

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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INDONESIA DEFIES THE CAIRNS GROUP IN FAVOUR OF FOOD SECURITY

Aileen Kwa*

Indonesia has declined to sign on to a Cairns Group position paper (6 September) on market access in agriculture that calls for drastic tariff cuts.

The Cairns Group, led by Australia, comprises 18 exporting developed and developing countries pushing for an ambitious trade liberalisation agenda in agriculture. Indonesia is currently a member.

The Cairns Group paper calls for deep cuts in bound tariffs for both developed and developing countries in the current round of negotiations. The group's paper wants developing countries with tariffs in agriculture between 0-50per cent to be cut to a maximum of 25per cent and tariffs between 50per cent and 250per cent to be reduced by 50per cent. Such huge tariff reductions will further devastate the livelihoods of small farmers in Indonesia.

In the talks, Indonesia said that it could consider the Cairns Group proposal, but only if four staple crops are excluded from any further bound tariff reduction commitments - rice, sugar, soya and corn.

This was rejected by the Cairns Group.

The average bound tariff rate in agricultural products for Indonesia is already low, at 47per cent, with the exception of several staple crops.

CAIRNS GROUP TURNS ON THE PRESSURE

When Indonesia indicated that it would not go along with the Cairns Group proposal, various forms of pressures were put on officials in Jakarta and in Geneva, by the leading developed countries of the Cairns Group. These countries did not want Indonesia to distance itself from the grouping.

In Jakarta, ambassadors have been visiting their Indonesian counterparts and other cabinet ministers. Lower level officials have likewise been lobbying Indonesian bureaucrats.

WHY AUSTRALIA AND NEW ZEALAND WANT INDONESIA IN THE GROUPING

Australia and New Zealand do not want Indonesia to distance itself from the Cairns Group primarily because Indonesia is a key regional market for the two big agricultural exporters.

There are bilateral agreements between Australia and Indonesia on investment and on aid and technical assistance provided by Australia. In general, such

forms of bilateral assistance can often have the effect of influencing recipient countries into accepting the demands of the country providing such assistance.

INDONESIA'S FOOD SECURITY HANGS IN BALANCE

There is little compassion in the world of WTO negotiations. It is riddled with political games, and pressures by the big countries representing their corporations to gain markets in other countries. For countries like Indonesia, pressures by the bigger countries are not easy to stand up to given their vulnerabilities (e.g. IMF loans etc), unless they are counter-balanced by pressures from the ground at home.

There are already many signs of disquiet in the country. This is not surprising given the silent crisis of hunger. Seventy per cent of Indonesian children under 5 years are malnourished in a country where a quarter of the people (over 50 million) live below the poverty line.

The agricultural liberalisation that Indonesia has undertaken in recent years, due to IMF and WTO commitments, has led to the explosion of food imports in staple crops. Indonesia is now one of the world's top rice importers, importing at least ten per cent of its rice. Between 1995 - 2001, sugar imports have increased by 45 per cent and soya imports by 40 per cent.

Overnight, the livelihoods of farmers have been destroyed. This is serious, in a country where over 100 million people live in the rural areas and the majority live on subsistence farming. Indonesian officials are fearful that policies which further aggravate the crisis will plunge the country into political instability.

US AND THE EU: DUMPING ON A MASSIVE SCALE

The obvious question is why should Indonesia liberalise when the biggest exporting countries are slapping increasing amounts of protectionist subsidies on their farmers and selling their products at below the cost of production in Indonesia?

The US and the EU are the prime perpetrators of protectionism. The US exports corn at prices 20per cent lower than the cost of production and wheat at 46per cent below cost. Supports for soya in 1998-2000 total 20per cent of the value of production. In May this year, the Bush Administration adopted a Farm Bill promising to raise spending by an additional \$ 73.5 billion over the next decade, in addition to the existing

supports.

Three of the four crops that Indonesia has asked for exemptions in tariff reductions are targeted to be given additional subsidies through the US Farm Bill - rice, soya and corn.

As if this is not enough of a slap in the face to its trading partners like Indonesia, the US Senate on 10 September voted an additional \$6 billion in aid for corn and wheat farmers hurt by drought!

The European Union also subsidises its farmers heavily, with subsidies hitting 45 billion euros a year, nearly half of its 98 billion euro budget. The EU is a net exporter of sugar, yet subsidises sugar to the tune of over 50 per cent of the value of production. With enlargement creeping up on the EU, by 2004, total spending on agriculture will no doubt significantly increase.

THE POSITION OF CIVIL SOCIETY GROUPS ON AGRICULTURAL NEGOTIATIONS

The Indonesian government position - calling for the protection of rice, corn, sugar and soya - does not meet all the demands of farmers' groups within Indonesia. Food security cannot be narrowed down to four crops if small subsistence farmers' livelihoods based on biodiversity are to be protected.

Small farmers in Indonesia and internationally are calling for the total exclusion of WTO rules from agriculture - a position supported by Focus on the Global South - and Indonesian NGOs are also calling for Jakarta to get out of the Cairns Group.

Whether or not life improves for the malnourished Indonesian children depends eventually on whether the Indonesian government heeds the food sovereignty position taken by those it purports to represent. Nevertheless, Jakarta's brave attempt to stand up to the big bullies in the negotiations must be supported as one step in the right direction.

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LAYING THE GROUNDWORK FOR CANCUN: ANOTHER DOHA 'SUCCESS'?

by Aileen Kwa*

THE HEAT IS ON...

Despite the fact that the Cancun WTO ministerial is twelve months away, the influential members of the WTO have already started their work in ensuring that the configuration of factors which made Doha a 'success' for them can be repeated.

While Doha initiated negotiations in a few sectors, Cancun could well expand it into a full round and also endorse further liberalisation in key sectors, such as agriculture and services. On the table in Cancun will be the new issues of investment, competition policy and transparency in government procurement. Here, an explicit consensus by the membership will be needed to decide whether or not negotiations on these issues will be launched.

The stakes are very high for the developed countries suffering from a long drawn recession. They are also bent on ensuring that the WTO liberalisation bicycle, which collapsed in Seattle and was put back on its tracks in Doha, is given added momentum in Cancun. For developing countries, more liberalisation of agriculture and services and expansion of the WTO mandate through new agreements will further tighten the economic noose around their necks and is predicted to prove more damaging for them than even the infamous Uruguay Round.

RECREATING THE DOHA CONFIGURATION OF FACTORS WHICH LED TO 'SUCCESS'

The particular combination of factors that were created by the major powers, which led to Doha ending successfully for the US and EU, included:

- Ambassador Harbinson as chair of the general council managed to produce an unbracketed text indicating that a consensus existed when there was none
- A series of mini-ministerials and Green Room meetings of about 23 countries which excluded the majority
- 'Flexibility' in process, that is, breaking of procedural rules in order to manufacture a consensus
- Carefully timed and well-placed doses of bilateral pressures. This included the post September 11 'with us or against us' threats
- Breaking down the coalition of developing countries and isolating 'hard liners' such as India.

While still one year to Cancun, these configuration of factors are now systematically being put in place.

HARBINSON

It is no surprise that ex-Hong Kong's Ambassador, Stuart Harbinson was elected this year as Chair of the Agriculture Committee (the most controversial and sensitive issue at the WTO) while he was still representing Hong Kong. On 10 September he took up a new position as the right hand man / chef de cabinet of the new Director General, Supachai. Developing countries opposing his continuation as agriculture chair as he takes on the Secretariat position have come under bilateral pressures or have found themselves isolated on this issue.

Harbinson's style is "to construct a balance of interests in which everybody gives something and everybody gets something..." except that developing countries end up paying a very heavy price and receive nothing that is even distantly meaningful.

MINI-MINISTERIALS

The major powers organised pre-Doha two mini-ministerials when they realized that the Geneva process was hitting the brick wall. Mini-ministerials can be useful in terms of getting ministers of a core group of countries in line by making bilateral deals on the side. The process is continued during the Ministerial, where the same core group is called upon in the Green Room and the package is knocked together. This has the effect of marginalizing those that are excluded. The package is then presented to the rest (that is the majority) on a take-it-or-leave-it basis, with the underlying threat that any country opposing such a consensus package will pay the price (in terms of termination of preferential trading arrangements etc).

After Doha, Ambassador Boniface Chidyausiku of Zimbabwe recounted his experience of the pre-Doha process: "The major countries realized they could not beat the Geneva process. Developing countries had built capacity in the Geneva process. Realising that they could not put their agenda through Geneva, they started to have meetings amongst a small group of members."

The meeting that changed things was the one held in Mexico (at the end of August). After Mexico, people started to see things differently. It was again a selected group. The follow-up to that meeting was Singapore, even though the DG said it was not a WTO meeting. However, both the chair of the general council and the DG were present. They also asked the Singapore ambassador to give a brief to the entire membership. According to press reports, what transpired in Singapore is very close to what was agreed in Doha.

This method lacks transparency and is a relic of the GATT, where countries that were strong trading nations came together and tried to push their agenda

on to others'.

