

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.

Focus on Trade

Number 77, April 2002

IN THIS ISSUE

WHAT'S WRONG WITH THE OXFAM TRADE CAMPAIGN

By Walden Bello

CHALLENGING THE EXPORT-ORIENTED OPTIMISTS

By Jacques-chai Chomthongdi

THANKS, BUT NO THANKS:

An Open Letter To World Bank Vice President Mats

Karlsson

or Why we won't be going to Wilton Park

CONTROVERSIAL REPORT POISONS BOARD-MANAGEMENT RELATIONS AT ADB

By Walden Bello

SOROS ON GLOBAL GOVERNANCE REFORM: INTERESTING BUT DISAPPOINTING

By Walden Bello

THE EYES AND EARS OF THE WORLD

The importance of the international civilian presence in Palestine

By Nicola Bullard

WEST BANK DIARY

By Christophe Aguiton

IN THIS ISSUE of Focus on Trade we examine (and, of course, participate in) the delicate interplay between this thing called "civil society" and the dominant classes. Or, to put it another way, the making and un-making of hegemony.

Please contact us c/o CUSRI, Wisit Prachuabmoh Building, Chulalongkorn University, Bangkok 10330 Thailand.
Tel: (66 2) 218 7363/7364/7365, Fax: (66 2) 255 9976, E-Mail: admin@focusweb.org, Website: <http://focusweb.org>.

Focus on the Global South is an autonomous programme of policy research and action of the Chulalongkorn University Social Research Institute (CUSRI) based in Bangkok.

Whats Wrong with the Oxfam Trade Campaign

Walden Bello

Oxfam International recently launched a global campaign to promote wider access for developing country products in northern markets.

I have a lot of respect for Oxfam, and I do agree with many things in the Oxfam report, but I feel that it provides the wrong focus and wrong direction for the movement against corporate-driven globalization during this critical period.

First of all, the focus on market access misleads people into believing that it is access to the markets of the North that is the central need and central problem of the global trading system. Far from it. The central problem is the paradigm of free trade that the World Trade Organization is relentlessly imposing on the global trading system. Reduced market access for Southern products and agricultural subsidies do pose problems for the Southern economies, but far more destructive are the measures of indiscriminate liberalization of trade—in industry, services, and agriculture—that the WTO is pushing. The so-called new issues—or efforts by the WTO to liberalize and gain control over investment, competition policy, government procurement, and trade facilitation—are the cutting edge of the current WTO drive to put free trade *uber alles*, as Ralph Nader says, and opposition to them should be the main thrust of international civil society'

Second, the market access focus does, as Food First noted in its response to the Oxfam Report, promote the paradigm of export-oriented growth, since it is monopolistic export agricultural interests that will be the main beneficiaries of greater agricultural market access to

northern markets. Even in the case of staple foods like rice and corn, it is not small farmers that benefit but big middlemen. A focus on market access for agricultural products from the South in the North will also increase pressures on developing countries to open up their markets as the *quid pro quo* for the accelerated opening of markets in the North. Thus, this strategy simply undermines the effort of many small-holder-based agrarian movements in the South to reorient production from export agriculture based on big landed and corporate interests to small-farmer based production systems producing principally for the local market and protected by tariffs and quotas from unfair competition by subsidized products dumped by the Northern countries.

To be fair, Oxfam does say it is concerned about the future of smallholder-based agrarian systems in its report, and I do believe it sincerely is. However, the thrust of its campaign on market access in the North undermines this concern.

Market access as a central thrust in the effort to reform the world trading system is not being pushed by any developing country or developing country grouping. As far as I know, it is mainly being pushed by the Cairns Group, and within the Cairns Group by the trio of Australia, New Zealand, and Argentina. Indeed, leading officials in both the Philippines and Indonesia, are now talking about taking their countries out of the Cairns Group, partly because they feel that the agenda has been hijacked by those members obsessed with the market access issue. It is incongruous that Oxfam has emerged as a civil society advocate for the Cairns Group

position.

The Washington Post has suggested that Oxfam's market access focus indicates that Oxfam has joined the free market camp. We not agree. At the same time, the Post's misperception is perfectly understandable given the Oxfam focus on market access as the evil to be flayed.

The problem we face is a comprehensive one—a determined effort to impose a neo-liberal trading order by an organization that is unrepresentative, undemocratic, non-transparent, and dominated by the trading superpowers. Supporting the efforts of developing country governments and civil society movements to stop this steamroller by bringing up the implementation agenda, exposing the decision-making structure, supporting food sovereignty, and stopping the extension of WTO jurisdiction over the new issues should be the content and thrust of a campaign by international civil society groups. To its credit, the South-North "Our World Is Not For Sale Campaign" has adopted this stance. I would recommend that Oxfam take the same route.

It is also unfortunate that in its report, Oxfam branded a large sector of the movement against corporate-driven globalization as "globaphobes." This sort of name-calling is not helpful. In fact, it has been the so-called "globaphobes" that have created the dynamic movement that has shaken the international financial and trade institutions and forced them to listen to the views of organizations like Oxfam. It would be nice if Oxfam acknowledged this instead of promoting caricatures of others in the movement against corporate-driven globalization.

CHALLENGING THE EXPORT-ORIENTED OPTIMISTS

By Jacques-chai Chomthongdi*

I am sorry to have to differ publicly with Oxfam on this issue, especially since I have a great deal of respect for its humanitarian and development work. But it is only via debate and dialogue among partners and allies that we can chart a solid path forward.

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

(A longer version of this paper was presented in Thai at the “Trade Forum” — the introduction of the Oxfam International trade campaign “Make Trade Fair” to Thai civil society organised by Oxfam GB, April 25, 2002, Bangkok)

As in many parts of the world, foreign trade and investment, good or bad, have a significant role in shaping not only the economic but also the social outlook of Thailand and the region. For example, the after-effects of the sharp rise in short-term foreign investment which followed the financial liberalisation in the early 1990s and the sudden capital outflows later that decade leading to a crisis, are still reverberating throughout the region.

Trade liberalisation and investment liberalisation (including financial liberalisation) need to be analysed together, yet often they are treated as two unrelated issues. In principle, the financial sector has a role to support the real sector. Therefore, since most of the poor countries have been made to believe that they do not have enough domestic financial resources to fuel their economy, financial liberalisation as a way to access the vast international financial resource were inevitable. Hence, for many, financial and trade liberalisation are reinforcing each other.

RESULTS NOT SO ROSY

In reality, the results of financial liberalisation were not as rosy as many had hoped. Although Thailand and other countries in the region that took the same step did experience rapid increases in short-term inflows, this short-term capitals is of little use for long-term economic activities in the real sector. Moreover, in most cases, a sharp rise of foreign capital inflows resulted in inflation

and the overvaluation of their currencies. This situation, in turn, decreased the competitiveness of export products from countries concerned. The “bubble” financial sector also hijacks resources from the real sector. For example, in the case of Thailand, several textile factories were closed after the financial crisis broke out in 1997 in spite of growing demand. Later it was revealed that many corporations had diversified their investments: instead of reinvesting the profit in the same business in order to expand the production or to increase the productivity, they invested in the bubble sectors where they can rip-off higher profit in a shorter period. Then, when the bubble finally burst, they were left with no money to finance their export production.

