the Davos crowd, as the Financial Times pointed out in its feature piece "Attack on Planet Davos." They also came to engage in hard discussion on how to create an alternative world in non-utopian and pragmatic ways.

We disagree with the view that thinking about the alternative is a task that for the most part is still in a primeval state. In fact, we feel that that many or most of the basic or broad principles for an alternative order are already with us, and it is really a question of specifying these broad principles to concrete societies in ways that respect the diversity of societies.

Work on alternatives has been a collective past and present effort, one to which many North and South have contributed. Allow us to synthesize the key points of this collective effort under the rubric "deglobalization." While the following model addresses principally the situation of countries in the South, many points have relevance as well to societies and economies in the North.

Deglobalization

What is deglobalization?

We are not talking about withdrawing from the international economy. We are speaking about reorienting our economies from the emphasis on production for export to production for the local market;
- about drawing most of our financial resources for development from within rather than becoming dependent on foreign investment and foreign financial markets;
- about carrying out the long-postponed measures of income redistribution and land redistribution to create a vibrant internal market that would be the anchor of the economy;
- about deemphasizing growth and maximizing equity in order to radically reduce environmental disequilibrium;
- about not leaving strategic economic decisions to the market but making them subject to democratic choice;
- about subjecting the private sector and the state to constant monitoring by civil society;
- about creating a new production and exchange complex that includes community cooperatives, private enterprises, and state enterprises, and excludes TNCs;
- about enshrining the principle of subsidiarity in economic life by encouraging production of goods to take place at the community and national level if it can be done so at reasonable cost in order to preserve community.

We are talking, moreover, about a strategy that consciously subordinates the logic of the market, the pursuit of cost efficiency to the values of security, equity, and social solidarity. We are speaking, to use the language of the great social democratic scholar Karl Polanyi, about re-embedding the economy in society, rather than having society driven by the economy.

Deglobalization or the re-empowerment of the local and national, however, can only succeed if it takes place within an alternative system of global economic governance. What are the contours of such a world economic order? The answer to this is contained in our critique of the Bretton Woods cum WTO system as a monolithic system of universal rules imposed by highly centralized institutions to further the interests of corporations—and, in particular, US corporations. To try to supplant this with another centralized global system of rules and institutions, though these may be premised on different principles, is likely to reproduce the same Jurassic trap that ensnared organizations as different as IBM, the IMF, and the Soviet state, and this is the inability to tolerate and profit from diversity. Incidentally, the idea that the need for one central set of global rules is unquestionable and that the challenge is to replace the neoliberal rules with social democratic ones is a remnant of a techno-optimist variant of Marxism that infuses both the Social Democratic and Leninist visions of the world, producing what Indian author Arundathi Roy calls the predilection for "gigantism."

A Plural World

Today's need is not another centralized global institution but the deconcentration and decentralization of institutional power and the creation of a pluralistic system of institutions and organizations interacting with one another, guided by broad and flexible agreements and understandings.

We are not talking about something completely new. For it was under such a more pluralistic system of global economic governance, where hegemonic power was still far from institutionalized in a set of all-encompassing and powerful multilateral organizations and institutions that a number of Latin American and Asian countries were able to achieve a modicum of industrial development in the period from 1950 to 1970. It was under such a pluralistic system, under a General Agreement on Tariffs and Trade (GATT) that was limited in its power, flexible, and more sympathetic to the special status of developing countries, that the East and Southeast Asian countries were able to become newly industrializing countries through activist state trade and industrial policies that departed significantly from the free-market biases enshrined in the WTO.

Of course, economic relations among countries prior to the attempt to institutionalize one global free market system beginning in the early 1980's were not ideal, nor were the Third World economies that resulted ideal. They failed to address a number of needs illuminated by recent advances in feminist, ecological, and post-post development economics. All we wish to point out here is that the pre-1994 situation underlines the fact that the alternative to an economic Pax Romana built around the World Bank-IMF-WTO system is not a Hobbesian state of nature. All we want to stress is that the reality of international relations in a world marked by a multiplicity of international and regional institutions that check one another is a far cry from the propaganda image of a "nasty" and "brutish" world. Of course, the threat of unilateral action by the powerful is ever present in such a system, but it is one that even the most powerful hesitate to take for fear of its consequences on their legitimacy as well as the reaction it would provoke in the form of opposing coalitions.

In other words, what developing countries and international civil society should aim at is not to reform the TNC-driven WTO and Bretton Woods institutions, but, through a combination of passive and active measures, to either a) decommission them; b) neuter them (e.g., converting the IMF into a pure research institution monitoring exchange rates of global capital flows); or c) radically reduce their powers and turn them into just another set of actors coexisting with and being checked by other international organizations, agreements, and regional groupings. This strategy would include strengthening diverse actors and institutions as UNCTAD, multilateral environmental agreements, the International Labor Organization, and evolving economic blocs such as Mercosur in Latin America, SAARC in South Asia, SADCC in Southern Africa, and a revitalized ASEAN in Southeast Asia. A key aspect of "strengthening," of course, is making sure these formations evolve in a people-oriented direction and cease to remain regional elite projects.