THE SYDNEY MINI-MINISTERIAL

A mini-ministerial has already been planned for November 14-15 in Sydney. Only 23 countries have been invited but the line-up of countries is significant. The 'strident' voices of any weight are of course included, such as India. Also included are representatives of African countries that for some years now have been under the influence of the major powers and have been groomed to break the African Group coalition at strategic points.

Apart from the host, Australia, the 23 countries invited are:

Quad countries: US, EU, Canada, Japan

Other Developed Countries: Korea, New Zealand, Switzerland

Asian: China, India, Indonesia, Malaysia, Singapore, Thailand

Latin America and Caribbean: Brazil, Colombia, Mexico and 1 Caribbean representative

Africa: Egypt, Kenya, Lesotho, Nigeria, Senegal, South Africa

This is not very different from the usual 25 or so Green Room participants, with a few, important changes. For one, it is very significant that Pakistan has not been invited, an illustration of their weakened role since September 11 and the removal of their well-known and out-spoken Geneva ambassador, Munir Akram, earlier this year.

LAYING THE GROUNDWORK FOR BILATERAL DEALS WITH STRATEGIC DEVELOPING COUNTRIES

Also interesting are the selected African countries. At Doha, it was the representatives of the African Group (Nigeria), and the LDCs (Tanzania) that were brought into the Green Room meetings. These countries came under pressure and this led to carefully negotiated group positions collapsing at the Ministerial.

Of the African countries on the Sydney invitation list, it is well-known that South Africa and Egypt (to a large extent) sing the tune of the US and EU. Kenya and Nigeria have also been frequently accosted by the US. In Doha, Kenya was leading the ACP countries and its Minister Biwott was the one responsible for putting the ACP waiver on the table, clearly after having been manipulated by the influential members. Kenya is currently leading the African Group in the WTO and unfortunately, because it has succumbed to pressures by the big countries, has not provided strong leadership to date.

It is likely that either Kenya or Nigeria will be again representing the African Group in Cancun. Their invitation to Sydney shows that the majors are already starting to build an understanding with their Ministers

and to commence negotiations with them. Of the LDCs, only Lesotho and Senegal have been invited. Already, Lesotho has shown signs that it often acts under the influence of South Africa (more on Lesotho in the later section).

All ministers invited have already signaled that they will attend the mini-Ministerial (as of mid-September) with the exception of China. According to an Indian official, their preference would be that such an exclusionary meeting does not take place, but as long as it does, it's better to be there.

AGRICULTURE WILL TAKE CENTRE-STAGE

So far there is no formal agenda for Sydney, but it does not take great imagination to figure that agriculture will take center-stage. The meeting takes place just a month before the secretariat's chef de cabinet cum chair of the agriculture committee, Stuart Harbinson, releases his draft new agriculture agreement.

Agriculture is also turning out to be the most contentious issue in the run-up to Cancun. The majors in the agriculture negotiations (US, EU and Australia) will have to come to an agreement but the task before them, to be addressed in Sydney, would be for Australia and US to mend the splits within the Cairns Group and bribe or pressure countries, such as Indonesia, to remain on board. (See article above.) Their other critical task is to sell their position to those outside the Cairn Group, such as India and the African representatives.

There are also some very entrenched differences between the EU and the Cairns position, including the formula for tariff cuts and the extent of domestic support reductions. Various package deals will no doubt have to be made between EU and the various Cairns members.

BREAKING ALL PROCEDURAL RULES! 'FLEXIBILITY' IN PROCESS

Breaking the procedural rules was a major factor leading to Doha's outcome. Vagueness of procedures provided developed countries the space to manipulate the negotiating process in order to suit their interests. It also gave them the opportunity to marginalize or subvert the views of developing countries, for instance, by picking chairpersons who were 'friends of the round' and by holding all night Green Room meetings of 20 or so countries in Doha.

LIKE-MINDED GROUP (LMG) PROPOSAL

So bad was the pre-Doha and Doha process, that it led 15 developing countries, spearheaded by India, to submit a paper to the General Council in April this year on what should be an appropriate process. Some key concerns they highlighted were based on what should have, but did not take place:

Preparatory Process in Geneva

- a) Consultations should be transparent and open-ended.
- b) Draft ministerial declaration should be based on consensus. Where this is not possible, such differences should be fully and appropriately reflected. If the majority of the membership has strong opposition to the inclusion of any issue in the draft ministerial declaration, then such an issue should not be included.
- c) A draft ministerial declaration can only be forwarded to the Ministerial Conference by the General Council upon consensus to do so.

Process at Ministerial Conferences:

- d) The chairpersons including facilitators... should be identified by consensus in the preparatory process in Geneva, through consultations among all Members.
- e) Consultations by chairperson/facilitator should be at open-ended meetings only. The chairperson / facilitator could convene meetings of proponents and opponents on the subject assigned and any other interested Member should be free to join such meetings... the schedule of each meeting shall be announced at least a few hours before the meeting.
- f) All negotiating texts and draft decisions should be introduced only in open-ended meetings.
- g) Any new draft on specific issues should be circulated to all Members well in advance so that Members have sufficient time to consider them.

Such reasonable suggestions, were met by tremendous opposition by some countries in June.

PROCESS PROPOSAL LED BY AUSTRALIA

A grouping of eight countries - Australia, Canada, Hong Kong China, Korea, Mexico, New Zealand, Singapore and Switzerland — replied with their own process paper. Their position, contrary to the LMG paper said that, "In a Member-driven organization processes need to be kept flexible. We need to avoid rigidities."

They emphasized instead, that "Prescriptive and detailed approaches to the preparatory processes are inappropriate and will not create the best circumstances for consensus to emerge in the Cancun meeting."

The argument they use is that "in processes of this sort much depends on members' level of ambition and the force with which they pursue individual objectives. Ultimately consensus will be achievable only if members are prepared to moderate these objectives and take a wider view of what their interests require. Restraint and flexibility will be essential."

Clearly, the strategy for how the Quad countries and allies want Cancun played out has been laid down. The same breaking of rules should be allowed in the interests of achieving 'consensus'. For an organization

that is supposedly 'rules-based' it is rather shocking that procedural rules, because they work against the interests of the influential, are so flagrantly broken.

The LMG had submitted their paper in conjunction with the request that procedural guidelines should be established. The Chair of the General Council promised to convene consultations after the August break on this issue. It is not surprising that already one month after the summer break, no consultations have been held on this matter.

One developing country ambassador post-Doha puts these issues in perspective, "the informality of the process means that, in fact, it is a process of consultation and discussion behind closed doors. In that process, it means that those with clout will carry the most weight. There are few countries that would challenge a decision that has been put forward as a done deal."

BILATERAL PRESSURES

Doha would also not have 'succeeded' without the bilateral pressures that were exerted in capitals. As the Ministerial approached and Geneva-based ambassadors remained intransigent, more attention was put in capitals. EU trade commissioner Pascal Lamy, US trade representative Robert Zoellick, the DG at the time, Mike Moore and various US trade representative officials worked hard criss-crossing the world courting strategic developing country ministers. The ambassadors of the US, based in the capitals of developing countries, also visited ministers and officials. Bilateral pressures were also intense during the Ministerial itself.

This has again taken place. For example, US missions based in the developing countries have been selling its agriculture position to officials of these countries. This has had quite a significant impact on agriculture negotiations in Geneva - as previously bold positions put forward by developing countries are now under attack and are being watered down. For example, El Salvador, who was part of the 'Development Box' coalition of countries (asking for protection of their agricultural sector), announced in the market access agriculture session in early September that they supported the position of the United States advocating drastic tariff reductions.

Also, before Doha, ambassadors based in Geneva who pursued positions contrary to those of the majors and who refused to be silenced were targeted - and complaints about them were made to their bosses - ministers, even heads of states of their country.

This year, the same pressures have continued. The determined Ambassador of the Dominican Republic Federico Cuello was removed at the end of August because of his active role in the Like Minded Group Coalition. Likewise, the outspoken Ambassador of

Pakistan was given a promotion and sent to New York earlier this year.

BREAKING THE COALITION OF DEVELOPING COUNTRIES

The divide and rule strategy was another crucial factor in the 'success' of Doha. At this juncture, similar strategies are being used to make coalitions of developing countries impotent, in particular, the Like Minded Group and the African Group.

One example is the African Group position on finding an expeditious solution to the TRIPS and health issue. The Doha TRIPS and Public Health Declaration noted that Members with insufficient or no manufacturing capacities in the pharmaceutical sector could face difficulties in making effective use of compulsory licensing. A solution to this problem is to be reported to the General Council by end 2002.

The African Group position calls for a variety of elements to be used in order for countries to find a solution that best addresses the public health crisis in their country when manufacturing capability does not exist. Their position is that an authoritative interpretation of Article 30 dealing with exceptions to the exclusive rights conferred by a patent is insufficient. Amending Article 31 dealing with compulsory licensing is also insufficient. The EU position is that Article 31 should be amended, but in the interim, a waiver should be allowed until such an amendment is agreed to at the ministerial level. In contrast, the African Group is asking for all of these measures to be allowed, and that the waiver should be accepted as an interim, not a final solution.