Certainly, the opinions on the issue discussed so far are far from uniform. There is, however, a general acceptance that the Asian financial meltdown was strongly associated with the short-term capital flows. Thus, there have been efforts from many sides, including civil society groups, to solve the problems derived from unstable hot capital. There is, though, one keynote of caution: just because short-term investment is seen as the “bad guys” it does not automatically make all long-term investment the “good guys”. It might be true that long-term investments such as foreign direct investment (FDI) have some potential benefits. Since FDI tends to be more stable than other private-capital transfers, FDI can act as a crucial source of finance for developing countries’ economies. Plus, FDI has the potential to provide the local affiliates of TNCs with access not merely to financial resource, but also to new skills technologies and markets.

Nonetheless, it should be

emphasised that these are potential benefits, rather than automatic outcomes associated with FDI. Therefore, it is imperative for governments of the South to remain or regain the autonomy to select and regulate both short-term and long-term foreign investments in order to benefit from them. The ability of government is, however, progressively diminishing due to multilateral agreements under the WTO such as the Trade-Related Investment Measures (TRIMs) and the General Agreement on Trade in Services (GATS). For example, under the TRIMs, host governments are not permitted to use local content requirements. This has a devastating impact on the development of host country industries since local content requirements are an important mechanism for establishing linkages between FDI and domestic industry.

But neither should developing countries 100 per cent deny foreign investment nor should they deny all foreign trade. What is preferable is to have the strategy that will lead to the equilibrium point (the balance proportion between being dependent on domestic factors and external factors). In order to reach this equilibrium, we need to depart from the old question of “how to increase market access, hence increase exports?” to the essential question “how to enable people to overcome poverty?”

THE COST OF INTEGRATION

The issue that tends to be under-emphasised is the cost of integrating into the world economy. Besides dismantling barrier to trade and investment, countries now must comply with long list of requirements, from new patent rules to more rigorous banking standards. By focusing on international integration, governments in poor nations have to divert human resources, administrative capabilities, and capital away from more urgent development priorities such as

education, public health, and social cohesion. As Harvard economist Dani Rodrik reminds us:

“World Bank trade economist Michael Finger has estimated that a typical developing country must spend US\$ 150 millions to implement requirements under just three WTO agreements (those on customs valuation, sanitary and phytosanitary measures, and trade-related intellectual property rights).”⁽¹⁾

To short-circuit by believing and making others believe that the increase in export will automatically reduce poverty which in turn implies that trade liberalisation is good for the poor is very dangerous. Because this assumption overlooks the possibly most important part of the equation which is “how or even whether or not poor people can benefit from the rise in export?” To be fair, many export-oriented optimists did mention that the benefits of trade are not automatic – and rapid export growth is no guarantee of accelerated poverty reduction. However, just acknowledging this problematic link is far from sufficient.

The analysis in order to formulate the trade strategy must, before everything else, focus at the grassroots level. First, factors and policy choices that will enable poor people to improve their quality of life need to be identified. Then, only after the above factors and policies have been identified, the level and the kind of foreign trade and investment needed to support and reinforce the factors and policies mentioned can be decided. Coming from this approach, we can see that “market access” may not be the most important issue. Since the rise in export might not help the poor at all if the economic, social and political structures are not suitable at both national and international levels. On the contrary, in many cases, export growth has been accompanied by extreme forms of exploitation in the industrial sector as well as in the agriculture sector. For

example, the experience of the small-scale farmers in Thailand shows that the more they associate with export production the more they become indebted and exposed to chemical hazards. We must not forget that the aim of human development is not merely the attempt to increase the money in poor people’s pockets, but to enable them to improve their quality of life in all aspects and to regain their human dignity.

The right balance between the ability to be self-reliant and the level of external interaction needs to be established from the household level up to the community and the national levels and bargaining power has a direct correlation with the level of self-reliance. That means, the more you are self-reliant, the more you can benefit from external economic relations such as trade and investment.

In the context of trade and investment, at the national level, the autonomy and the ability to be self-reliant depends on: first, the countries’ ability to use trade measures, for instance, trade barriers, both tariff and non-tariff, in order to be able to direct domestic production and foreign trade in the way that answers to sustainable development needs; second, the ability to control short-term capital and to select and regulate long-term foreign investment. This must be accompanied by a radical reform of the internal monetary and fiscal structure to revitalise the domestic economy.

From a political perspective, the development of the true democracy will not be achieved through attempts to reform the WTO, but from ensuring countries’ sovereignty and strengthening peoples’ participation in the decision-making processes in each country. The work of NGOs both national and international should, therefore, be directed towards empowering the poor together

with dismantling the international institutions, which are now assuming the power of nation states.

* Jacques-chai Chomthongdi is a research associate with Focus on the Global South.

(1) Dani Rodrik, "Trading in Illusions," Foreign Policy, March/April, 2001)

THANKS, BUT NO THANKS

An Open Letter To World Bank Vice President Mats Karlsson or "Why we won't be going to Wilton Park"

10 April, 2002

Dear Mr Karlsson,

Greetings from Bangkok.

Thank you for your invitation to the Strategic Policy Workshop: "Making Doha work for the Poor: Different Perspectives", Wilton Park, England, 7 and 8 May, 2002.

We have discussed it in Focus and come to the consensus not to attend. We are totally opposed to this kind of private and closed meeting.

We believe that meetings such as this perpetuate the problems of non- transparency, lack of public responsibility and accountability which are endemic to the WTO and characteristic of the Doha negotiations.

Further, we are very concerned at the extremely limited participation foreseen in this particular meeting and in whose name the participants will be speaking.

We are also concerned that the meeting seems to have a contradictory purpose. On the one hand you say that it is not a "negotiation" yet you hope to build a "modest platform of mutual understanding for faster action in other, more formal fora" and that any "constructive agenda" will be followed up.

We will not attend this meeting. We will, however, be sending this letter together with your letter of invitation and the list of invited participants, through our various networks.

Please be assured, though, that we fully agree that the issues you raise are extremely important and we are more than happy to participate in public debates and

discussions at any time.

Yours sincerely,
Nicola Bullard

March 25, 2002

Dear Ms Bullard

Strategic Policy Workshop: "Making Doha work for the Poor: Different Perspectives", Wilton Park, England, 7 and 8 May, 2002

I am pleased to issue this personal invitation for you to join a group of leading thinkers and policymakers from civil society in an intensive dialogue with a senior team from the World Bank, to explore opportunities for collective action to make the new trade round a success in terms of poverty reduction.

The 2-day meeting will be residential, professionally facilitated and kept small to allow close interaction, with around 20 participants from civil society and 5 from the World Bank, plus one or two resource persons from other organisations and the facilitators. It is supported by a grant from the Government of Finland and organised by a core group representing ICFTU (James Howard), Solidar (Giampiero Alhadeff), Christian Aid (Paul Ladd), and Oxfam GB (Kevin Watkins/Penny Fowler) as well as John Clark, one of our colleagues on leave with the London School of Economics, and Andrew Rogerson of our European office. This group jointly agreed that you should be invited and its members are available (contact details below) to answer questions you may have on the agenda and purpose of the event. Civil society participants' travel and subsistence costs will be fully covered by the grant.

Many have called for the next trade round, agreed at Doha to be a “development round”, yet this means different things to different people. This workshop is designed to allow a diverse group of influential people—all of whom approach trade policy from the perspective of development, poverty reduction and social justice—to build agreement where possible, and clarify areas of disagreement elsewhere, so that we can cooperate in defining a pro-poor trade agenda, and benchmarks to measure the key features of such a round. Mounting public debate has elevated trade and globalisation issues in the political agenda but has dangerously polarised them. Pro-poor progress necessitates finding common ground, building bridges between diverse players, and strongly arguing the moral imperative.