But above all, it would support the formation of new international and regional institutions that would be dedicated to creating and protecting the space for devolving the greater part of production, trade, and economic decision-making to the national and local level. The primal role of international organizations in a world where toleration of diversity is a central principle of economic organization would be, as the British philosopher John Gray puts it, "to express and protect local and national cultures by embodying and sheltering their distinctive practices."

More space, more flexibility, more compromise—these should be the goals of the Southern agenda and the international civil society effort to build a new system of global economic governance. It is in such a more fluid, less structured, more pluralistic world, with multiple checks and balances, that the nations and communities of the South—and the North—will be able to carve out the space to develop based on their values, their rhythms, and the strategies of their choice.

In conclusion, in this post-Seattle, or should we now say, post-Porto Alegre world, our side has the momentum, the initiative, the ascendancy. Of course, the structures of global capitalism seem as firm as ever. While guarding against unwarranted optimism, we must also not underestimate the possibilities in the more fluid situation of the moment. Let us remember that power structures ultimately cannot survive without the perception that they are legitimate. The other side knows this, which is why the invocation of "civil society" has become more desperate, more shrill. From the WTO to the corporation, the key institutions of capitalism in this era of globalization are undergoing a profound crisis of legitimacy. Let us not waste the opportunities opening up by being wed to the thinking, calculations, and strategies of the past.

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At What Price, Development?
by Shalmali Guttal

The first Preparatory Committee ('Prepcom') Meeting for Financing for Development (FFD), held in the United Nations (UN) headquarters in New York from February 12 – 23, seemed unable to move beyond an over simplified equation between development and economic globalisation. Going by the discussions at the Prepcom, it seems clear that unless fundamental structural changes are brought about in the international financial system, architecture, institutions and governance to favour poor and developing countries, they are likely to pay a far higher price for development than before. What would make it more expensive? Further speeding up and consolidation of the processes, structures and institutions of economic globalisation — more specifically, neo-liberal economic policies —parading as development.

The center-piece of discussions in the Prepcom was the report of the UN Secretary General (SG) that outlined six major areas to be covered in deliberations about financing for development : 1) Mobilising domestic financial resources for development; 2) Mobilising international resources for development: foreign direct investment and other private flows; 3) Trade; 4) Increasing financial cooperation for development through, inter-alia, official development assistance; 5) Debt, and; 6) Addressing systematic issues: enhancing the coherence and consistency of the international monetary, financial and trading systems in support of development. The report was a result of discussions over the past year in regional inter-governmental meetings, dialogues with the business community and civil society, and lengthy negotiations among staff from the UN FFD Bureau, the World Bank, the International Monetary Fund (IMF) and the World Trade Organisation (WTO).

Given this backdrop, it was only to be expected that the SG's report would be a compromise document reflecting the views of "all stakeholders" in both financing and development processes. However, the SG's report gives new meaning to the word "compromise." Rather than exploring and discussing ways to address historical, structural and institutional impediments to sustainable development financing, the report hails the processes of economic globalisation as the only viable solutions to the resource crunch that developing countries are currently facing. Unfortunately, the SG's report appears to be a thinly veiled plan for further liberalisation and privatisation of all key sectors in developing countries—from trade to essential services—with greater reliance on market mechanisms and the private sector for delivering public "goods" and "services." The report does not highlight the important role of government and public policy in ensuring equity, social and economic justice, or in protecting vulnerable and disadvantaged populations from further economic violence. Instead, it squarely locates the proper place of public policy to create an enabling environment for private sector initiatives and capital flows through good governance, and appropriate sectoral and institutional reforms.

The above was contested by many developing country delegations. On behalf of the Group of 77 and China, Ambassador Bagher Asadi from the Islamic Republic of Iran pointed out in his opening statement that ongoing processes of globalisation have changed the parameters of development and development financing. The very same financial features that have facilitated greater financial integration have also brought increased financial risks and created instability. Similar sentiments were echoed by delegations (among others) from Nigeria, Ghana, Saint Lucia and Cuba.

The contradictions inherent in easy conflation between economic globalisation and development were succinctly pointed out by the Pakistan's Ambassador in his opening remarks:

"…While globalisation may mean different things to different people, there is a general agreement that economic globalisation means marketization of global economy. Market is perhaps the most efficient way of achieving certain economic goals but market cannot be allowed to make major social and political decisions. In fact, the empirical evidence has established that global markets fall far short of addressing the social development aspect of economic activity. The supporters of globalisation must argue against this evidence… One cannot help but ask, if globalisation is working well then why are there so many poor people at a time there has never existed such great wealth? Why is the number of least developed countries increasing? Why is the environment on the edge of collapse? …there is a tendency to oversimplify the whole issue by saying that 'no-one is in charge here.' And then there is the most commonly used acronym 'TINA' meaning 'There is no Alternative.' …If it is so then one is to believe that income disparities would continue to rise and poor will become poorer and rich will become richer"

As it turned out, the supporters of economic globalisation had no need to argue against the evidence presented by the Ambassador from Pakistan. The SG's report had already done such a good job of re-packaging the TINA argument to promote the primacy of market-based policies, mechanisms and institutions in national development.