Quite unexpectedly, in the last TRIPS Council meeting, Lesotho, without prior consultation with the African Group, presented a proposal stating that the waiver would be a sufficient solution, hence breaking the ranks of the African Group.

The fact that Lesotho clearly towing the line of certain influential countries has been invited to the Sydney Mini-ministerial, is not good news for either the African Group or the LDC coalition.

SHORT TERM PAIN OR LONG TERM LOSS

This configuration of factors, when brought together, make it quite difficult for developing country officials to effectively oppose an agenda that does not serve their interests. Opposition in WTO negotiations, taken to its conclusion, means igniting real possibilities of facing severe censure of one form or another. The circumstances and choices put before Southern governments are indeed treacherous. It does not bode well that even the best intentioned government officials usually come pre-programmed to be pragmatic to the point of being myopic, since they tend to agree to long-term devastating losses in order to avoid short-

term pain. Add to this the post-September 11 political climate, governments of the South seem to be quickly losing their ground.

Unless groups can exert enough political pressure at the national level on their to stand by certain positions — such as no more liberalisation in agriculture and services and no new agreements on investment — we may well spend the next twenty years righting the wrongs of Cancun.

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THE MISSISSIPPI-MEKONG CATFISH WARS

Shalmali Guttal

“...therefore, the petition against certain frozen fish fillets from Vietnam is no doubt not in conformity with reality and must be regarded as an attempt to abuse the antidumping measures for unfair competition.”

- Mr. Nguyen Tam Chien, Vietnam’s Ambassador to the United States, 1 August, 2002.

“Much more is at stake here than trade in strange-looking fish with whiskers.”

-US Senator John McCain, 18 December, 2001

THE STORY SO FAR

On 28 June, 2002, the Catfish Farmers’ Association (CFA) of the United States of America (USA) and eight seafood production companies lodged an application with the US International Trade Committee (ITC) to sue the Vietnamese Association of Seafood Exporters and Processors (VASEP) for dumping catfish products in the US. They claimed that since the catfish produced by them counts for 85.7 percent of the total US market, they were in effect acting on behalf of all catfish farmers in the US. The defendants named in the case are 56 seafood processors in Vietnam, although some of the named firms have nothing to do with the varieties of catfish produced for export in Vietnam.

The dumping charges have shocked the VASEP, Vietnamese Government and practically all those familiar with the catfish industry in Vietnam, including the US Embassy and a number of US businesses based in Vietnam. There are clearly no acceptable, rational reasons for such a case. Vietnam has been in transition from a centrally planned to a market economy since 1986 and for all practical purposes, is now a market economy. It is under an IMF-World Bank structural adjustment regime and has dismantled whatever meagre subsidies it was able to provide in the past to its agriculture producers and fishers. In fact, proof of Vietnam’s status as a market economy was one of the preconditions of the US-Vietnam bilateral trade agreement that was signed by the two countries in 2001. And in any case, compared with the US, Vietnam is a poor country, and simply does not have the resources to provide its productive sectors with the levels of subsidies and supports that the US provides to its own producers.

The Vietnamese Government has hired a US law firm—White and Case Law Corporation—to contest the antidumping charges. On 15 July, a Vietnamese delegation went to the US to negotiate an informal resolution to the dispute. On 19 July, the ITC conducted a hearing in Washington DC on the case in which, Vietnam’s Ministry of Trade presented evidence

that showed that Vietnamese exports of Basa and Tra fish (the varieties exported to the US) function according to market principles (the arguments presented by the Vietnamese can be found on the website <http://www.vietnamembassy-usa.org/news/>). But the ITC was not convinced and on 24 July, the Department of Commerce (DoC) issued a notice that it was officially initiating an antidumping duty investigation on the case. In the week of Sept. 16, delegates from the ITC will begin their official investigations on the dumping charges against Vietnam.

The crux of the investigation appears to lie in the conclusions that the US investigators will draw regarding the nature of Vietnam's economy, as well as whether the dumping charges have any basis in fact. If the ITC determines that the charges are substantiated and that Vietnam does not have a market economy, India will be used as the reference country to assess a new tariff rate and the proposed tariff hike could be 191 percent. If, on the other hand, the charges are substantiated and the ITC determines that Vietnam does have a market economy, the US will be used as the reference country and the proposed tariff hike could be 144 percent.

THE MISSISSIPPI CONNECTION

The antidumping case brought by the CFA consortium is the grand finale in a series of tricks and melodramas that the US catfish lobby has initiated over the past eighteen months. Initiated by commercial fish producers and agribusiness, and led by US Congressional members in the six Southern states of the US, the catfish lobby has persistently attempted to ban the imports of catfish products from Vietnam and expand its own share of the fish market.

First, the catfish lobby charged that catfish produced in Vietnam was raised in unhygienic conditions and not fit for US consumption. Senator Marion Berry even alleged that catfish raised in the Mekong basin was poisonous because of the huge amounts of Agent Orange that was dumped into the Mekong River by US Airforce pilots. These claims were refuted by the US Embassy in Vietnam, which undertook an examination of production conditions and concluded that the quality of Vietnamese catfish farming in the Mekong basin was beyond reproach.

Next, in late 2001, a group of US lawmakers led by Senator Jesse Helms claimed that Vietnamese catfish was scientifically not catfish at all and must not be sold in the US labeled as catfish. The group introduced language in the US Agriculture Appropriations Bill that required the US Food and Drug Administration (FDA) to process only certain types of fish raised in North America—specifically those that grow in the six southern US states—as catfish. The language also sought to impose a ban on the import of Vietnamese catfish on grounds of health and labeling.

Several well positioned US policy and lawmakers were aware of the interests guiding the Mississippi catfish mafia's almost hysterical obsession with Vietnamese catfish. US Senators McCain, Gramm and Kerry strongly opposed the catfish lobby's moves and pointed out that Southern agribusiness interests had embarked on a campaign of misinformation and fear-mongering in an effort to unfairly gain monopoly of the US catfish market, and to shut out any legitimate national and international competition. In their rebuttal, they brought as evidence the assessment of US agriculture and industry officials at the US Embassy in Vietnam, who had investigated the Vietnamese catfish industry in depth.

According to the US Embassy, "In the case of catfish, the embassy has found little or no evidence that the US industry or health of the consuming public is facing a threat from Vietnam's emerging catfish export industry...Nor does there appear to be substance to claims that that catfish raised in Vietnam are less healthy than [those raised] in other countries." (Quoted by Senator John McCain in a statement on 18 December, 2001).

The US Embassy reported that: a) according to their experts the Vietnamese Government provides no direct subsidies to the catfish industry; b) the embassy was unable to find any evidence that Vietnamese catfish are of questionable quality and may pose health risks, and that the quality standards of catfish production in Vietnam had been confirmed by US FDA officials; c) they found no evidence that Vietnam is deliberately directing catfish exports to the US to establish market share, and ; d) the Vietnamese had already reached an agreement with the US FDA on a labeling scheme to differentiate Vietnamese catfish from American catfish in US retail markets.

In a statement issued on 18 December, 2001, Senator McCain also strongly objected to the xenophobic nature of the US catfish lobby's advertising campaign to promote the claim that catfish raised in the Mississippi mud are the only fish with whiskers safe to eat. He slammed an advertisement that ran in the national trade weekly Supermarket News that read: "Never trust a catfish with a foreign accent...They've grown up flapping around in Third World Rivers and dining on whatever they can get their fins on...Those other guys probably couldn't spell US even if they tried."

Despite their attempts, Senators McCain, Gramm and Kerry were unable to muster enough support to defeat the US catfish lobby. The Mississippi connection proved stronger than US Congress's interest in doing right by a fish with a foreign accent. With little review and no debate about the fallaciousness of the catfish lobby's claims, in December 2001, US Congress passed an amendment banning the use of the term "catfish" to describe a fish product, unless it originated

in the US, thus shutting out of US markets catfish raised in Vietnam or any other country. Since then, Vietnamese catfish exported to the US are labeled only as Basa and Tra without the suffix “catfish.”

But even this did not mollify the southern catfish lobby. Vietnamese catfish—even if not called catfish anymore in the US—is popular in North America not only because of its price, but more importantly, because of its taste. According to North American seafood importers, catfish from Vietnam has a special flavour and colouring, and is lean. The strong flow of the Mekong River makes the fish significantly fresher, cleaner and tastier than fish that are raised in stable still ponds. Unable to withstand the competition from a good-quality, well-priced product, the US catfish lobby started to prepare its case against Vietnamese seafood exporters for dumping and on 28 June, it struck.

WHAT'S AT STAKE?

Catfish farming has been a traditional means of livelihood for farmers in Vietnam's Mekong Delta for generations. Not only is fish the primary source of protein for residents in the delta and other parts of the Mekong basin, but also, fish and fish products are important sources of income for most rural families in the Mekong Delta. Fish farming for the most part has been small-scale and artisanal, and in recent years, Vietnam has also started to export catfish. The main markets that Vietnamese catfish is exported to are the US, the European Union (EU), Japan and Hong Kong. At present, Vietnam supplies about two percent of the US market, priced at about US \$ 500 million.