On the trade agenda, there is a wide array of sectoral issues (agricultural subsidies’ impact on the South, intellectual property rights and essential drug prices, to name but two) and cross-cutting issues (sequencing of liberalisation and capacity-building, respect of fundamental workers rights, avoidance of environmental “races to the bottom” just as initial examples). Which are the ones where the most impact can be expected if energies are focussed on them in time? Who are the key actors and what are their respective roles? The workshop is aimed at these outcomes, as well as building a modest platform of mutual understanding for faster action in other, more formal fora.

The workshop will be independently facilitated (by Andrew Acland of Dialogue by Design) and held under Chatham House Rules, meaning no attributed quotations should be made after the meeting, though a meeting record would be prepared and made publicly available. Participants might agree a follow-up work plan, perhaps including

further meetings, or a common research or investigation agenda.

I will be joined by several of my colleagues, including Mr. Uri Dadush, Director, Economic Prospects and Policy; Mr. Ian Goldin, Director, Development Research and Chief of Staff to Nick Stern, Chief Economist; Mr. Gordon Betcherman, Senior Advisor on labour issues and main trade union liaison for the Bank, and Mr. Bernard Hoekman, Principal Trade Economist.

We intend to be very frank and open to ideas, and indeed welcome the opportunity to benefit from your different perspectives and experience. We do not see this as a “negotiation” -even more so because none of us represent a negotiating party in the trade round- but we do commit ourselves, as we hope you would also, to listen very actively, to seek common ground as well as identifying differences, and follow up any constructive agenda within our institution as well as in the wider policy debate arena.

I enclose a draft agenda and list of invitees, as well as contact details for the core group. Upon acceptance we will send you brief background papers (mostly prepared by civil society organisations and selected by the core group), as well as logistical and travel details.

Please inform Rachel Winter Jones in our Brussels office on email: rjones1@worldbank.org or Tel: + .322.552.00.39 if you can join us, and let her know as soon as possible if you are not able to attend, so that our core group can identify a suitable replacement.

I hope very much that you will be able to accept this invitation, and look forward to meeting you at Wilton Park.

Yours sincerely,

Mats Karlsson

Core Group

Mr. James Howard, ICFTU Tel: + .322.224.03.33 (work-direct); or 02 11 (switchboard) email: james.howard@icftu.org

Mr. Giampiero Alhadef, Solidar Tel: : + .322.500.10.20 email: giampi@solidar.org or solidar@skynet.be

Mr. Kevin Watkins, Oxfam GB Tel: + .44.1865 312326 email: kwatkins@oxfam.org.uk

Mr. Paul Ladd, Christian Aid Tel: + . 44 207.523.2103 email: pladd@christian-aid.org

Mr. John Clark Tel: + 44 20 8969 3087 email: J.D.Clark@Lse.Ac.Uk

Mr. Andrew Rogerson World Bank Brussels office Tel: + .322.552.00.52 email: arogerson@worldbank.org

Ms. Rachel Winter Jones World Bank Brussels office Tel: + .322.552.00.39 email: rjones1@worldbank.org

Mr. Andrew Acland, Dialogue by Design Ltd Tel/fax: + .44.1453 842 746 email: andacl@aol.com

Making Doha Work for the Poor: Different Perspectives
A Strategic Policy Workshop sponsored by the Government of Finland and the World Bank

Draft Agenda

Please note that this will be a facilitated workshop: the agenda will remain in draft form and subject to participant agreement throughout

Arrival: from 1.30: sandwiches will be available

2.30 Welcome
Introductions Purpose Agenda
Ground rules

3.00 Session 1: Hopes

and fears for the Doha round
Introductory discussion: 1. What are your general feelings about the Doha Declaration? 2. How do you see civil society organisations influencing the future trade round negotiations?

4.00 Break

4.30 Session 2:
Identifying the issues Developing the agenda: What are the most significant issues, in terms of their potential impact - positive or negative - on poverty?

6.00 End of Day 1

7.00 Drinks and dinner
Informal discussion and networking

Day 2

9.00 Session 3: Resolving the key issues for development
Detailed discussion: What are the steps to progress on the key issues?

12.00 Session 4: Other issues
Detailed discussion: On what other issues would joint action, research or further dialogue be useful?

12.30 Lunch

1.30 Session 4 continues

3.30 Break

3.45 Session
5: Next steps and follow-up
Closing discussion: Who does what to follow up this meeting? What else could the World Bank be doing?
4.30 End

INVITATION LIST FOR STRATEGIC POLICY WORKSHOP

Core Group: 1. Christian Aid;
Daleep Mukarji 2. ICFTU: James Howard 3. Oxfam: Kevin Watkins
4. Solidar: Giampiero Alhadeff

Other invitees: 5. Third World Network: Martin Khor 6. Focus on

the Global South: Nicola Bullard 7. CUTS India (Consumer Unity and Trust Society): Pradeep Mehta 8. Consumers International: Jayanti Durai 9. Arab NGO Network for Development: Ziad Abdel-Samad 10. ICTSD (International Centre for Trade and Sustainable Development): Ricardo Melendez Ortis 11. World-Wide Fund for Nature: Gordon Shepherd 12. Friends of the Earth International: Ronnie Hall 13. Via Campesina: Paul Nicholson 14. Integrated Social Development Centre (ISODEC), Ghana: Charles Abugre 15. Int'l Textile, Garments and Leather Workers Federation: Neil Kearney 16. Institute for Agriculture and Trade Policy (IATP): Sophia Murphy 17. Quaker UN Office, Geneva: Brewster Grace 18. Catholic Fund for Overseas Development (CAFOD), UK: Duncan Green 19. World Development Movement (WDM), UK: Barry Coates 20. REMALC, Mexico: Albero Arroyo Picard 21. LEARN, Philippines: Marlon Quesada 22. TUILEP, South Africa: Sahra Ryklief 23. WTO: Bernard Kuiten (External Affairs); 24. ILO: Gerry Rodgers (coordinates World Commission on Globalisation)

CONTROVERSIAL REPORT POISONS BOARD-MANAGEMENT RELATIONS AT ADB

By Walden Bello*

The Asian Development Bank (ADB) Board is the latest casualty of a controversial wastewater treatment plant in Thailand.

Notes taken by a participant at the most recent meeting of the ADB Board on March 25 that were made available to the author reveals an institution that is deeply shaken and split by the report of an independent inspection panel on the project, which is located in Samut Prakan province.

The independent inspection, the first ever undertaken by the Bank, was triggered by the petition of the people of Klong Dan, a village affected by the project. The report faulted Bank management for violating at least six of its policies. In response, the Bank management issued a response denying all the charges. The Board Inspection Committee (BIC), in turn, supported the findings of the inspection panel, setting the stage for what one participant characterized as the “most contentious board meeting in ADB history.”

During the meeting, the BIC itself was caught in the crossfire of critics and supporters. The result was a compromise that is likely haunt the ADB for a long time. The Board refrained from endorsing the full BIC report, coming out in support only of a carefully worded statement committing the ADB to being “an active participant” with the Klong Dan community and the Thai government in the “proper assessment of damages by the Thai government and, where relevant, the award of appropriate compensation.”

The Board’s failure to mention any wrongdoing on the part of management, much less reprimand it, was, in the view of

some observers, one more step in a retreat from confrontation with management. Before the board meeting, the inspection panel and BIC decided not to seek an end to funding for the project in spite of their devastating findings on management’s transgressions.