A Narrow View of both Financing and Development

The SG's report presents an extremely narrow view of both financing and development. In the introductory section, the SG's report states that the high level event on FFD is not meant to "revisit the goals and content of development," but rather, the "need for finance to meet these development needs." Surprisingly, the report makes almost no links between different methods of financing and their longer term social, economic, environmental and political impacts.

The compromise with the Bretton Woods Institutions (BWIs) and the WTO is amply reflected in both the analyses and recommendations made in the SG's report. While the report advocates the importance of domestic resource mobilisation, it offers no analysis of how the domestic financial resources of many developing countries have been constrained by several years of structural adjustment programmes (SAPs), or, how SAPs have contradicted existing national development strategies and squeezed national budgets to limit the coverage and quality of essential goods and services. Instead, the document recommends that developing country governments, supported by international institutions, facilitate civil society and private sector resources towards the provision of infrastructure and services, while maximising public resources in the provision of "non-commercial" services such as safety nets. Interestingly, there is no mention of initiatives such as land reform or the redistribution of productive assets and income sources in these "non-commercial" services.

The report argues for public support for financial services such as micro-credit and rural credit for the poor through "a wide range of financial intermediaries" (page 15). It recommends that countries "remove institutional and regulatory obstacles, such as restrictions on cost recovery, lack of secure transaction laws and weak property registries" and argues for "public-private partnership funds" to develop innovative financial tools" (page 15). Overall, the report emphasises the financial integration of all sectors at all levels to the national and global economy. However, the report does not recognise the importance of policy supports (such as guaranteed commodity and product prices, protection of local markets, access to appropriate technology and skills training, etc.) without which, small-scale producers and borrowers can easily fall further into debt and lose the assets or capacity that they already have.

In the section on trade, the SG's report recommends an aggressive trade liberalisation agenda for developing countries, with a global, "fully funded" assistance programme for those countries interested in pursuing this path. But it offers no analysis of how trade liberalisation, without sufficient and adequate domestic protective measures, has affected the economies of most developing countries. Nor does the report at any point raise the problems of declining and fluctuating terms of trade, or the impacts of agreements in the WTO on the economic and technological capacities of developing countries, particularly the Least Developed Countries, the Small Island Developing States, and other low-income developing countries. Unfortunately, the section on debt displays a similar, narrow approach with obvious creditor biases. The report praises the HIPC initiative and frames the debt issue in questions of the "creditworthiness" of low-income countries, and moral hazard created by some types of debt relief. But it does not examine the conditionalities accompanying debt relief measures that actually perpetuate the debt cycle, the failure of past debt sustainability criteria, the links between debt and the global economic policy environment, and the moral hazard created by creditor agencies and governments through loans for poorly assessed projects or programmes.

The above contradictions were highlighted by delegations from many developing countries. Again, a delegate from Iran, on behalf of the Group of 77 and China, provided sharp critiques of the neo-liberal, market biases in the recommendations of the SG's report. The Cuban delegation pointed out how debt relief measures were doomed to failure without international, longer-term, supportive policy measures that ensured the economic health and independence of indebted countries, especially in areas such as trade, technology transfer, and access to capital. Many developing country delegations argued for a thorough examination of the impacts of international economic and political policy environments on domestic policy making in their respective countries, and a comprehensive articulation of an enabling international economic environment for developing countries without the imposition of prescription and conditionalities by the richer countries of the north.

Legitimising the Bretton Woods Institutions

One of the most disheartening aspects of the Prepcom—and what appears to be the entire FFD process—is the legitimisation of the Bretton Woods Institutions (BWIs) by the UN system. The SG's report gave the BWIs prominence in every section of the report and at no point did it question the self-initiated expansion of mandates by these institutions. On the contrary, the report appeared to use its support for the BWIs as an avenue to claim a more central role for UN agencies.

The Prepcom was opened by high-ranking UN officials, followed by representatives from the BWIs. FFD Bureau staff wasted no opportunity to emphasise the importance and value of cooperation from the BWIs in the FFD process and the preparation of the SG's report. In reports of meetings between the BWIs, the WTO and the FFD Bureau, it was clear that the BWIs and WTO were not willing to entertain any challenge to their legitimacy. While the pragmatic need for cooperation with the BWIs was obvious, it appeared equally that the UN needed to highlight its association with the BWIs in order to re-legitimise itself as a central actor in the international development and policy arena. An exception to the BWI fan club was Ambassador Jaynama Asda from Thailand, who is his capacity as co-Chair of the Prepcom proceedings, pointed to the need for a systematic re-examination of the operations and mandates of the World Bank, the International Monetary Fund and the WTO.

On their part, many developing country delegations stated the importance of examining and addressing the coherence and consistence of international monetary, financial and trading systems in terms of their impacts on development and developing countries. The Group of 77 and China stated that existing institutional arrangements are lagging far behind the processes of economic and financial integration at the global level, and argued for broader and more effective participation of developing countries in international norm setting and decision making processes. A number of southern delegations asserted the importance of reforming the international financial architecture, and improving its governance, transparency and accountability. Not surprisingly, challenges to the expanded mandates of the BWIs, WTO and IFIs by southern delegations were made through implication, rather than clear or direct language.