Recent research conducted by a team supported by Actionaid Vietnam — a Non-Governmental Organisation operating in Vietnam — shows that raising Basa and Tra catfish is the sole occupation for most of the fishers in the Mekong Delta. If catfish trade declines because of a change in trade agreements or a huge increase in tariffs, fishers will not be able to switch to a new occupation with ease. Most fishers do not have sufficient land, or the required skills and experience for alternative agricultural production, nor do they have the options of other occupations by which to earn income. And since much of the fish raising is artisanal, most fishers do not have sufficient reserves of capital or assets that can tide them through rough times.

In addition, the Tra and Basa processing and export sectors employ over 10,000 workers across the Delta in a range of activities from directly raising catfish to selling fish feed, providing small-scale finance, credit and veterinary services. These include labour from local communities as well as migrants from neighboring districts and provinces. Incomes range from approximately US \$ 36 to US \$ 79 per month, depending on the activity and volume of work. For many workers, these wages are the sole source of family income and this industry is the only one they are skilled in. The Actionaid team estimates that the total number people who depend completely on the catfish farming sector—from artisanal fishers to workers and service providers—is not less than 20,000

people. A decline in the catfish processing and export sector is likely to result in destitution for thousands of families.

Fishers are expected to meet food safety and hygienic standards set by the Ministry of Fisheries and other relevant authorities before their products can be accepted by processors and exporters. The processors and exporters are also subject to food safety and hygiene rules, ISO standards and specific procedures for fisheries processing before they are permitted to export their products. Producers and business owners have to invest significant amounts to meet the required standards and also absorb the losses incurred by rejected products, and fluctuations in price and demand. Unlike their US counterparts, they do not get subsidies, risk protection and other domestic supports from their government.

The Actionaid research also shows that neither the fishers, nor the processors, service providers or exporters get subsidies or preferential treatment from the Vietnamese government. They finance their operations through loans from the Industrial and Commercial Bank at market interest rates, or from local moneylenders. Many fisher households borrow from local private sources at interest rates as high as three-four percent a month since they need a steady supply of cash to keep production going. Many fishers and household processing enterprises have taken large loans to expand operations and capacity, with the hope that they can increase incomes and better their standard of living. A sudden decline in fish trade will render their debts non-repayable and place severe financial and social stress on families. Families are already reporting economic pressures from the reduction in export volumes in the last quarter of 2001, when the US banned the use of the catfish label on Vietnamese fish products.

Why is the price of catfish produced in Vietnam lower than catfish produced in the US? A number of reasons. Local fishers have accumulated generations of knowledge and skills in how to increase productivity with lower input costs. The natural conditions of the Mekong River are extremely favourable for small-scale fisheries. Because of the microclimate, fish can be raised throughout the year and the swift water currents keep the water well ventilated and help fishers to raise fish with high body weight. Also, fishing and fish processing are largely family occupations and every member of the household is involved in some aspect or the other of raising and processing fish, thus keeping labour costs down. Fishers have also started to breed new varieties that reproduce faster and can be harvested more quickly.

An important finding of the Actionaid team's research is that actual costs of raising and processing fish are not decisive factors in the pricing of exported fish products in the US. The US importers agree to buy fish

products at a certain price from the Vietnamese exporters and add their own mark-ups in the US market. Benefits of competition among fish retailers in the US do not go to the fishers and fish processors in Vietnam, but to US importers and retailers.

BIG FISH EATS SMALL FISH

The consequences of the penalties that the US may impose on Vietnam if it finds that the dumping charges are substantiated will cause levels of damage among the communities of the Mekong Delta that US fishers in the Mississippi basin cannot even imagine. It is doubtful that U.S fishers know that their “competition” at the other of the world consists mostly of families who live on less than US \$ 300 a month.

There is clearly no reasonable basis as yet for substantiating the charges of dumping on VASEP. In general, the catfish wars that the US catfish lobby has waged against the Vietnamese smack of xenophobia and ignorance. Launched as the ink on the US-Vietnam bilateral trade agreement was barely dry, the catfish wars show yet again what the U.S version of free and rules based trade means: free for US business interests to do as they please since they get to make the rules up as they go along.

For those whose livelihoods depend so completely on the catfish industry in Vietnam, the charges of dumping brought by a consortium of wealthy agribusinesses in the US—a country notorious for rampant protectionism and aggressively defending its corporate economic interests—is truly a case of “big fish eats small fish,” whether or not the fish is labeled as catfish.

The only dignified way forward for the US is to dismiss the dumping charges against VASEP and to adhere to the rules that it insists others comply with.

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THE WORLD SUMMIT ON SUSTAINING GLOBAL APARTHEID

Mary Louise Malig*

Apartheid is not dead, it is very much alive and of all ironies, it was reinforced in the country where it was most bitterly fought. Apartheid at a global level has in fact, just been successfully institutionalised with the conclusion of the World Summit on Sustainable Development in Johannesburg, South Africa.

This time, though, apartheid is no longer a policy of racial segregation, it is a system of discrimination based on economic and military power. But the objective remains the same, to keep the oppressed in their place, the poor mired in their poverty, to keep the status quo.

OMINOUS BEGINNINGS

Even before the Summit began, things looked ominous with officials setting up event sites ridiculously far from one another. The Sandton Convention Center, where the official meetings and negotiations were to be held, sat in the richest district of Johannesburg while the parallel NGO events of the “Global Peoples Forum” were 30 kilometers away at the NASREC centre, taking a good one hour by bus ride to get there from Sandton. The two other official sites, the Ubuntu Village where the country, business and civil society exhibits were, was 15 kilometers away from Sandton while the Waterdome was literally a world away, taking at least two hours by bus — on a good day.

True, there were “Summit Shuttles” between the venues, but the sheer distance made you lose hours on the bus. It also discouraged official government delegates and ministers from meeting their civil society counterparts.

The great distance between the sites though, made people suspect if this was done deliberately to separate and exclude many from the process.

This suspicion was reinforced just days before the official Summit opening when South African police arrested more than seventy peaceful protesters from the National Land Council (NLC) and the Landless Peoples’ Movement (LPM). The unwarranted arrests were indicative of things to come.

DOES FREE TRADE AFFECT ME?

While the landless, the poor and activists were obviously unwelcome, representatives of the transnational corporations were not only welcome, they were being given red carpet treatment.

All over Johannesburg, huge billboards advertising the

Summit littered the landscape, competing with the commercial ads selling insurance or half-priced airline tickets to Cape Town. They were literally everywhere, from the decrepit buildings of downtown Johannesburg to the glossy skyscrapers of Sandton. One showed a smiling farmer with the question above his head “Does Free Trade Affect Me?” Others depicted similar dramas of smiling people from the third world with sappy lines on sustainability. What they had in common — aside from the tacky UN stamp — were the corporate logos: BMW, Hewlett Packard, Daimler Chrysler, all the big boys were all there with slogans proclaiming their sustainability and their proud sponsorship of the Summit. Eskom bought the chairs, HP brought the technology, and BMW brought the cars.

Their presence was overwhelming. Upon entering the Sandton Convention Center, you were greeted by a massive half-globe with mini tents beside it. This was the BMW “Earth Lounge” where they served free wine and fruits to delegates taking in the wonders of the very sustainable and supposedly affordable hydrogen cars of the German company. Incredibly, while everyone else was crammed into the far-flung exhibition centres, BMW had the Sandton Convention Center all to itself.

But then again, the special treatment should hardly be surprising: this UN summit had the largest business presence ever. The count by the ‘Summit Star’ totaled over 700 business executives, 200 companies and more than 100 CEOs.

And why would corporations not come out in full force, when the UN’s priorities have shifted from poverty eradication and environmental preservation to achieving sustainable development via “public-private” partnerships with these big boys or as Kofi Annan calls it, The Global Compact.

Corporations came to divide the world amongst themselves and privatise everything that matters, water, energy, healthcare, agriculture and biodiversity. If the way globalization has been run in the past few decades is any indication, corporations taking over can only spell disaster for the poor, the landless, the South.

Some corporations cannot even be held accountable for past sins like Bhopal in India and Marcopper in the Philippines, where in both cases entire communities still suffer from these companies’ irresponsibility several years after the incident.

SUPPRESSING DISSENT

A few days into the Summit was all people needed to have their worst fears confirmed, that they were not invited nor wanted there. Yes, civil society delegates and representatives from progressives had official Summit ID’s that would ideally open all doors, but this was apparently not enough. At almost all official deliberations and meetings at the Sandton Convention

Center, halls were closed with signs declaring that they were supposedly full.

Groups then focused on converging at Nasrec or at the Landless People’s Camp to discuss ways to let ministers hear the legitimate grievances of the people who they should be working for. Grievances of landlessness, poverty and even access to safe water, all of which, should be heard at the official meetings.

The meetings at Nasrec and elsewhere though were tense as droves of police and military persons were in attendance as well. In one hall that held about 150 people, there were more than fifty heavily armed police at the back of the hall. One march outside a university was actually dispersed with stun grenades, such was the extent of the show of military force by the South African government.

UNITED, WE WILL NEVER BE DEFEATED

Suppression though, as greek mythology has shown, will only make the flame burn hotter and on the bright day of August 31, the social movements, the landless and internationalists joined together to burn the hand clamping down on them.