Foremost among the critics during the Board meeting was, not unexpectedly, Alternate Director Ram Binod Bhattarai, who represents a group of countries that includes Thailand. Bhattarai attacked both the inspection panel and the BIC for “disregard of the Thai authorities and lack of respect for the sovereign rights of Thailand.” The BIC had supported the inspection panel’s decision not to make a site visit owing to what the latter considered “unacceptable” conditions imposed by the government. For Bhattarai, it was the BIC and inspection panel that were at fault for “politicizing the event,” with “premature releases of information to the press and welcoming flags in the Klong Dan community... indicating a beginning of an unhealthy pattern and a display of lack of professionalism.”

CHINA ATTACKS PANEL AND BIC

Bhattarai’s comments were, however, mild compared to those of Director Zhao Xiaoyu representing China, who began by saying that while the report might strike some as “a nice piece of steak, to me it is a lousy dish that is overcooked.”

Asking what the Bank had gotten after spending nearly \$2 million on the inspection process, Zhao answered: “We have produced a pile of groundless damaging paper. The Bank’s credibility is undermined, the staff is demoralized, the Thai government is fed up, and a good

environmental project is unduly held up for two years. The only visible gain is to a handful of experts and consultants who got a fat contract without having to worry about being held accountable.”

While attacking the inspection panel as enjoying a “power equivalent to God,” Zhao professed concern for the morale of the ADB staff, who would be encouraged by the Samut Prakan example to engage in “risk-averse behavior.” The effect on the ADB, he predicted, would be like the impact on the World Bank of the full-scale inspection done on the Bank’s controversial Western Poverty Project in China, which civil society groups had accused of displacing ethnic minorities. “Today, if one visits the offices of senior officials of multilateral institutions working on China, you will find big China maps on the wall with little red flags pinned here and there. These are not flags indicating bank activity. They are core reminders to senior managers that these are regions with ethnic residents, and they should keep away from those places, even if these are areas of great poverty.”

A Board vote in support of the BIC report, said Zhao, “would see similar red flags sprout in the rooms of our own ADB staff reminding them to keep away from wastewater projects” thereby “leaving people to suffer surrounded by stinking wastewater and sludge.” Saying that Board support for the BIC was “not courage but hypocrisy,” Zhao concluded by calling the Samut Prakan inspection “fraudulent and the conclusions based on it groundless.”

Zhao’s remarks were supported by Directors P.G. Mankad, representing a group of countries including India and Bangladesh,

and Zaheer Ahmed, representing a bloc that includes the Philippines and Pakistan. Mankad warned the Board that by approving the BIC report, they would be “leaving the bank vulnerable to open-ended liabilities, bad precedents, and potential lawsuits.”

MANAGEMENT UNDER SIEGE

Supporters of the BIC report were perhaps not as inflammatory in their comments but they were equally firm in their views. C. Alexander Severens, speaking for the United States, faulted the Thai government for obstructing a site visit, a move that eroded the credibility of the inspection process. According to Severens, “When a government receives resources from this institution, it implicitly and explicitly makes a commitment to cooperate with all representatives of this institution. Accordingly, we would hope that any government would guarantee that all representatives of the Bank, including Inspection Panel members, can do site visits. Efforts were made in this case, but it is regrettable that a site visit under reasonable conditions could not be facilitated.”

Alternate Director Frank Black, representing a bloc of countries including the United Kingdom, lashed out at what he regarded as the ADB management’s ultra-defensive response. In his words, “the really fatal error—the point at which a bad situation became infinitely worse—was when management totally rejected the findings of the independent panel.” In his view, this “did not show an institution living up to the high and necessary ideals of accountability, transparency, and capacity to be a learning institution.”

Black and a number of other directors criticized Bank President Tadao Chino for making what they felt was a big mistake in signing the management response to the inspection panel since, in their view, this compromised the neutrality he was supposed to exhibit as chairman of the Board.

Chino was also commanded by US representative Severens “to look into some actions of the staff which seem to indicate unwillingness to have the inspection process function as intended. This concerns us gravely and we hope you will look into this matter and ensure it does not happen again.”

CHINO ON THE WAY OUT?

Listening to the exchange, one participant commented, “I thought, there goes his job. Chino alienated management by allowing the inspection to proceed. And he alienated the BIC by endorsing a fierce management reply denying all charges.”

Even the Japanese director, Osamu Tsukahara, abandoned Chino, who comes from Japan’s Ministry of Finance, by siding with the BIC and admonishing management “that it is of critical importance to listen carefully to NGOs and others’ opinions.” He also instructed Chino to push the Thai government to “accelerate” its investigation of the villagers’ charges of corruption by government officials involved in the Samut Prakan project. Tsukahara told Chino to remind the Thai government that “the right of the borrower to make withdrawals may be terminated if corrupt or fraudulent practices were engaged in by the borrower and no timely and satisfactory action has been taken to remedy the situation.” If he follows this missive from the ADB’s most powerful member-country, Chino is likely to add the Thai government to those he has alienated.

BOARD-STAFF RELATIONS POISONED

Already beset by many problems before the Samut Prakan inspection, the ADB has been plunged into disarray by recent developments. The relationship between Board and Staff has been poisoned, and within the board, members from donor countries

and those from recipient countries are increasingly separated by a wide gulf in values and priorities.

“Samut Prakan simply brought festering antagonisms to the surface,” says one staff economist. “This institution, if it survives, will never be the same again.” Another staff member, also speaking under conditions of anonymity, was more cynical. “After the sound and the fury, the Board will get behind a recalcitrant management and it will be business-as-usual,” she asserted. “Just wait and see.”

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

SOROS ON GLOBAL GOVERNANCE REFORM: INTERESTING BUT DISAPPOINTING

Walden Bello*

George Soros, the financier, has recently received attention for his critique of the global financial system, especially for his analysis of the paradigm of “market fundamentalism” that undergirds it. His most recent book, *On Globalization* (New York: 2002), which has been promoted as a thoughtful critique of the current system of global economic governance, presents a blueprint for reform of the WTO, the IMF, and the international aid system.

COUNTERVAILING INSTITUTIONS WITHOUT TEETH

Soros’ proposals are not without merit. He stands most firmly when he deals with the WTO. Unlike many other proponents of global governance reform like the International Confederation of Free Trade Unions (ICFTU), Soros does not propose attaching amendments like labor or social clauses to the WTO charter. This is not, however, for the reasons given by many WTO critics, who say that this would simply give more power to an already extremely powerful organization since the WTO would be given the mandate to be the ultimate judge in trade and labor issues. Soros supports the WTO mission of promoting “rules-based liberalization of international trade” and believes that WTO “accomplishes that mission brilliantly.” Soros’ reason is that this would overload the WTO with a task that it is not equipped to do while hampering it in fulfilling its main role of global trade liberalization. Other institutions should either be strengthened or created to promote what Soros calls “global public goods” such as labor rights, the environment, consumer safety, and public health. The International Labor Organization (ILO), for instance,

must be strengthened vis-à-vis the WTO, and the place to start is by forcing governments to ratify ILO conventions. Civil society, he argues, should be pressuring the US government, for instance, which has ratified only 13 of 182 ILO conventions and only two of eight “core labor standards.”

This promising approach of urging the creation or strengthening countervailing institutions devoted to public goods is nevertheless undermined by his failure to follow through on the political consequences of his analysis. Inexplicably, he does not propose coercive power for such countervailing institutions but would limit them to eliciting “voluntary compliance.” In fact, the problem lies not in the lack of countervailing institutions—there are scores of multilateral environmental agreements and organizations; it lies in their lack of coercive power. In contrast, the WTO enjoys formal coercive power while the IMF and World Bank possess informal coercive power owing to their control over massive financial resources.