The message did come across though and the empire struck back with the full weight of its leading spokespersons. The BWIs, WTO and associated financial institutions had nothing to fear with the European Union (EU) and the United States (US) present to protect their positions. While the EU expressed it support more indirectly, the US Deputy Representative did not waste any words:

"So far, we believe that the UN has benefited from the expertise of the Bretton Woods institutions and WTO in preparing for the high-level event. By working with thee organizations the UN has gained new understanding and insight into the realities of sustainable development financing… To ensure that the World Bank, IMF and WTO continue to a meaningful role in this process, their independent mandates must be fully respected…. We are concerned that the Financing for Development process may be used a vehicle for the UN to interfere in the governance and decision-making mechanisms of the Bretton Woods institutions and the WTO. Any such attempt, if made, will seriously undermine not only the credibility of these institutions, but also the UN's work in development generally. We will oppose any such attempt."

The barely veiled threat delivered by the US Deputy Representative so early in the proceedings did not have its fully intended effect. The highly orchestrated maneuvering for power among the UN, the BWIs, the WTO and various country delegations continued for the remainder of the Prepcom, with the shifting alliances that have become the trademark of such events. However, a number of southern delegations such as Iran, Egypt, Pakistan, Cuba, Nigeria, Ghana and the Caribbean states continued to place their priorities firmly on the table.

It remains to be seen to whether or not, and to what degree the FFD process can be shaped by the priorities of developing countries that have fought hard over the last few years for this event. Going by its recent performances, it is hardly likely that the UN will be willing to champion the causes of its poorer members. It is equally unlikely that members of the Group of 77 and China will be able to arrive at a common position to present unified opposition to the champions of the BWIs, the WTO and other institutions of economic globalisation. In the absence of the above, the FFD process is likely to become another legitimising process for economic globalisation and the entrenchment of the neo-liberal development paradigm.

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Why We Need Free Trade for Life-Saving Medicines

*by Mark Weisbrot**

The story of the decade, and perhaps the century, has finally made it to the front pages: millions of people who could be saved are dying from AIDS. The reason for their unnecessary, premature, and often agonizing deaths is now becoming clear: it is pure, unadulterated greed.

This is a scandal of biblical proportions. The $350 billion pharmaceutical industry — one of the most profitable and powerful in the world — has teamed up with its allies in the US government to deny millions of people access to affordable, life- saving drugs.

In the United States, people who are infected with the HIV virus can now have their lives extended indefinitely through a combination of drugs known as AIDS cocktails. The cost of these drugs is $10,000 to $15,000 a year — placing them far out of reach of the 33 million people in low-income countries, including 25 million in sub-Saharan Africa, who need them.

But the cost of producing these drugs is a tiny fraction of their price. An Indian generic drug manufacturer, Cipla, recently offered to provide the drugs to governments for $600 and to non- governmental organizations for $350.

For millions of people these drugs would become affordable; in the poorer countries, where annual income per person is in this range, they would be affordable with relatively modest foreign aid from the richer countries.

But the pharmaceutical companies are adamant. "They are stealing my intellectual property, and I cannot accept that," said a top Merck official.

Most people would not be convinced by this argument. Should millions of people be condemned to death in order to protect the patents of pharmaceutical companies?

In the face of growing political pressure and moral outrage, the drug companies have begun to offer some of these drugs at increasingly steep discounts. But even Merck's latest offer, ostensibly at cost for two of the commonly used drugs that make up the AIDS "triple cocktail," would still leave the price at 3-4 times what generic competition would bring.

There are also a number of other problems with allowing private monopolies to determine the price and availability of these desperately needed medicines. The cost in human life could be very high if they decide to drag their feet, demand other concessions, change their prices, or otherwise abuse their God-like power over the lives of millions.

The companies counter with an economic argument: these drugs would not exist if not for the monopoly profits that finance research and development. But there are other ways to fund this research — in fact many of most expensive new drugs were discovered with the help of public funds.

From a strictly economic point of view, a patent monopoly is a very inferior means of financing research. A basic principle of standard microeconomics is that the price of a good should be equal to the cost of producing an additional unit. Monopoly pricing, especially at 15 or 20 times the cost of production — is enormously wasteful and inefficient. And in the case of essential medicines, the toll of this inefficiency is measured in human lives.

As a matter of law, US patents do not automatically extend beyond our borders. But the drug companies and their allies in Washington have a formidable arsenal of weapons to force compliance from poor countries. These include economic pressures, lawsuits, and the World Trade Organization. When South Africa — where 4.2 million people are infected with the AIDS virus — passed its Medicines Act in 1997 to make these drugs more cheaply available, Washington retaliated with trade sanctions, postponed aid, and other economic threats.

Public pressure from activist groups forced the Clinton administration to reverse its policy against South Africa. But the battle was far from over. For example, the United States is currently pursuing a complaint against Brazil at the World Trade Organization over a Brazilian law aimed at increasing domestic production of AIDS drugs. And the pharmaceutical companies are still challenging South Africa's law in that country's courts.

Here is a simple reform that is consistent with basic humanitarian as well as economic principles: no enforcement of patents for essential medicines in low- income countries. This would allow for treatment of millions of people who would otherwise die.