20,000 people marched the ten kilometer stretch from one of the poorest towns, Alexandra to the posh district of Sandton, carrying a Social Movements United banner along with all the other banners of all the groups that joined in, the Landless People’s Movement, the Anti-Privatization Forum and many others. It was awe-inspiring, people marching under the Johannesburg sun, singing, holding hands and calling people in their houses to come out and join. It was a site of unity in diversity with the South Africans teaching their international comrades and colleagues how to toyi-toyi, or marching while dancing and chanting Land, Food, Jobs, Land for the Landless and Viva Viva Palestina and Argentina.

The enthusiasm was at a high despite the intimidation of at least 8,000 police officers plus tanks, helicopters, barricades and riot police with plastic shields and shotguns.

The end of the march though proved to be frightening for the sheltered ministers. None of the ministers, not even Thabo Mbeki came out to meet the people. The speeches were at the Sandton Center where ministers and government delegates peered from the glossy buildings.

It was a victory as the mere joining of forces of the greatly varied groups showed the unity that could be achieved despite differences in many aspects. And it was because of this great diversity that the police were not able to employ their usual tactics of dispersing and bombing local marches. It was also a victory in that people excluded and oppressed came together in a show of force to say to the world that Summit has

done nothing but sustain global apartheid. As the people have chanted, United, we will never be defeated.

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UNRAVELING OF THE ATLANTIC ALLIANCE?

Walden Bello*

“Germany Isolated for Iraq Stance.”

This headline, blared across the US in the last few weeks, stands as a classic illustration of how Orwellian American journalism is these days.

Germany isolated? One does not get this from US polls, which indicate that the majority of Americans feel that President George Bush has not made the case for war on Iraq. Nor does one get this impression from Europe, where most people are against Washington’s war plans. If anything, it is Gerard Schroeder, whose coalition recently won the German elections, who is in step with the vast majority of Europeans, and Tony Blair, George Bush’s loyal helper, who is out of step, even in Britain.

During a recent book tour in Italy, the question I was asked most frequently, by both journalists and audiences, was whether waging war on Iraq would allow the US to revive its faltering economy, which almost everybody assumed was the motive behind Washington’s drive to invade Iraq. Upon hearing of the trans-Atlantic flap over the German Justice Minister’s remark comparing Bush to Hitler, Europeans in a civil society gathering in Copenhagen registered agreement, with one person commenting that the official’s only mistake was telling the truth without first checking if there were reporters.

EXTINGUISHING SYMPATHY

A year ago, sympathy for the US was perhaps at its highest point during the post-War period. The French daily *Le Monde* was moved to declare, in distinctly un-Gallic fashion, “We are all Americans now.” The inhabitants of a village in Kenya donated their highest form of wealth—cattle—to New York. Though some pointed out that 11 September was rooted in historical injustices against the Islamic and Arab worlds, almost everybody on the left globally condemned the attack on the Twin Towers as despicable.

How did the US squander such goodwill and create a situation, one year later, where it stands more isolated than before 11 September? How did Washington manage the feat of pushing the Euro-American political and ideological alliance that sustained western hegemony over the rest of the world for most of the post-war period to the edge of the precipice?

There are many reasons, but three stand out.

Instead of taking the road of using legal mechanisms to bring the perpetrators of the attacks on the World Trade Centre and the Pentagon to justice, as it did with

Libya over the Pan Am Lockerbie bombing, Washington chose to unilaterally bomb, invade, and destroy a country. “Liberated Afghanistan” has become synonymous with a Hobbesian world where all are engaged in a war against all.

Instead of taking a serious look at Arab and Muslim grievances against the West, the US refused to give them even the slightest recognition, putting itself instead 100 per cent behind Israel’s effort to bomb and bulldoze the Palestinians into submission. Instead of welcoming the International Criminal Court and the Kyoto Protocol on Climate Change as major steps forward in global governance, Washington airily refused to be party to these institutions. The arrogance of Bush administration officials stems from a view that is best expressed by Robert Kagan, one of the right’s reigning intellectuals, who dismisses multilateralism as the weapon of “weak” Europeans seeking to constrain a muscular Washington that is intent on imposing a global order from which Europeans themselves benefit.

IRAQ: THE BREAKING POINT?

The debate over Iraq has simply crystallized a divergence in interests and values that has been growing over the last few years. Writing in the current issue of *Foreign Policy*, Andrew Gowers, editor of the *Financial Times*, argues that the rift is indeed very deep. The Euro-American alliance, he claims, “is in trouble—deeper trouble than the leaders of the community seem prepared to admit. The commonality of views that bound the United States and Europe together is fading. Since 11 September 2001, after a brief flurry of togetherness, they have been unmistakably drifting apart. The sense of a terrorist threat has initiated a profound transformation in US foreign policy, but one that Europeans do not share and do not begin to understand. This misunderstanding is mutual. It affects all aspects of international relations, from mediation (or lack of it) in the Middle East to cooperation (or the lack of it) in defense and from disruptions of trans-Atlantic trade to policy on weapons of mass destruction.”

In this view, the “isolated” Schroeder position on Iraq has simply been the most dramatic step in a longer process. The US may yet get its way and intimidate European governments in a war against Iraq. This will merely, however, accelerate the unraveling of the Atlantic Alliance.

While there are those on both sides of the Atlantic that mourn the fading away of the Alliance, it is, in fact, a positive step for most of the world. It opens up the possibility that Europeans will begin to grapple in a serious way with the problems of injustice and poverty

in the developing world by addressing the structures of western domination that are largely responsible for. It paves the way for innovative global alliances that can be beneficial for most of the world, including the eventual formation of a Europe-Africa-Latin America-Asia alliance against US hegemony.

Of course, Europe has had its own set of oppressive practices, such the Common Agricultural Policy, which is one of the biggest causes of agricultural disruption in the developing world. Its corporations are often as exploitative as American corporations. And its restrictions on migrants are often more draconian than Washington’s. However, the need to seek allies in countering Washington’s unilateralism may serve as an incentive to begin to reform these institutions.

Living in a cocoon of relative prosperity, Europe long regarded itself as a junior partner of America. Now Europeans are beginning to feel a little bit of what the rest of us have felt all along: exploited, marginalized, ignored. As Washington structures its relationship with the globe in the Kaganian image of a lonely imperial power surrounded by numerous jealous but weak rivals, we say to Europe: “Welcome to the rest of the world.”

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"BEFORE, THEY KILLED US WITH GUNS, NOW THEY DO IT WITH HUNGER"

Some moments from the Argentina Social Forum

Nicola Bullard

Past and present were never far away from each other at the Argentina Social Forum and sometimes they collided in such incandescent moments of poignancy and hope that anything seemed possible: even the revolution itself. This is my attempt to describe some of those moments.

On the opening day, we gathered at the Plaza de Mayo, in front of the Casa Rosada (the presidential palace) where every Thursday the "madres" – the mothers of the disappeared – gather for "la ronda", keeping vigil for their sons and daughters, rekindling the memory and the possibility of struggle. Typically for Argentina (as I soon learn) there are two factions of the madres – the "linea fundacion" and the more militant breakaway group. After the end of the dictatorship, the linea fundacion started to use the mechanisms of the human rights commission and the courts to investigate the cases of the disappeared while the "hardline" faction argues that the new government was no different from the dictators – they just didn't wear uniforms. Almost twenty years later and in the midst of an almost total institutional collapse, the army stayed inside its barracks. It seems there will be no turning back to the 1970s – with or without uniforms – but the project of building economic and political democracy in Argentina is still far from finished.

The "Internationale" is blaring over the loudspeakers and the women – from both factions – are wearing white headscarves over their white hair. The names of their sons and daughters – Ruben Pedro Bonet, Susanna Lesgant, Antonio and Stella — and the day they disappeared are lovingly embroidered in blue silk thread. Blue and white: the colours of Argentina. Today is special. It is 22 August and thirty years exactly since dozens of militants were murdered while attempting to escape from the infamous Trelew prison, an event now known as the Trelew massacre. Men and women carry black and white poster-size photographs of impossibly young boys and girls, with the long fringes and wide shirt collars so popular in the seventies. They would now be in their fifties, but this moment would not exist if they were.

Hundreds, and soon thousands, of others gather in the Plaza and the sunshine is brilliant. The atmosphere is so buoyant and festive that it's hard to understand why a three-meter fence and heavily armed police are needed to define a 100-meter no-man's land between us and the Presidential Palace. But, as I am reminded, some of the heaviest fighting of last December took place here and it was here that the people demanded – and got – President de la Rúa's resignation.

EVERYONE'S HERO

Nora Cortinas is possibly one of the most loved women in Argentina. She is tiny, with sparkling eyes and rosy cheeks – everyone's fantasy grandmother. Her son Carlos Gustavo disappeared more than 25 years ago on 15 May 1977. His name is embroidered on her white scarf. Along with Bolivian indigenous leader (and almost president) Evo Morales, Max Ntanyana of the Durban anti-eviction movement and social movement and trade union leaders from Argentina and across Latin America, Nora and her friends lead us out of the Plaza, carrying the banner of the Argentina Social Forum "Otro Argentina es posible" (almost certainly they mean "necesidad").