GIVING WOLFENSOHN A CHANCE

When it comes to the World Bank, Soros’ reform proposals are on even more tenuous ground. He argues that the proposal of the Meltzer Commission to convert the World Bank into a World Development Authority specializing in grants to the poorest countries is not acceptable because “so-called middle income countries like Brazil, and even Chile, have very uneven income distributions and great social needs.” He also argues for giving James Wolfensohn a chance to implement reforms like the Comprehensive Development Framework (CDF) or the Poverty Reduction Strategy Papers (PRSP). Lending operations must be

reformed, there should be more consultations with civil society, loans to repressive and corrupt regimes should be stopped, directors should be made more independent of the governments they represent, steps must be taken to prevent the staff from dominating the agency like putting a limit of five years on employment.

The problem here is that many of these reforms have been tossed about for 30 years, ever since the tenure of Robert McNamara, yet things have not improved. As Soros himself has admitted on other occasions, the Bank’s performance has simply gotten worse and the bureaucracy has become more immovable. As noted earlier, the CDF framework and the PRSP have not meant a break with the old macroeconomic paradigm guiding both World Bank and IMF structural adjustment programs which stressed narrowly defined economic efficiency, greater market orientation, and fiscal and monetary stability. Consultations with civil society groups have, in fact, taken place under Wolfensohn, but this has amounted to no more than a public relations exercise, the main legacy of which has been greater suspicion of the Bank by many grassroots NGOs that felt the Bank was isolating them as “unreasonable” NGOs and dealing only with “reasonable” ones.

As for giving Wolfensohn a chance, this is a highly personal calculus which is not likely to sound credible to pro-reform elements who have been waiting for nearly a decade since Wolfensohn’s appointment as World Bank head for some improvements to take place. Critics point out that the Wolfensohn regime is in many ways a replay of the era of Robert McNamara, with the same “anti-

poverty” rhetoric and strategy, and with the same meager results in terms of effective aid programs.

CREATING MONEY FOR AID

In the end, Soros admits that keeping the World Bank afloat is only a temporary measure designed to ward off the attack of the political right on multilateral aid, thus buying time to place a better aid mechanism in place. That mechanism would be the issuance of special drawing rights (SDRs) via the IMF and the rich countries’ donation of their share to a development fund. This would mean treating the SDR not just as a reserve currency but as a real asset to be used for development purposes. Should the rich countries agree to treat SDRs as real assets and to donate their share of the new SDRs created to aid, Soros says, there would immediately be available some \$18 billion under a special SDR issue already approved by the IMF but awaiting ratification by the US Congress.

Under the proposal, an “international board operating under the aegis of the IMF but independent of it” would be set up to decide which projects or programs would be eligible for funding. The board would actually have no authority over the spending of funds but “would merely prepare a menu from which the donors would be free to choose, creating a market-like interplay between donors and programs, supply and demand.

Creating money to pay for aid seems like the perfect solution. But the basic problem is that it puts too much emphasis on the volume of aid as the key to development rather than the conditions and implementation of aid. Soros cites favorably the United Nations report co-authored by former Mexican President Ernesto Zedillo that calls for an increase of \$50 billion in aid. Soros has fallen victim to the same syndrome that also ensnared Robert McNamara: that

poverty can be solved by throwing money at it. The paradigm within which aid programs operate is a far greater determinant of success, and this is absent from Soros’ proposal, except for mention about “a greater role of civil society organizations” in aid delivery.

The Soros proposal, moreover, does not solve one of the key problems with the Bretton Woods system, which is the stranglehold on decision-making by the rich countries. The donors of SDRs—meaning the OECD countries—would still be the ones to decide which programs or projects are worth supporting. As in the case of the World Development Authority proposed by the Meltzer Commission, the massive power imbalance that is at the heart of the Bretton Woods system of multilateral aid remains. Indeed, with no developing country representation assured either on the proposed board or among the funders’ consortium, the outcomes could be worse under this “market-like system” than under the present system.

STRENGTHENING THE IMF

When it comes to the IMF, Soros’ critique of the institution follows the now familiar lines: the Fund pushed the capital markets of the Asian economies before they were prepared for it, thus creating the conditions for the Asian financial crisis; and when the crisis did hit, the Fund promoted pro-cyclical policies, such as tight budgets and high interest rates, that worsened the crisis. Soros says that he partly agrees with the conservative critique that the IMF’s past interventions created “moral hazard,” but he says that this was to a great degree inevitable to attract private capital to the developing world since without some extra-market incentives, capital would not have flowed there.

Soros’ defense of the Fund as necessary to attract capital to the developing world suffers on two

counts from a historical perspective. First, given the conditions of limited profitability in the metropolitan economies in the early nineties, foreign capital had no choice but to migrate to areas that were regarded as offering better opportunities profit-wise; in other words, it is likely that they would have done this whether these countries had IMF programs or not. The example of Malaysia, Singapore, Hong Kong, China, and Taiwan—all of which either had no IMF programs or had inconsequential ones—underline this.

Second, the sort of capital that was encouraged to enter developing country capital markets by the possibility of an IMF rescue in the event things soured was speculative capital, which was mainly interested in high rate-of return, quick turnaround kind of investments such as the stock market or real estate. This is not the kind of capital that contributes to development. In contrast, the dynamics of foreign direct investment, which involves a strategic commitment to the economy, is not determined by IMF guarantees.

The importance Soros attaches to the Fund as mechanism of getting capital to flow to the developing world is what makes him support strengthening the IMF despite what he acknowledges as its poor record in the developing world. Some reforms that Soros seeks are viable. “Bailing in” lenders instead of bailing them out—that is, having them participate with financing a rescue program and agreeing to take losses in the process is one. Establishing an international bankruptcy mechanism that would protect the debtor and allow an orderly process of both economic recovery for the debtor and asset recovery for the creditor is another.

However, establishing a contingency credit line (CCL) that

countries with “good policies” can tap into before a crisis begins is unsound, for two reasons which have already been pointed out by other critics and of which Soros is aware: first, few countries would dare take advantage of CCLs for fear of alarming investors that a crisis is impending and thus create conditions for a stampede; second, the IMF’s well-known inability to distinguish good from bad policies.

Thus we are back to the fundamental problem. The Fund is saddled with a paradigm that puts a premium on macroeconomic stability, legal and political conditions that promote the interests of foreign capital, and the unrestricted functioning of the market. This paradigm, coupled with the United States Treasury’s propensity to use the Fund to advance US economic and corporate interests, is at the heart of the Fund’s succession of failures in the developing world. Giving the

Fund more power like offering CCLs and managing an international bankruptcy regime is tantamount to rewarding failure. Like the Meltzer Commission, Soros begins by criticizing the Fund for wrong policies but ends up believing that it “needs to play a larger rather than a lesser role...”

In the end, Soros’ foray into the world of the multilaterals is interesting but very disappointing. The basic reason for this is that there is a fundamental contradiction between analysis and prescription. Soros’ analysis of the Bretton Woods institutions is damning, yet he ends up either supporting maintaining them, as in the case of the Bank, or expanding their powers, in the case of the IMF. Perhaps he realizes that, after all, he has, as a successful capitalist, benefited greatly these institutions.

* Walden Bello is executive director of Focus on the Global South.