The pharmaceutical companies do not appear ready to abandon their quest for worldwide monopolies over the drugs that they produce. But the public is becoming increasingly aware of their role, and it is hideously indefensible. It may take more severe pressures — such as boycotts by consumers and investors of the offending companies — before they get the message. But sooner or later, they will have to let go.

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Four billion poor hold key to the future of capitalism

*by Nicola Bullard**

For those of you worried about the future of capitalism, take heart. According to Tomorrow magazine – a glossy "global sustainable business" monthly — "the untapped market of the very poor is the new frontier for business growth in the 21st century."

At last the business community has tumbled to what the WTO and the World Bank have known for a long time: if you're looking for a way to save your neck, you need look no further than the billions of poor who are simply waiting to be lifted out of poverty by transnational corporations, trade liberalisation and poverty reduction strategies.

Tomorrow is so off-the-wall that it could be a parody. The front cover of Number 1, Volume XI (yes, it's been round for ten years – no doubt a product of post-Rio euphoria) is a tasteful black and white blur of a thin dark hand being held a somewhat paler, somewhat chubbier hand, with the caption "Reaching Out: It's time to look beyond traditional business models to the markets of the future – meeting the unmet needs of the world's four billion poor."

The lead story "The Bottom of the Pyramid" by "business visionary Stuart Hart" explains how "multinationals can help people rise out of poverty."

Hart argues that poverty is one of the "greatest obstacles standing in the way of an accelerated transition into sustainability."

"When you're scrabbling to survive," he says, "broader concerns about the environment can seem effete and irrelevant." But for a visionary the solution is simple, "Sustainability requires massive reductions in poverty and that means bringing billions of people into the market economy."

Hart does note the irritating problem that poor people don't have a lot of cash but cheerfully informs us that some equally visionary corporations – such as Unilever and Johnson & Johnson — have found "strategies" to target the very poor. Maybe he's referring to the ribbons of small sachets of shampoos and soap powders which festoon local markets throughout Africa and Asia. The marketing "strategy" is simple: a tiny packet of shampoo costs 2 or 3 baht (relatively more than double the price of a large container), yet every village girl can afford this small outlay. What's more, Thai TV advertising is an endless parade of beautiful young women with long glossy hair swirling without a care – obviously commercial and chemical shampoos are not only better than traditional or local products, but they also make you more beautiful, richer and more modern. Who can blame the village girls for buying the brightly packaged foaming chemicals when they are subjected to such relentless hair-swirling!

But business also needs to change its attitude to the poor, says Mr Harris. "Where there's abject poverty, managers need to visualise an active market; it's like visualising a theme park where today there's only a swamp." Apparently those lucky enough to live in abject poverty will be able to make the transition from invisibility to consumerism, without having to pass through the painful stage of being human, thanks to the "visualising" powers of far-sighted entrepreneurs.

There is more, of course but at the risk of spoiling a good story, let me tell you how this theme-park fantasy ends. "Who knows?" the visionary muses. "In 20 years time the tide may turn and the MNCs will be celebrated as the heroes and not the villains of globalisation."

No doubt by now you want to get your own copy of Tomorrow.

Well, if you happen to be a "large stakeholder group" to any of the following corporations, you will probably get one in the mail: ABB, Dow Chemicals, Du Pont, Novartis. Or maybe you're connected to 3M, BP, British Telecom, Deloitte Touche Tohmatsu, Duke Energy, Ford, Nokia, Rio Tinto, Shell or Unilever. If so, you can also ask them to send you a copy. Or maybe you have friends at the Wuppertal Institute for Climate, Environment and Energy, the Centre for Science and Environment or Legambiente, who are listed as providing "expert support." Perhaps some of our friends in these reputable organisations should reconsider whether Tomorrow deserves their "expert support".

Poor held aloft in the trade liberalisation crusade

And it's not only the corporations who should be thankful that the poor "will always be with us" because without them, the WTO would be finding it very hard to flog a new trade round – euphemistically called a "development round."

WTO Director General Mike Moore once again trotted out the poor – holding them like a flag a the head of the charge — to justify the crusade of trade liberalisation at a recent roundtable on trade and poverty in least developed countries.

Moore declared that "The multilateral trading system has probably done more to boost living standards and lift people out of poverty over the past fifty years than any other government intervention." It would be interesting to put that proposition to the vote. Would China, for example, which has achieved a phenomenal absolute reduction in poverty concede the credit to the multilateral trading system? Or would it square with the analysis of the UNCTAD 1999 Trade and Development Report that the greater openness of developing countries in the 1990s has been associated with higher volatility, larger payment deficits, and inferior growth performance?

By equating "trade" with "trade liberalisation" Moore deliberately perpetuates the view that anyone who opposes a no-holds barred new round of trade negotiations is not only anti-poor, but anti-trade. He also conveniently ignores the fact that for 45 of the last 50 years, trade liberalisation was managed through the much more open and flexible negotiating forum of the GATT. The rules-based, coercive and non-democratic WTO is something else again.