It is a classic march, at least for a while: trade unions, women's organisations, Jubilee groups and Amnesty International, students, progressive lawyers, the Communist Party. But then the "movimiento barrios de pie" (roughly, the movement of neighbourhoods standing up) arrives. Suddenly, everything seemed more real, no longer the Argentina of the movies. My conversation of the day before with a young, middle class student activist now made sense. She had told me how shocked they were when tens of thousands of "piqueteros" (organised unemployed and picketers) and impoverished families from the barrios of Buenos Aires arrived in the centre of Buenos Aires on May Day. She described, with real compassion and amazement at her own sheltered life, the thin, unhealthy people whose clothes and bodies showed all the signs of ravaging poverty. What she didn't describe, though, was their silence. Dozens of families walking in groups behind the proud banners of the neighbourhood – San Pedro, San Martin, Los Flores, La Boca, Matanza – walking silently through the streets, carrying small children. Sometimes the men walked in tight formation at the front carrying axe handles. This is not the white Argentina we see on television. This is not the sophisticated, cosmopolitan, intellectual image of Buenos Aires. These peoples are the indigenous and the unemployed, poor, forgotten and abandoned by their governments. These are the people Eva Peron picked up in her arms but now there is no Evita, so they are standing up alone.

THE INVISIBLE MADE VISIBLE

The statistics now have faces. Seventy per cent of families in the urban areas and in the north of Argentina live in poverty. Of 23.5 million people living in the urban areas, 12.5 million are below the poverty line and 5.8 million are indigent. Argentina's GDP declined by 16.3 per cent in the first quarter of 2002, official unemployment is 25 per cent and real wages have fallen by almost 20 per cent in the past year. Seven out of ten children are poor. They are dying from hunger and disease and although the

supermarkets are stocked with food, families cannot afford to buy the necessities. Argentina is an urban society and the links with the land and with rural life – the “safety net” which saved people from indigence and hunger in Thailand and Indonesia during the financial crash of 1997 – were cut generations ago.

Cristina Civalé, a local journalist, puts it simply: “We don’t need a dictatorship any more. They kill people by hunger, not guns.”

As I watched this other world go by, two young men and two young women, one with a two-year-old clinging to her shoulder drinking milk and a toddler playing in the gutter, were picking through garbage. They also stopped to see what was happening.

My translator, Silvia, had told me about the “cartoneras” – the people who survive by picking over the daily garbage of Buenos Aires. Thousands of small family groups work in this tightly organised enterprise. Each day at 5pm the “tren blanco” (there is a special white train for cartoneros because no one else will travel with the garbage pickers) goes from the far edge of Buenos Aires to downtown Retiro. It returns at midnight. It is impossible to sell your scrap paper without the proper coupons. Each family has one or two beaten and bent supermarket trolleys for their bulging bags of paper and although childcare centres have been set up near the train station, it is common to see young children riding in trolleys pushed by their older brothers and sisters.

I wondered what these young “cartoneros” thought about the demonstration: did they see hope in the silent march of the barrios de pie, or were they too busy surviving.

BOLIVIA'S HERO

We reached the Plaza Huossey, the centre of the University of Buenos Aires, as the sun set. Throughout the march, the “official” Argentina Social Forum song (written and recorded by activists) carried us forward. It filled the plaza and the plaza filled with people.

The mothers were there of course, and the trade union leaders and they all made moving speeches. But it was the Bolivian coca farmer and almost-president Evo Morales who stole the show. Morales spoke of the coca leaf as the symbol of national unity against the US dollar. He called the Free Trade Area of the Americas (FTAA) “legalised colonisation” and predicated that Latin America would be Washington’s “second Vietnam.” The Bolivian indigenous movement, campaigning under the bizarre (but honest) name “The Political Instrument for the Peoples Sovereignty” now has 37 deputies in the parliament last and although Morales eventually lost the presidential vote, he believes they are “close to occupying the power, not only the territory.”

The Argentinians loved him, but not nearly as much as

the scores of Bolivians jostling to be close to their hero, holding flags and crying freely. There are 300,000 Bolivians living in Buenos Aires and they are called “bolitos” – little balls. They are migrant workers who have no status in this society yet, for one extraordinary moment, their leader and brother, their flag and their struggles were triumphantly filling the night air.

THE MIDDLE CLASS AND THEIR HERO

Across from the plaza, in the faculty of economics, another hero of sorts was being mobbed.

Joseph Stiglitz is the darling of the Buenos Aires middle class and his incredible popularity can be measured by the hundreds of people turned away from the lecture hall and the hundreds more – including me – who refused to leave, pushing and crowding into the lecture theatre moments before the Great Man spoke. All the pushing and close body contact was worthwhile, though, because there were three other people sharing my personal space and naturally we started to chat.

Susana is probably 18, a lively student of business. She is blond, blue-eyed and speaks perfect English with an American accent. Lillian also speaks perfect English. She is about 30 and translates medical texts. She is wearing a coat with a fur collar, which I note for two reasons (i) it’s about 35 degrees and she looks perfect and (ii) I’ve just come in from a street march. My third friend also speaks perfect English. Silvia is 40-something and owns a business producing and now exporting “dolce latte” incredibly sweet concentrated milk spread. Her partner is a famous economist who, from time to time, is asked if he’d like to be finance minister. (He’s been saying no so far.)

All are devoted Stiglitz fans and I ask Susanna what she would say if she could ask Stiglitz just one question. Without hesitation, she says “We have a vacancy for an economist. Can you start Monday?” Everyone around us laughs and agrees. Silvia says it would be a “disaster” if the IMF gave Argentina any more money. She is an exporter and the devaluation has been a windfall. But she is lucky because thousands of factories closed before the devaluation and now there is no credit to kick-start the system (something Stiglitz emphasised in his talk).

Lilian, more than the others, is shocked by the collapse of the institutions she trusted: the banks, police, the government. “I worked hard, I did nothing wrong, and I lost all my savings in the Scotia Bank,” she says. There is a sense of moral outrage – we believed in them and this is what happened. She wants to leave Argentina and asks whether there is work for translators in Australia. Silvia is less bitter and less naïve and even calls 6 January (the day of the devaluation) Argentina’s “11 September”.

“We could see it coming,” she says, “but no-one was

willing to make the hard decisions. We were living in a dream.”

Stiglitz was worth the wait. He said useful things about debt, recalling the Drago Doctrine, written by the Argentina finance minister in 1902 when creditors occupied Egypt and Mexico with their armies. “Economic pressure,” said Stiglitz, “can be equally oppressive and no less deadly.” He spoke of the equal importance of financial contracts and social contracts, of odious debt and dictators (all without mentioning Argentina).

He was particularly hard on the creditors, saying they lend too much, they make mistakes, they have no incentives for due diligence and they push the risk onto the debtor. Debt, especially foreign debt, he said, is highly risky and the market has no way to ensure a good outcome. What’s more, capital account liberalisation is counterproductive to economic growth: all risk and no reward. “When you’re negotiating a loan,” he remarked, “the question is not how much money you’re going to be getting but rather how much you’re going to be sending up North.”

But when it came to the “what to do” part, Stiglitz was weak and his main proposal was more credit for all sectors but especially the trade export sector — hardly the flash of insight many had expected. For Silvia it’s common sense, but it won’t get Lilian’s money back. It might even mean jobs for the piqueteros and the barrios de pie but, yet again, they are jobs tied to the fickle, competitive and volatile export market. Stiglitz was great on debt and there was plenty of good ammunition in support of debt cancellation but on the long-term project of equitable and sustainable economic development, his arsenal is limited. He’ll never get to be the Keynes of neo-liberalism this way.

On 24 September, Argentina announced that it will not be using its dwindling foreign reserves to repay IMF and other multilateral loans. Negotiations with the IMF are progressing slowly and the Argentina government is caught between the rock of social and political chaos and the hard place of the IMF. According to the current finance minister Roberto Lavagna, “there are two priorities which we will not abandon. We will maintain social programs and ensure the financing of provincial economies.” Wisely, even if too late, the government is finally putting the people first.

WORKING CLASS HERO

One person who would like a new line of credit is Celia. We met on Saturday morning at Bruckman, the factory she and 55 other women took over in December last year. They were in the middle of a pay dispute and the union proposed bankruptcy. But the women disagreed, splitting with the unions and starting their own negotiations. The owner agreed to meet them after lunch on the 19 December (while the rest of Buenos

Aires was in flames). When they arrived, the lights were off, the offices had been cleared and factory was empty. The caretaker gave them the keys and walked away. Since then, Celia and her colleagues have been making suits and filling orders. They paid the owner’s electricity bills and they now earn 400 pesos a month — very little but better than the alternative. On the lunchroom wall there is a schedule of doctor’s visiting times (before, they had no health care) and a notice of a women’s meeting for “autonomia, autoconvicado, autofinanciado, pluralista, democratica y horizontal”. In any language, the meaning is clear.