THE EYES AND EARS OF THE WORLD

The importance of the international civilian presence in Palestine
By Nicola Bullard*

Ibrahim Assad welcomes us to his stone house in Taybeh, a small village outside Jenin in the West Bank, saying he is as old as Israel. "I was born in 1948 and married in 1973, the year of the Yom Kippur war. In all these years, nothing has changed for the Palestinians, but this is the first time that we have ears to hear our problems. This is the first time we have shared our pain with the world."

For Ibrahim, the pain has entered the heart of his family. Sitting next to him, on a low mattress, is the son of his wife's brother - Mohammed, a thirty-five year old spray painter from Jenin Refugee Camp. Mohammed's wife, Amira, is just 24 and they have three small children aged seven, four and one. They are close and quiet but the four-year old can't help smiling shyly at this strange group of foreigners who have come to hear their story.

THE DAY THE BULLDOZERS CAME

Mohammed begins. About two weeks ago in the early evening, Israeli Defence Force Apache helicopters attacked without warning, launching missiles and shooting into the densely populated "refugee camp" which is now the permanent home for more than 13,000 Palestinians.

In the panic, Mohammed and his family fled to one of the underground caves typical of the region, along with hundreds of others. They took no food or water but were luckier than many others who ran for their lives without a chance to gather their children or other family members. For four days, 50 families lived in the hot, crowded and dark cave. They did not know what was happening, hearing only the

sounds of shooting, bombs and the roar of tanks and bulldozers. Some decided to leave, preferring to take their chances in the open than die in a cave. After five days, the shooting and the bulldozing stopped and most decided to leave the cave. An elderly couple stayed behind. No one knows their fate.

Somehow Mohammed and Amira made it to the village of their uncle, but they have been unable to contact their own parents, brothers, and sisters. But they are luckier than most because their small family is together.

Just two kilometers away, the Altaybeh Basic Boys School is the temporary home for more than 200 men. They are also from the Jenin Refugee Camp and have no idea of the fate of their wives and children. Ten are willing to speak to the foreigners and start by telling us the same story of missiles and shooting; one man counted 51 missiles in an hour. They saw houses with women and children inside flattened by bulldozers and soldiers shooting young men as they walked towards the tanks with white flags and arms raised. One youth describes how he was arrested, forced to strip to his underpants and then, for two days, used as a "human shield" by the Israeli soldiers as they went from house to house. Many of these men were arrested by the army, blindfolded and their hands tied. They were not allowed to go to the toilet, they were insulted, beaten and tortured, and left without food and water. Several had clearly visible scars and injuries, caused by handcuffs, cigarette burns and beating. After four or five days, they were released by the military, without papers and many without clothes, in the middle of a curfew and with orders not to return to Jenin Camp. At a nearby mosque another 490 men with similar

stories have also found food, clothes and shelter, but they have not found their families.

FRUSTRATION AND FEAR ON ALL SIDES

The pain that Ibrahim Assad speaks of is visible on the faces of all the people we meet. The old woman with bright blue eyes who tells us about the afternoon an Israeli tank ploughed down the steep path to her house bringing soldiers who pushed all the women and children into a room while they searched the house. The thin, middle-aged man bent double in pain and grief unable to speak of his ordeal. But what is even more striking - after four short days in Jerusalem and the West Bank - is the resilience of the Palestinians and their absolute determination to resist the occupation and to fight for their land: a determination that seems equaled only by Israel's determination to fight for a secure home for the Jewish people.

The Israeli people, too, are desperate. Hundreds have been killed by suicide bombs and polls show that 75 per cent of Israelis support "Operation Defensive Shield." And yet, in the same poll, almost 60 per cent said they would support a unilateral withdrawal from the territories, more than 50 per cent support the Saudi Arabia peace proposal and 55 per cent agree that there should be a Palestinian state. Last Saturday, 3,000 Israeli and Arab peace activists marched to the Jenin Refugee Camp checkpoint escorting a convoy of trucks carrying food and water, medical supplies, clothes and blankets. Others hold peace vigils outside the homes of prime minister Ariel Sharon and foreign affairs minister Shimon Peres.

Amazingly, and in spite of the

myth supported by Sharon that the state of Israel itself is under threat by the Palestinians, the self-censorship of the media and the totally pervasive state security apparatus, there is still common ground for peace between Israelis and Palestinians. Almost everyone agrees that the solution is to establish a Palestinian state according to the 1967 boundaries, but getting from here to there appears impossible and the forces involved, intractable.

THE NEW INTERNATIONALISM

Amjel Kazim, an insurance salesman who has been trapped in his fiancée's house 200 meters from the Palestinian Authority headquarters in Ramallah since 29 March, told us that things have never been so hard. "We see everything on the television," he said, "but no one is doing anything."

But, in the next breath, he thanked us for being in Ramallah, for proving to the world that he still exists and that his dream to "live in peace in my land" still burns.

In the past months hundreds of international civilians have gone to the Occupied Territories, digging up Israel Defence Force road blocks, observing checkpoints, replanting hundreds of hectares of olive groves destroyed with chainsaws by settlers and living with communities to provide one additional thin layer of protection from harassment and arrest by the Israeli authorities.

The fact that hundreds of foreigners have taken these risks is not simply old-fashioned solidarity. Nor is it a modern day version of the partisan international brigades of the Spanish civil war or the Nicaraguan revolution. It is, I think, an expression of total frustration at the inability of our governments to deal with the political and humanitarian crisis of Israel and the Occupied

Territories: a crisis which is the fulcrum of international peace and security and which exemplifies the global crisis of democracy and justice.

Beyond the possibility of physical protection, solidarity and witness, though, the international civilian presence links the Palestinians and Israelis with the larger, diverse and dynamic international movement — the "anti-globalisation" movement — which is insisting that there is another way to do politics, that another world is possible. In Palestine, the global anti-globalisation movement, the peace movement and solidarity organisations, have a chance to work together in a situation that demands our attention.

The political outlook is grim. US secretary of state Colin Powell's leisurely tour of the Mediterranean and his bland proposal for a regional conference at which Palestinian Authority president Yassir Arafat's presence is "not indispensable" suggests that, in spite of the hard evidence of human rights violations by the Israeli state and its continued occupation of the Palestinian territories, the political calculus that shapes the future of the region is based on a cynical assessment of US interests.

We may have eyes to see Ibrahim Assad's pain and ears to hear his story, but unless we can shift the greatest obstacle to the solution — US political and economic interests — we may as well be deaf and blind.

* Nicola Bullard works with Focus on the Global South. She was in Jerusalem and the West Bank with the International Civil Mission for the Protection of the Palestinian People.

WEST BANK DIARY

By Christophe Aguiton

Pure sadness. On the plane from Paris to Tel Aviv last Wednesday, that was the feeling overwhelming me as I thought about the reality of witnessing the Israeli-Palestinian conflict at first hand.

Personal memories come back: those of friends from my schooldays in Morocco who, in the 1960s, had emigrated en masse to France, Argentina and Canada but also to Israel.

Also, a vague feeling of political responsibility haunts me: Zionism and Israel weren't born out of the Nazi genocide, any more than they were born out of simple religious identification. The lay definition of Jewishness is different from the religious one and, in many ways, closely related to the workers' movement and democracy. Moses Hess, the forerunner of Zionism, sympathised with Marx and, like him, had his roots in left-wing Hegelianism. And it was Jewish officers from the Red Army who, after 1945, trained the *haganah*, Israel's first defence organisation.