This is an old strategy. Even before the collapse of trade talks in Seattle, the WTO realised that their best public relations tactic was to persuade the public that "free trade is good for the poor." And even though "the poor" will apparently benefit from more trade liberalisation it would be very inconvenient to actually listen to what they have to say.

Via Campesina, an international movement of more than 2000 farmers and peasants organisations, wants agriculture out of the WTO. The millions of Africans dying from AIDS (most of whom are very poor) are demanding that drug companies stop manipulating intellectual property rights to protect their profits. Teachers and health workers in developing countries are calling for a moratorium on the negotiations on the liberalisation of services (GATS), fearing that further liberalisation of services will destroy what little of the public sector has been left by structural adjustment.

The "poor" have names: they are farmers, people dying from AIDS, underpaid primary school teachers, landless peasants living in slums on the edge of the sprawling metropolis, women selling fruit by the roadside, illegal migrants working for next to nothing rather than return to their war-torn or economically gutted countries. More trade liberalisation of the kind offered by the WTO will not benefit them. What will is more government intervention, not less. Better and affordable public services, not privatisation, land tenure not property markets, more jobs and job security, stable prices for agricultural products, technology to build local productive capacity, and protection from the vicissitudes of export and financial markets. None of these issues is on the agenda for the new round.

** Nicola Bullard is deputy director of Focus on the Global South in Bangkok*

The Missing Dimension in Kim Dae Jung's Sunshine Policy

by Walden Bello*

The future of President Kim Dae Jung's "Sunshine Policy" — the most promising opportunity in years to melt the glacial structures of the Cold War in Northeast Asia — is now in question.

This became crystal clear during Kim's recent visit to Washington where US President George W. Bush and his aides all but spelled out disapproval of his bold rapprochement with North Korea. Even before his visit, the Sunshine Policy was already in danger from the new administration's expressed determination to build an anti-ballistic missile defense (ABM) system — one that would include a "theater missile defense (TMD) system" for Japan and the region. Fearing that this move would derail its effort to convince North Korea to give up its ballistic missile program, Kim joined visiting Russian President Vladimir Putin in issuing a joint statement of support for the 1972 US-Soviet treaty that bans anti-missile weapons systems. Though Seoul later tried to dilute the meaning of its gesture, it was clear to the rest of the world that, for the first time in over five decades, the two allies had experienced an open break in security policy.

Withdrawal Syndrome

Though its concerns were muted during the Clinton administration, the US security establishment was never comfortable with Kim's reconciliation policy with the North. The big fear was that rapprochement would bring into question the presence of the large US military presence on the peninsula, where 37,000 American troops are forward-deployed. South Korea, as noted expert Chalmers Johnson has pointed out, is a Pentagon colony. Continuing occupation, however, demands a credible justification. So long as South Koreans shared Washington's image of North Korean chief Kim Jong-Il as a megalomaniacal despot, there was no problem. But when Kim Jong-Il was transformed into a long lost beloved brother during Kim Dae-Jung's visit to Pyongyang in June, the nightmare of an eventual pullout began to haunt the Pentagon, and no amount of soothing words from the South Korean leader about the need for US troops and bases into the indefinite future could reassure the US military establishment.

But the reasons for the hardening US position go beyond the Pentagon's wishing to maintain its position on the peninsula. Since the mid-1990's, US military strategy, at both the global and regional level, has gradually reoriented been reoriented around the premise of a deepening strategic rivalry with China. The Asia 2025 Study, which the Pentagon hardly kept confidential, identified China consistently as the main threat to US interests in six war-game scenarios covering South Asia, Southeast Asia, and East Asia. Even during the Clinton administration, the security elite had evinced discomfort with the Democrats' China policy, which put the emphasis on "engagement" rather than containment. With the Bush administration, containment has become the dominant aspect of the policy, and a central thrust is tightening the military cordon sanitaire around China. The troops and bases in Korea — the only US beachhead on the Asian mainland — are vital elements of the American noose.

Fundamental Flaw

The South Korean leader has the choice of freezing the process and pleasing the Americans or going forward and risking not only non-cooperation but possibly even Washington-supported destabilization. This dilemma highlights the fundamental flaw of the policy: that it has been for the most part a highly controlled, personality-driven process where most of South Korean society was relegated to the sidelines, with little function but to applaud. Not surprisingly, most Koreans, while obviously cheered by the reconciliation process, felt detached from it, feeling no personal responsibility for its success or failure.

This personal distance from the process was driven home to me while discussing future economic strategies for Korea with progressive Korean economists. Even when taking the long view, none of them brought the integration of the North Korean market into their calculations. For all intents and purposes, a unified Korea remains a distant dream, and the lack of significant domestic protest against Washington's recalcitrance is the most damning proof of this.

Not too late

It is not too late, however, to bring the Korean people along. Kim should now reach out to all sectors of society, not to ask them to have faith in him and his judgment, but to actively bring them into the process, to encourage them to make their own unique contributions to this patriotic enterprise.

In addition, President Kim should solicit the active backing of the governments and peoples of the Asia-Pacific region, underlining how a reconciled, if not reunified, Korea is one of the most critical keys to lasting regional peace.

Mobilized domestic and regional constituencies for reconciliation and reunification are key to cracking the stalemate between Kim and Washington.