Celia — who says she has “always been a fighter” — has four children and the youngest is still living at home. She started working outside her home 10 years ago and before that her struggle was “inside the house.” She tells us about the day in March when police arrived at the factory dressed as buyers. They entered the building but the workers were able to “regain” the factory within three hours, backed by thousands of students, the local community and piqueteros who arrived at the scene to defend the workers.

Although there are still orders for expensive European-label suits, the women would rather be doing “social production” for schools and for hospitals. However, they cannot tender for government contracts because they are not a registered workers cooperative. Celia and her colleagues do not want this: they want to work in a different way and there are about 80 factories in Buenos Aires and other provincial towns where the workers feel the same. They are trying to be worker-run social, economic and political collectives, not government sanctioned capitalist co-operatives. The worker factories are an important new element in Argentina’s political landscape and they are building a national process and organisation, but Celia is cautious and intuitive. “We are working from the base,” she says, “and we don’t want to be caught by the nose by the piqueteros who are seven years ahead of us.”

WE ARE ALL HEROES

On the final day of the social forum, the tireless Nora Cortinas is speaking in the vast auditorium of the medical school of the University of Buenos Aires, where the seats are steeply pitched like a Victorian opera house. She is calling out the names of the disappeared sons and daughters of the 1970s and, although half of the people in the hall were not even born when her son Carlos Gustavo disappeared, they all know the ritual. “Presente” they shout, after each name. Just minutes before, another speaker called the names of two new heroes of the struggle, Maximiliano Kosteki and Dario Santillan, the piqueteros killed during violent clashes with riot police on the outskirts of Buenos Aires on 26 June. Their names are greeted with five minutes of standing applause.

In the space of minutes, thirty years are

simultaneously swept aside and remembered. History collapses on itself and Argentina has new generation of martyrs and heroes. (At least 27 people died during the protests in December last year.)

Here, on the final day of the Argentina Social Forum, a new kind of politics is being born: one which unites thirty years of struggle into a single slogan “que se vayan todos” – let them all go. This is the slogan of the December uprising when the mass protests of the middle class joined the mass protests of the workers and the unemployed, sweeping away four presidents and putting all the rest on notice. The slogan still resonates (although by now many in the rapidly contracting middle class would perhaps prefer the less wrenching Stiglitz solution).

The Argentina Social Forum was brilliant. It brought together most of the factions and micro-factions of the Argentine left – a left fragmented by dictators and the systematic murder of 30,000 women and men, but also by intellectualism and sectarianism.

More importantly, the Forum brought together many of the new social formations, such as the local *asamblea*, the *piqueteros*, the worker-managed factories and the *barrios de pie*. This is what’s most exciting, interesting and hopeful in Argentina and it’s what makes you believe that Argentina just might overcome its history of bad politics and bad economics. Perhaps it can liberate itself from the burden of Argentine exceptionalism and build a future grounded in Latin American solidarity while the call of the December “revolution” — *que se vayan todos* — still resonates and still unites.

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THE DECAY OF CAPITALISM AND THE RISE OF GLOBAL RESISTANCE

Aasim Sajjad Akhtar*

As Mr. Bush’s unilateralism continues to rear its ugly head and discontent around the world continues to fester, the movement of global resistance against neo-liberalism faces bigger and newer challenges. Perhaps the most well-known contemporary Marxian theorist, Samir Amin, has suggested that the internal contradictions of capitalism are becoming more and more evident and that change is therefore imminent. How this change will take place is, however, something he leaves to the reader’s imagination.

In the overall scheme of things, 20 or 30 years is not a long time. So when Samir Amin talks about change being imminent, such a timeline might be what he is venturing. In 20 or 30 years, it is quite possible that the almighty United States of America finds that it runs out of “allies” in its absurd attempts to wage war against any country in the world that it feels like demonizing. Already the clear refusal of France and Germany, among others, to validate US plans to attack Iraq has exposed a serious crack in the “coalition against terror”.

Nevertheless, US designs are likely to remain much the same, at least so long as hawks like Cheney and Rumsfeld occupy key decision-making positions. Alongside the direct military swoops of the US military will be the continuing plunder of the international financial institutions (IFIs). In South Asia, their role is becoming ever more pronounced, and there is no question that there will be an intensification of the debt trap that countries like Pakistan, Nepal and Bangladesh find themselves in. Meanwhile, European complicity is also likely because ultimately Europe is also a beneficiary of capitalist expansion.

Individual nation-states in South Asia are also promoting the militarisation agenda by putting in place agendas that criminalise dissent. Whether it is the military government in Pakistan, the extremist right government of India or the monarchists in Nepal, there is no question that states in South Asia (and around the world) have bought into the “anti-terrorist” rhetoric of the global hegemon. The South Asian elite, like its US and European counterparts, is now consolidating its control over decision-making and resource allocation.

This then being the situation, the question that begs to be asked is: how is it possible to even conceive of radical - or even moderate - change in such a

repressive environment? It is the very fact that there are such acute divisions being created between the powerful and the weak that prompt writers like Samir Amin to reflect on the increasing contradictions of the system. It is the fact that more and more people are being pushed to the economic periphery that is likely to foment more opposition to the status quo.

This is apparent in many countries of South Asia, with the proliferation of people's resistance to oppressive paradigms of development propagated by international capital and elite-dominated states. Landless tenants in the Punjab province of Pakistan have put together the most gripping movement for change in decades by asserting that radical land reform can still be a viable means of political transformation. This movement is growing in spite of the aggression of the state and nine people having already been killed by the authorities. In India, the Narmada Bachao Andolan (NBA) continues to emphatically reject the tyrannical conception of development through which mega projects displace millions and destroy the livelihoods of many more. In Bangladesh, urban squatters have repeatedly engaged in massive civil disobedience campaigns to resist summary evictions and undermine elitist planning systems.

LOCAL STRUGGLES AND LOCAL CULTURE ARE THE BASIS OF RESISTANCE

Despite the obstacles, there is profusion of movements in the sub-continent. Many draw from a history of non-violent resistance and emphasise the primacy of local culture. They are diverse and yet all based on the struggle for basic rights. And they are perhaps the only genuine means of holding off the onslaught of corporatisation that is engulfing the South. Indeed, the critics of what is often crudely called the anti-globalisation movement gleefully point out how easy it is to counter the disruptive tactics that have been adopted by dissenters at large international summits. These same critics argue that no movement that is based only on unorganized nuisance creation is capable of actually jolting the system.

And the problem is that those who resist neo-liberalism are themselves stumped by the nagging fear that the age of ideology is over and by propaganda that preaches the victory of capitalism. But it is these local movements that best represent the ideology of the present day and they will be the basis for the formulation of a more evolved ideology over time. It is just that this reality needs to be acknowledged, as does the unique nature of these movements and their place in history.

Ultimately, movements remain unpoliticised until they are able to articulate a vision beyond their immediate concern. The major advantage of movements today is their ability to network within and across borders in virtually no time at all. Different movements may have different objectives and different methods, but they all

espouse democratic ethics and practices. And they are all able to claim allegiance to an ideology that believes in people's control over resources, people's participation in decision-making, and the supremacy of a people's vision of development and progress.

This is ideology enough, at least for the time being, even as many will say that this is insufficient to match the might of the market. This is debatable, as there is a clear sense that the raw sores that are emerging from the ruins of capitalist expansion the world over are inciting people into a slow anger. And what could transform this slow anger into a collective rejection of the prevailing status quo is simply the recognition amongst those that are involved in any kind of resistance that they must celebrate their own resilience and strength. They must highlight the fact that there is a moral weight in the fight that a landless tenant wages against agribusiness firms and a state intent on maintaining decades of exploitation. They must be convinced themselves that it is right to oppose any government that mandates death and destruction in the name of development.

There is a growing consciousness both amongst the elite and those that face injustice. The elite are consumed by fear that the rhetoric of human rights and poverty reduction that is regurgitated in speeches and policy documents is being exposed exactly for what it is, rhetoric. The corporate scandals that have hit the United States have further exposed the moral bankruptcy of the neo-liberal model. Ordinary people are slowly recognizing who is really responsible for the myriad of problems that they face. Resistance in Latin America may be far more organized than in South Asia, but across the world there is a definite sense that capitalism is going through a crisis. It is time - as the most militant of neo-liberals would say - to capitalize.

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WHAT ALTERNATIVE TO GLOBALIZATION?

Victor Wallis*

A review of Walden Bello, *The Future in the Balance: Essays on Globalization and Resistance*. By Walden Bello, edited and with preface by Anuradha Mittal. Oakland, Calif.: Food First Books, 2001. xviii + 264 pp.; \$13.95. First published in *Monthly Review*, September 2002

What kind of popular movement is coming into being at the present time? It is certainly one that has turned its sights on capital's leading exponents, and not just in response to specific issues. More impressively, it now routinely targets capital's periodic international gatherings. Already before September 11, presidents and financial leaders could no longer confer globally except under fortress conditions, deployed against tens of thousands of protesters.