But the sadness came above all from the feeling that we had reached a total deadlock. According to the newspapers, it seemed certain that Sharon would, sooner or later, be obliged to leave the occupied cities but, clearly, the suicide bomb attacks would then resume, followed by reprisals and, most likely, by new Israeli occupation.

INTERNATIONAL MISSIONS

The trip had been decided the day before, when ATTAC learned that a delegation — under the banner of the “International Council of the World Social Forum of Porto Alegre” — was being assembled

with a strong Brazilian contingent together with European, American and Asian militants. This was an opportunity to join the international solidarity movement which was coming together spontaneously in this moment of crisis.

In many countries, delegations have been put together in recent months to go “on the spot” in Israel and in Palestine: delegations which, in France, have been called “civil delegations for the security of the Palestinian people”. So it was that nearly 400 militants made the trip every week last Christmas, other teams went to ensure a permanent presence and, at Easter, around 600 militants from many countries were on the spot when the Israeli army launched its offensive against the Palestinian towns.

In Europe, everyone saw the television coverage of Jose Bove going into Arafat's headquarters but few recognized those who accompanied him. There was Mario Lill, leader of the landless movement of Rio Grande do Sul (Brazil), who represented the MST at the June 2000 Geneva conference, the one which launched the Porto Alegre World Social Forum process. There was also Paul Nicholson, a Basque militant from the Emen Eta Mundua (EHNE) anti-globalisation movement who had been present at all the milestone initiatives, from Genoa to Barcelona via Porto Alegre but, above all, known for being one of the founders of Via Campesina. Many militants from this growing global movement were to be seen with them: several members of ATTAC are still in Arafat's headquarters and it is leaders of the “Genoa Social Forum” who have stayed for days and days at the hospital in

Ramallah, later relieved by Greek militants from the movement who had organised the mobilisation for Genoa.

There were many Europeans in Ramallah but even more Americans in the group of around a hundred militants in Bethlehem the day the city was invaded. Waving white flags, the militants accompanied the Palestinian ambulances to prevent them from being targeted by Israelis and “protected” the city's refugee camp, gaining precious days before the troops broke in.

Rory, a 30-year old Scotsman present in Bethlehem for more than ten days, is a good example of what these new militants are like. He's a business lawyer in a London partnership for six months of the year and this allows him to earn enough money to do something else the rest of the time. Rory had been involved in the campaign for the cancellation of Third World debt, but with no strong links to Palestine. However, after seeing documentaries on the Palestinians' situation and hearing Edward Said, the great Palestinian-American intellectual, he decided to join an “International Solidarity Movement” delegation, the American equivalent of the civil missions, which the Palestinian militants launched a few years ago. Two days later he was on a plane to the West Bank, but not before buying a small digital camcorder and, on arrival, making contact with members of the press. As a privileged witness, his reports made the front page of the main Scottish newspaper and he's in regular contact with the BBC and CNN.

Without any major public appeals or campaigns, we are seeing an

entire generation joining up with the small core groups which, for years or even decades, have been maintaining solidarity work with the Palestinians.

The global movement that has been developing since Seattle was able to connect to the pacifist movement during the war in Afghanistan. Now it 's playing a significant role in the emergence of a sort of international civic conscience which intends to make itself heard everywhere it can, including during armed conflict. For many of these militants, it is no longer a matter of taking up the fight alongside combatants and revolutionaries, but of being present, peacefully, to bear witness, to build room for democracy and to try to limit, through the presence of international observers, the suffering inflicted by the armed forces.

IN ISRAEL

The customs and police formalities go without a hitch, because I have the address of a friend to see in Israel which allows me to answer the extensive questioning on why I'm making this trip. All the militants who arrive as a group are automatically expelled, as are those whose arguments are not deemed sufficient: around a hundred people have thus been refused entry into Israel in recent days.

Immediately on Wednesday evening, an opportunity arose to see Michel Warshawsky. Michel is "the" anti-Zionist Israeli militant, he's always been alongside the Palestinians. He's the one everyone calls "Mikado".

He tells how Via Campesina got involved in this struggle. A meeting that took place at the end of January in Porto Alegre, between Palestinian and Israeli militants and Via Campesina leaders enabled a delegation to be put together for Palestine on the "day of the earth" event to

establish direct contacts with rural workers in the occupied territories. That was the day tanks rolled into Ramallah.

Above all, he talks about the situation on the Israeli side.

The situation is very bad, and not just because, as in any war situation, the immediate reflex is to close ranks, nor because of press self-censorship which gives Israelis a totally biased view of what is going on: extensive coverage of the funerals of the victims of suicide attacks and the families the victims leave little room for the brief reports on the West Bank, leaving the impressions that the situation has been "normalised".

The crux of the problem is the interpretation of the failures of Camp David and Taba as provided by Ariel Sharon and, above all, before him, by Ehud Barak, his labour party predecessor. Supposedly, during these negotiations, Yassir Arafat and the Palestinian leaders refused a Palestinian state in the Gaza Strip and the West Bank. This refusal, plus the suicide attacks against civilians in the very heart of Israel, is supposed to prove that the Palestinians' real aim, contrary to their claims, is not the creation of a nation state in the territories occupied in 1967, but the destruction of Israel. That is what lies behind Sharon's declarations that amaze foreign observers but are highly effective within his country as he talks about "the survival of the Jewish people". The fact that this version comes from a "left wing" prime minister and that the labour party stays in the government coalition lends a lot of credibility to this thesis, just as the fire attacks on synagogues, such as have happened in France, are used as proof that there's a fresh upsurge of anti-Semitism worldwide. In such a climate of paranoia the many international condemnations carry little weight or even reinforce the idea that this really is a decisive battle for "the

Jewish people".

It is therefore very important to remember the negotiation terms at the time. Far from handing back all the territories, Ehud Barak's government meant to keep the colonies closest to the border, even being prepared to "exchange" those for a piece of desert, together with East Jerusalem of which only a small neighbourhood in the outskirts would have been returned to the Palestinians. Nothing was said about what is perhaps the thorniest problem: the Palestinian refugees dating back to 1948, or even the 200,000 who live in the Lebanon in the most difficult circumstances.

JENIN

As in all situations of conflict, or when major events occur, there are always one or a few hotels where "everyone" — journalists, politicians and various leaders — meet and swap the latest news. In this case the crisis and its international repercussions are so serious that there are four strategic sites: the New Imperial in the old town, the least expensive where one finds the militants, the Jerusalem, previously called the King David, the most exclusive, where one can see Zinni, the American negotiator and the leading reporters (who can also be found at the American Colony) and, finally, the Ambassador Hotel, a middle-level establishment, where the parliamentary delegations and many journalists hang out. These are the places where you can meet those who are responsible for making contacts with Palestine and preparing visits and that's how, on Thursday morning, I came across Leo Gabriel, an Austrian friend, who's a militant from ATTAC Austria and the "European March against Unemployment" but also a journalist with Austrian state television. He has a car going to the Jenin region and I decide to go with him because the news coming out of the refugee camp in

the city there is particularly alarming.

Jenin is right in the north of the West Bank. The surrounding Israeli area is inhabited by many Arab villages where some of the refugees in the Jenin camp come from: they first arrived during the 1948 exodus which the Palestinians call “nakbah”, the catastrophe. Two things are immediately striking as soon as you pass into the West Bank. The first is the amazing jigsaw puzzle of territories and peoples. With a few contacts, it is easy to move between Israel and the West Bank and at any time, in the middle of the occupied territories, you can come across an Israeli colony. So, unlike in the Gaza Strip where there are far fewer colonies, the idea of a “wall” that would isolate the occupied territories from Israel seems highly hypothetical, unless the 200,000 inhabitants of the colonies are to be abandoned.