** Walden Bello is the Executive Director of Focus on the Global South*

Globalisation and Russia
*by Boris Kargalitsky**

As often happens with such terms, the word "globalisation" has become popular in our country only belatedly. To be exact, it has become popular among us at the very moment when people around the world have ceased talking about the rise of a new global economy, and instead have begun talking about its crisis. The fact that our commentators and theoreticians have begun speaking of globalisation later than those in the West does not indicate that the process has passed us by or that its impact has been delayed. It simply testifies to the backwardness of our social thinking.

There is worse to come. In discussing globalisation, our press split immediately into two camps. Some commentators see it as an irresistible "process of nature" that we are compelled to join in. Others see it as a conspiracy against Russia by sinister forces that must be fought against. Both views are quite wrong. Globalisation is the result of the neo-liberal economic policies that have triumphed on a world scale. As a result of these policies, not only are Russian workers in most sectors now on the verge of starvation, but American workers are receiving smaller wages than twenty years ago after inflation is taken into account. These policies are not aimed against Russia, any more than against America. It is simply that international finance capital has been victorious over industrial capital. The working class throughout the world has suffered from this. It is clear that poorer countries have suffered more than richer ones, but there is nothing new in this; such is the logic of capitalism.

Now that a world economic depression is ripening, Russia cannot remain on the sidelines either. Most likely it will suffer less from the crisis than the US or Western Europe. But what does "less" mean in practice?

Our situation is already grave. If it deteriorates further, will it be any consolation for us that things are also bad for others? In the economic and financial sense, the Californian energy crisis is a far greater shock for America than the catastrophe in the Maritime Region, where thousands of people have been left without heating in fierce winter weather, has been for us. Nevertheless, the residents of the Maritime Region would nevertheless be delighted to change places with the citizens of California.

The market economy is basically cyclical, and in this sense, predictable. In post-war Europe, and to some degree even in the United States, the state regulated economic life in accordance with the ideas of J.M. Keynes, implementing "counter-cyclical investment policies". The essence of these policies consisted of sharply increasing state spending and investment during the period when market demand was falling, and then reducing them when growth resumed. This was aimed at evening out the swings of demand and supply, and ensuring stable development.

Neo-liberal economists criticised these policies on the grounds that they would lead to a gradual rise of inflation, and also noted that in warding off crises, the state was preventing the "junking" of inefficient enterprises. Crises are essential for capitalism to maintain its competitive dynamic, and to allow a periodic "cleansing" of the economic organism. It is precisely during a period of depression that the principle of "survival of the fittest" is realised in full measure.

When local currencies began to collapse in the countries of Southeast Asia, and production volumes then started declining just as steeply, everyone expected that this would mark the beginning of a world crisis. Subsequent events seemed to confirm this assumption. The crisis began to spread. After Southeast Asia, it seized hold of Russia. After the ruble had collapsed, financial difficulties took hold of Latin America. The Brazilian real, which had not only been the strongest currency in the region, but also a symbol of economic recovery on the continent, lost half its value. The international financial centres then began to panic; voices rang out calling for a return to regulation and control over the global movement of capital.

The crisis of 1997-98 did not, however, spread throughout the world. Where financial monsters had fallen on hard times, huge sums were thrown into saving them from bankruptcy. Governments began printing money. Multi-billion-dollar credits were allotted to a wide range of stabilisation programs, which at times duplicated one another. Whether the methods employed were good or bad is not so important, but the situation stabilised. As we know, the position in both Russia and Brazil started to improve after the devaluation of the national currency.

The second "warning signal" appeared in April 1999, when share prices in the US fell steeply for the firms that made up the "new economy" (these prices are listed on the Nasdaq index). It had emerged that few of these firms, which were involved in supplying a range of services on the basis of Internet technologies, were yielding significant profits; the fall in share prices thus led quickly to a wave of bankruptcies. Nevertheless the Dow Jones Index, which records the share prices of more traditional companies, held up. Nasdaq, after being shaken, also leveled out. The fall in share prices was characterised as a necessary correction, though to everyone's surprise, a correction did not occur. The share prices of the surviving companies remained extremely high.

After the shocks that hit the stock market in the spring of 2000, the spectre of a major crisis was firmly installed in the US. However, no-one knew when, where or how it would begin. So long as the economy of the US continued to grow, a world crisis was impossible. For Russia, it is true, the crisis on the American stock market was even a boon. In 1999, when renewed economic growth in Asia caused world oil prices to rise steeply, no-one expected this increase to last for long.

Thanks to the credit and stock market inflation in the US, vast funds had been taken out of the "real economy" throughout the world over the previous fifteen years, and had been pumped into the area of financial speculation, mainly of an international character. Russia in this case was no exception; on the contrary, it was situated in the first ranks, moving in the same direction as the US. The governments sincerely believed in the monetarist theories which contended that the only sources of inflation were state spending and the printing of paper money. As a result, no-one was taking measures to restrain credit and stock-market inflation; indeed, it was considered beneficial, and was stimulated in all sorts of ways. The point is not just that American firms were over-valued on the stock market. All this was occurring in circumstances where for almost ten years the paper money had not been devalued. In other words, speculative financial capital was growing out of all proportion to the growth of production, and the devalued "non-cash" money could for the time being be converted freely into folding greenbacks. All that was needed was a mechanism that would allow this to be done without quickly ravaging the stock exchange (if everyone started selling their shares, the effects on Wall Street would be nightmarish). Whoever found a solution to the problem first would come out the winner.