But how do these protesters define themselves politically? What is their own understanding of the institutions they oppose—and of any possible alternatives? The answers to these questions are not only mixed, but are also very much in flux. To the extent, however, that we can single out any intellectual leaders of the movement, Walden Bello would certainly have to be counted among them. Raised in the Philippines, with a doctorate in sociology from Princeton, and currently based at a research center in Bangkok (as well as teaching at the University of the Philippines), he is widely respected as an authority on East Asia and, more broadly, as a voice for the global South.

This book brings together his essays, columns, and interviews from the last four years on globalization-related issues, from the World Trade Organization to the 1997 Asian financial crisis to debates on “sustainable development.” As such, it is an important document of struggle. It bears the invigorating stamp of immediacy even if it lacks the definitive quality of sustained argumentation. Its descriptive parts provide a highly readable introduction to the major international financial organizations and, especially, to the devastating impact of speculative investment on Third World economies. With particular regard to Asia's formerly touted “tiger” economies, Bello offers a damning account of their shaky foundations and of their eventual collapse, as orchestrated not only by the mega-money-changers but also by US policy-makers. More generally, Bello shows the degree to which, despite official rhetoric about trade “helping the world's poor,” exports from rich countries remain heavily subsidized while international organizations have abandoned whatever countervailing support they might once have offered the Third World—for example,

by insisting on more equitable terms of trade—during the heyday of post-World War 2 developmentalism.

Bello may be read as a reliable guide to the institutions of neoliberalism as they have taken shape over the last quarter-century. So long as he is addressing the mechanics of these institutions and their impact, he is on solid ground. Much of his discussion, however, goes beyond this to touch, even if lightly, on deeper structural questions. His positions here become more debatable, but are all the more important inasmuch as they underlie the policy proposals that he puts forward throughout the book. His prominence in the anti-globalization movement makes it vital for us to address these matters.

Bello is against the WTO; he is against the “Bretton Woods twins” (the International Monetary Fund and the World Bank); and he is against transnational corporations. His opposition to these entities reflects a thorough awareness of their systemic roles. As he puts it, “Multilateral structures entrench the power of the Northern super-powers under the guise of creating a set of global rules for all” (p. 31). Consequently, the interest of the South lies in weakening such structures. In the ongoing strategic debate over whether they should be reformed or abolished, Bello thus tends toward the more radical stance. At the same time, however, he is careful to distance himself from an anti-capitalist position. Two statements of his may be considered typical. The first is a slogan that could be uttered by almost any bourgeois politician: “Clean up government, so [that] it can serve as a more effective partner and regulator of the private sector” (p. 117). The second statement attempts to reconcile such a posture with his populist goals: “Disabling, disempowering, or dismantling the transnational corporation [TNC] should be high on our agenda as a strategic end. And when we say this, we do not equate the TNC with private enterprise, for there are benevolent and malevolent expressions of private enterprise” (p. 222). The “benevolent” expressions would then presumably reside in smaller-scale firms, and yet these are the very entities whose interests Bello invokes when he argues against the enforcement of eco-labeling (e.g., of “turtle-safe” shrimp harvests) (p. 175).

At this point we confront a core conundrum of Bello's position. On the one hand, he recognizes the necessity of environmental controls. On the other, he objects to the “unilateralism” of such controls emanating from a powerful country such as the United States. It is not within his purview to recognize that the measures in question reflect the work of popular movements against the big corporations. What concerns him is

that these measures appear to threaten above all the export-prospects of the more marginal — mostly Third World — enterprises. Paradoxically, however, Bello is here taking precisely the kind of position typically taken by the WTO, against any measure that might be considered a “barrier” to free trade.

To be sure, eco-activists in the North need to take into account the immediate impact of environmental regulations on the economies of the South. Any proposals should reflect some level of international consensus. And if Third World countries would be harmed economically, by say attempts to protect turtles, then some compensatory mechanism must be introduced to help them meet their needs. In this respect Bello is right. At the same time, however, it is appropriate to ask Bello to what extent he is willing to tie the long-term well-being of Third World peoples and ecosystems to the interests of exporters from those countries who are seeking a niche in the global market. The dilemma, at any rate, is clear. The underlying question is whether, to what extent, and for how long the market is to dictate the course of Third World development. In the meantime, Bello’s very recognition of an antagonism between ecological and business priorities is sufficient commentary on the potential for “benevolence” in capitalist operations, even when these are “non-corporate.” Capital’s ultimate allegiance to the bottom line is independent of size.

Why is it politically important to remind people of this? My sense is that we are at a formative stage in the development of this new movement (which does not yet even have an agreed-upon name). The very focus of the now-regular protests is itself unprecedented. Long-held assumptions are being held up to scrutiny, and a fresh generation of activists is coming onto the scene. There is a desperate need to comprehend the reality of power and not to construct illusory popular constituencies. Bello himself suggests something of the depth of the crisis when he mentions, at one point, that “a significant part of the establishment has embraced much of the progressive analysis” (p. 61). He is an important tribune of the movement. Does this not make it incumbent upon him to ask whether his own argument has gone far enough?

The TNC, in relation to capitalism, is not an aberration. It is a direct successor to the enterprise of pre-monopoly days. Failing to recognize this, Bello perceives a gulf that has no historical grounding. This is not an isolated oversight. It reflects a methodological posture which thoroughly permeates his analysis. It cannot but limit his effort to project an alternative future.

Bello outlines his positive proposals, with slight differences of emphasis, at a number of points in the book (esp. pp. 30, 93f, 117ff, 149ff, 189ff, 223ff). It is in the nature of the “collected essay” format, given the

original purposes for which the articles were written, that these passages do not constitute whole chapters or sustained expositions, but instead come in the context of specific discussions, whether of international organizations or of regional problems. Nonetheless, a clear enough pattern emerges. Beyond short-term measures, Bello’s essential goal is encapsulated in his term “de-globalization,” which encompasses, in his own words (p. 223; here re-formatted):

- reorienting our economies from production for export to production for the local market;
- drawing most of our financial resources for development from within...;
- ...income redistribution and land redistribution to create a vibrant internal market...;
- de-emphasizing growth and maximizing equity in order to radically reduce environmental disequilibrium;
- not leaving strategic economic decisions to the market but making them subject to democratic choice;
- subjecting the private sector and the state to constant monitoring by civil society;
- creating a new production and exchange complex that includes community cooperatives, private enterprises, and state enterprises, and excludes TNCs; [and]
- ...encouraging production of goods to take place at the community and national level ... in order to preserve community.

What is at issue here is not the content of Bello’s proposals, most of which are unexceptionable from a progressive standpoint. Similar sets of measures, complete with concessions to the private sector, have been put forward before, even by socialists (e.g., Ralph Miliband, in *Socialism for a Sceptical Age*, 1994). Bello’s loosely formulated program offers something for almost everyone, conspicuously leaving aside matters where “quantity” turns into “quality” (e.g., how much redistribution? how much restraint on economic expansion? how much democratic choice?). Underlying all such questions is the real point at issue, namely, the question of agency: Which sectors of society can bring about the desired changes? What kind of understanding they will have to acquire in order to be able to do so? How, and against whom, will they have to act? Bello’s discussion, far from offering guidance on these matters, does not even indicate the need to raise them. To do so would be to explode the facile consensual appearance of his program. It is one thing to imply, as in the above proposals, that a democratically structured public sector may have to coexist with the private sector, but it is quite another to suggest—as in Bello’s conciliatory words about capitalism—that they do not reflect antagonistic interests.

Similar misconceptions recur at a number of levels. Most basic—pointing again to the question of agency—is Bello’s failure to perceive the organic connections between the distinct faces of capitalist power (private and governmental; corporate and

strategic). On this matter, he specifically attacks what he calls “orthodox Marxism” (p. xvi). He seems to be unaware, however, that corporate interests do not simply impinge on the U.S. government from outside. Rather, they effectively constitute the government, by permeating (as G. William Domhoff has shown) its top policy-shaping offices.

Although Bello’s discussion of economic issues is generally well-informed, it is not free of inconsistencies that suggest some ambivalence about his goals. Thus, while a key aspect of his agenda for Third World countries is a reduction in their dependence on the world market, the major thrust to his critique of international environmental regulations is, as we have seen, a concern to protect and extend those countries’ exports. He values local autonomy but does not appear to have explored all the conditions that may be required in order to realize it. Ambiguous expressions like “sustainable development” — sustainable for whom? and on what terms? — remain unexamined. He does consider some of the problems associated with CSOs (civil society organizations) and NGOs (non-governmental organizations), but he does not examine them in structural terms or, more pointedly, in terms of their impact on the formation and consolidation of revolutionary movements. With unintended irony, he envisages the solution to the ecology-vs.-Third-World-development dilemma under the rubric of “an environmental ‘Marshall Plan’” (p. 176). He thereby perpetuates the image of the Marshall Plan as an act of unparalleled generosity, overlooking the high-handed interventionist agenda of which it was an integral part (see Frank Kofsky, *Harry S. Truman and the War Scare of 1948*, 1993, and, more generally, William Blum, *Killing Hope*, 1995).

Bello concludes his Introduction, which carries the book’s main title (“The Future in the Balance”), by invoking Rosa Luxemburg for her prescience in warning against “barbarism.” He neglects to remind us, however, of what she considered to be the only possible alternative to barbarism, namely, socialism.

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