The second striking feature is the total solidarity between Palestinians. We spent the whole of Thursday in the occupied territories, between Jenin and Nablus, the zone which is considered by the Israeli army as being the most dangerous and which is therefore the most closely-watched and controlled. At no time, apart from when we returned to Israel, were we stopped or controlled at a checkpoint. Our guide kept checking with the inhabitants, young or old, whether the army was down the road and if we could get through. In front of us there was a taxi which stopped at each dangerous bend, using his mobile phone to check with someone in the vicinity on whether there were snipers in the area or whether there was a military blockade controlling traffic.

The stories coming out of Jenin are dreadful. We aren't able to go into the actual camp which was home to more than 13,000 inhabitants and from where we

could still hear the sound of automatic gunfire but, in Taybeh and Rumanah, two outlying villages, we met many refugees who had just arrived. All were men, around 200 at Taybeh and 450 at Rumanah, the women and children were in other villages. Many have the same story to tell. Many houses have been destroyed by missiles fired from helicopters or tanks, most of the men were arrested, held in detention for 2 or 3 days in hard, humiliating conditions, their wrists so tightly bound that some still show vivid scars, their eyes blindfolded, unable to go to the toilet. After that, there were dropped off miles from Jenin with strict orders not to go back there and they came to these villages without having any news of their families.

Some of them bear witness to atrocities committed by the army. In Rumanah a youth of about 15 claimed to have witnessed summary executions and to have seen many corpses in the streets. In Taybeh, Kassim Salah, a 38 year-old father of four claimed soldiers used him as a human shield for two days: he had to go into the houses and narrow streets first to “protect” the Israeli soldiers. During those two days he witnessed the death of four young men who were moving forwards with white flags and who were slaughtered by the soldiers.

RAMALLAH

Friday, the “World Social Forum” delegation comes together, most of the Brazilians, including a parliamentary delegation, have arrived. Milton Temer is the member of the federal parliament who represents the Workers’ Party in the delegation. We link up with two women, an American and a British member of the “International Solidarity Movement”, and a Belgian delegation which includes the president of the Senate socialist group, and decide to go to Ramallah to visit the hospital and try to meet the militants who are

in Yassir Arafat’s headquarters.

We’re now used to going into Ramallah: a car drops off the “visitors” on a road near the checkpoint, we go a few hundred yards on foot and then we can get taxis into the city. On arrival at the hospital, we meet the wounded and talk to the medical staff who show us the communal grave they’ve had to dig in the courtyard.

The hospital is at the entrance to the city and the tanks aren’t there, some children are playing in the street and just occasionally, an adult takes a quick glimpse outside. But the curfew hasn’t been lifted: it was for a few hours the day before but today going out into the street is totally forbidden. The group discusses the idea of a demonstration. Given our low numbers, less than a twenty, the term “delegation” would probably be more appropriate. There are three television crews ready to accompany us and Colin Powell has just landed in Israel: we think we can try this without running too much of a risk.

We set off, equipped with white flags. Walking slowly, so that it is quite clear that our intentions are peaceful, but also because we often have to stop: first, a hundred meters after the hospital, to accompany an old lady who’s too frightened to go there on her own.

After 500 meters, we reach the centre. There, there’s neither man nor beast, quite literally. The sight of the city centre is staggering: it’s totally deserted but we know that all the inhabitants are there, hiding behind their lowered iron shutters. A Canadian from the “Alternatives” movement who was there the day before, just as the curfew was lifted so that the inhabitants could go out for a few hours, told us that it was like springtime in Quebec: snow in a dead and deserted landscape and then, a few days later when the

snow melts, life bursts out. Here, we have to remember that the inhabitants have been holed up in their houses for more than two weeks!

The tanks are in the main square, with a few soldiers who train their guns at us. This is rather a frightening moment. Then we walk on, up to the presidential palace, about a kilometer further on. It's already a miracle that we've got this far. But the miracle comes to an end, the soldiers arrive with a tank, we negotiate to get an interview with our friends, unsuccessfully. We phone Theo, a friend of a friend, who lives there and who writes an hour-by-hour column on the West Bank situation which is widely published by email. We go back to the hospital and we hear isolated gunfire from another district and shellfire from a tank. A few hours later we'll learn that a youth was shot down that morning.

WITH THE ISRAELI PACIFISTS

On Saturday a large coalition of Israeli, Arab and Jewish militants decided to demonstrate in front of the entrance to the Jenin camp, along the main road, accompanying trucks bringing supplies of food, clothing and blankets.

The demonstration is a significant success: 3000 people took part from different villages around Israel. At the head of the procession were young Arabs, full of emotion and hoping to reach their objective, to see their families and loved ones. Then came a mixed procession with pacifists, different left wing political groups and a lot of young people. A small group of teenagers comes together, wearing t-shirts with a yellow Star of David, with the word "Palestinians" in the centre. They've decided, in order to touch Israeli public opinion, to call themselves "don't touch my holocaust". This group explains to us how they started to take action when they learnt that, ten days earlier, foreign militants had defied

the curfew and paraded through Ramallah: this inspired them to act. We were also able to test out the impact of these activities on the territories in East Jerusalem where several people we met in the streets knew that demonstrations had been held in Ramallah.

The army tries to stop the demonstration with a Jeep and a few soldiers. Given the numbers and the level of determination, they let us through.

One incident gives a good insight into the true nature of the Israeli army. The demonstration passes in front of Salem, a big military camp where many Palestinians have been and still are detained. About twenty soldiers are deployed behind the railings. The demonstrators chant, in Hebrew, "corrupt occupation", "the refuzniks (the soldiers who refuse to serve in the occupied territories) are heroes". On hearing that, a soldier, probably a reservist given his age, jumps up and down and starts waving his arms around to show his total support; his commanding officer arrives, gives him a good telling-off, and then goes away again. The soldier continues to gesture his support, but a little more discretely. A few minutes later, another soldier goes crazy and wants to go out and insult the demonstrators or maybe even fight them. The officer intervenes again and several of them calm the soldier down and prevent him from going outside. That's all. An army that's as popular and "democratically" run is probably very strong in defending its country when attacked but, on witnessing this scene, one has a better understanding of why soldiers have targeted journalists or how atrocities could have been committed.

Finally, the demonstration is brought to a halt a few kilometers further on at the official checkpoint before Jenin. An agreement is reached with the

organisers: the soldiers guarantee that the trucks can pass through if the demonstration disperses. The next day we'll learn that only six of them were able to go in and that they had to unload their goods quite far from the camp, without really knowing whether they'll reach the people they were intended for.

Around a dozen of us leave, together with the Brazilians, and we go back into the occupied territories, into Taybeh, to do some interviewing and hear from some witnesses.

Sunday morning provides an opportunity to meet some pacifist militants in Tel Aviv. There's a team from Indymedia Israel which is very active, publishing a magazine and streaming videos and a radio on the web, there's an Israeli trade union militant who's close to the communist party, and there's Mikado.

All have decided to mobilize in priority against the occupation of Palestinian cities and we discuss how to share information and work together. At midday there's a press conference in Jerusalem and, that same afternoon, it's back to Paris with seven militants from civil missions who have just been expelled from Israel.

* Christophe Aguiton is a member of the international bureau of ATTAC France