The rise of oil prices ensured that such a mechanism of redistribution would operate. In the economy of the West, a sort of "inflationary overhang" emerged, similar in its way to the Soviet "conserved inflation" (readers may recall how everyone's bank savings kept increasing in the USSR, while prices were stable). In the Soviet economy, "excess" money was bound sooner or later to create an insurmountable problem of "shortages". In the US the "excess" money has poured, in the final analysis, onto the oil market. To the degree that the dollar "overhang" collapses, inflation will sooner or later run out of control, and the "excess" money, having burst free, will in any case sooner or later spread throughout all sectors of the economy. The buying power of ready money will be doomed to fall, and a devaluation of the dollar will be on the agenda. Throughout the second half of the 1990s, the dollar grew constantly stronger in relation to the German mark and the Japanese yen. Now the Europeans and Japanese will be able to take their revenge.

It is a quite different matter that the price of this victory could turn out to be too high for everyone's liking. The irony lies in the fact that the first oil shock disorganised the system of state regulation, and undermined the "socialism of redistribution" that held sway in the West. The second oil shock, by contrast, will disorganise the system of market-corporative regulation, and will strike a blow at neo-liberal capitalism. The response to the oil shock of 1973, albeit with a certain delay, was the beginning of a shift of the world economy to the right, toward the liberal model. This time, the most probable response (also after a certain pause) will be an analogous movement to the left. The wheel will have turned full circle.

These processes will not pass us by. On the one hand, modern-day Russia is characterised by an incredible openness, an extraordinary degree of integration into the world economy. On the other, the discrepancy between the approach chosen by Gref, Putin and company and the new, growing global dynamic will become more and more obvious. At a time when predictions of a major impending crisis are becoming almost universal, criticism is growing of the governments and international financial institutions that are responsible for pursuing the neo-liberal course on a global scale. On the level of the mass movement, protest against the International Monetary Fund, the World Bank and the World Trade Organisation became a reality in Seattle in 1999 and Prague in 2000, when thousands of people blockaded the work of the WTO, IMF and World Bank. The enlightened Russian intelligentsia gazed in disbelief at what was happening, asking itself why, in the "advanced West", hundreds of thousands of people would come out and protest on the streets, as if driven mad by too much good living. In America and Europe, meanwhile, there is a growing understanding that we are far from living in the best of all possible worlds, and that it is necessary to change something urgently before it is too late. Russia is at risk of becoming, in five or six years, the last bastion of economic liberalism, of "globalisation" and "free capitalism".

This is quite natural for a backward state. Tsarist Russia repeatedly played the role of the decisive bastion of international reaction; one need only recall its role in suppressing the European revolution of 1848-49. But even with the whole strength of the Russian bureaucracy, it is hard to put a stop to history. Sooner or later, therefore, the new radical anti-capitalist movements that are developing in the West will "infect" our country, just like the ideas of the French revolution and Marxism. And the sooner the better.

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Joint Report of Participants in the International Roundtable of Trade Unions, Social Movements and NGOs

(Sponsored by the Friedrich-Ebert-Stiftung & Focus on the Global South)

12 and 13 March, 2001, Bangkok, Thailand

On 12-13 March 2001, an unprecedented meeting of a significant number of trade unions, social movements and NGOs took place to discuss the scope for agreement on common actions and approaches. The meeting saw wide agreement on a number of issues including:

The growing source of global challenges created by the power of TNCs, deregulation and privatization.

The contribution made by the massive mobilization in Seattle, Washington, D.C., Porto Alegre and elsewhere to the current questioning of the legitimacy of corporate- driven globalization.

The negative effects associated with globalization on equity (both between and within states), gender discrimination, basic worker rights, and food security.

The serious threats and risks posed by certain WTO rules to development, social, labor, gender and environmental concerns.

The need for organizing and campaigns to empower workers in informal, "atypical" and other unprotected employment, including migrant workers.

The negative impact of the weight of foreign debt, IMF/ World Bank structural adjustment programs, and IMF policies promoting unrestricted financial flows, on prospects for development and equity.

Instituting the Tobin Tax and other mechanisms to control speculative capital flows.

The importance of promoting, respecting and realizing fundamental worker rights and other human rights by all relevant means including action at the appropriate international institutions.

The necessity for autonomy of trade unions, social organizations, and NGOs from international organizations.

The meeting agreed that in approaches to some key issues, enough common ground and goodwill existed to provide a basis for a longer term dialogue on mutually reinforcing actions on a wider number of joint concerns.

Focus-on-Trade **is a regular electronic bulletin providing updates and analysis of trends in regional and world trade and finance, with an emphasis on analysis of these trends from an integrative, interdisciplinary viewpoint that is sensitive not only to economic issues, but also to ecological, political, gender and social issues. Your contributions and comments are welcome.**

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