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This issue of Focus on Trade includes a back-of-the-envelope calculation of the state of play in Geneva, Walden Bello's rally-cry to Korean peace activists to link with the global movement and an analysis of the recent state election in Gujarat by Raghav Narsalay. Aileen Kwa goes face-to-face with Messrs. Supachai and Harbinson and Peter Wahl assesses the European Social Forum. And finally, Bill Robinson provides a fine overview of an extraordinary year in Latin America (even before the current stand-off in Venezuela and Gutierrez's victory in Ecuador) which includes the brilliantly succinct assessment of Lula's victory in Brasil: "It symbolizes," he says, "the end of the reigning neo-liberal order but also the limits of parliamentary changes in the era of global capitalism."

Enjoy and all good wishes for the New Year.

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

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IS THE WTO COLLAPSING UNDER ITS OWN AMBITIONS?

Nicola Bullard*

Just one year after the industrialised countries triumphantly announced the launching of the “Doha development round” of trade negotiations, the WTO is collapsing under the weight of its own ambitions.

In the past month, discussions on TRIPS and health – seen by many as the only positive outcome of Doha – fell into disarray when African governments walked out in disgust. Now, just one week before the end of the year, there is still no sign of a deal, despite the US’ heavy-handed efforts to blackmail Southern governments to accept their demands that the agreement be limited to three diseases, plus a long list of other constraints that would effectively kill the local pharmaceutical industry in developing countries where they already exist, and force the rest to source from the West. So much for the “big win” of Doha.

The WTO has also been rocked by industrial action, as secretariat staff engaged in a two-week “go-slow” to support their demands for pay increases and additional staff. The staff association claims that there has been no pay increase in twelve years (since the GATT days), that the workload has increased by 30 per cent since 1999, that the total number of words translated has increased by 29%, that formal and informal meetings are up by 35% and technical assistance activities have increased by 25%. However, staff levels have increased by only 5% during this period and staff costs only 7.8%. Meanwhile, in October the new director general Dr Supachai received a hefty pay increase, retrospective to his starting date of 1 September, of approximately CHF45,600 (USD 31,875) per year in addition to his base salary of CHF287,000 (USD 200,610) per year. A handsome total of \$232,485, over 10 million Thai baht, a year.

These problems are not new to many developing country delegations whose Geneva representatives know first hand the impossibility of trying to keep pace with the WTO’s over-blown agenda when they simply don’t have the staff to cover all the meetings and keep up with the negotiations – even when their own commercial interests are at stake.

It seems that the WTO staff has drawn the same conclusion; the WTO agenda is too full and the workload impossible to manage. This advantages the rich countries which have scores of legal experts, trade lawyers and negotiators to monitor every committee meeting and to read every document, but it is a huge obstacle for delegations from developing countries. The solution is not to push the developing countries and the staff to keep up with a few rich countries, but to actually scale back its imperial ambitions.

Dr Supachai Panitchpakdi, director general of the WTO,

is also nervous about the overloaded agenda, a concern that came out very clearly in his end-of-year assessment of progress to the Trade Negotiations Committee in early December when he said that “with a number of deadlines now before us, we must be aware of the danger involved in putting too much off for later. We cannot risk overloading the agenda for ministers at Cancun. If that ministerial conference is not a success, then I fear the whole round could be put into jeopardy.”

Supachai’s warning is designed to put pressure on all the members to resolve their differences, but it also shows that the fear of a Cancun meltdown is never far from his mind, not surprising given that Supachai has staked his own success to the conclusion of the Doha negotiations by 2005.

The most recent sign of a deep crisis in the WTO is the agriculture modalities overview paper released on 18 December by the chair of the agriculture committee Stuart Harbinson. In the words of veteran WTO watcher Chakravarthi Raghavan, the 90 page paper “put(s) one more nail in the coffin of the ‘development agenda’ of the new round of negotiations and the work programme launched at the 4th ministerial meeting in Doha in Nov 2001” while the US Institute for Agriculture and Trade Policy say that it shows “just how far apart developed and developing countries remain.”

“It stretches reality to think that the WTO can take 90 pages of major differences and turn it into 10 agreements in three months, and then the agreement put on hold until other items on the WTO agenda are agreed,” said the IATP in their initial response.

All in all, the WTO agenda is going nowhere fast: developing countries are beginning to defend their interests after the humiliation of Doha, the US has decided that the WTO is not the only show in town and is now embarking on a world tour of bilateral trade negotiations, and even inside the WTO the mood is far from up-beat.

But, perhaps the best assessment of where the WTO is heading comes from PSI deputy secretary Mike Waghorne who, in an end-of-the-year state of play email quoted Alexander Solzhenitsyn: “You only have power over people as long as you don’t take everything away from them. But when you’ve robbed a man of everything, he’s no longer in your power - he’s free again.”

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

THE BLOOD OF INNOCENTS AND OUR LIBERATION — AN ASIAN TESTAMENT

Walden Bello*

There is a saying that the blood of martyrs paves the road to redemption. There is no freedom without suffering, no liberation without tragedy. It has taken the deaths of these two beautiful girls, Shin Hyo-soon and Shim Mi-sun, to shake the conscience of all Korea to the reality that the US military presence in this country is a dagger pointed at the heart of the Korean nation.

Many Koreans have said for years that the over 30,000 US troops here serve no purpose for the Korean national interest but have everything to do with the strategic interests of the United States. They have brought out study after study, staged demonstration after demonstration. The ranks of the movement for genuine independence grew but not to the point of becoming a critical mass. It was not enough. Now the tragedy of Hyo-soon and Mi-sun has achieved the hitherto unthinkable: the unity of the Korean nation against the US military juggernaut.

Why? Because their death captured in such a dramatic way Korea's own tragedy. Their crushing by a US tank symbolized Korea's being run over, for over half a century now, by the strategic interests of the world's most powerful country. Suddenly, for Koreans young and old, right and left, in the South and in the North, worker and entrepreneur, civilian and soldier, famous and obscure, everything has become painfully, perfectly clear: you have been run over repeatedly for over half a century.

We in Asia have also been shaken by this death of innocents and exoneration of the guilty. For Korea, a nation sliced in half by a superpower's strategic needs, in turn, symbolizes Asia—a continent that has been repeatedly run over and crushed by colonial powers and great powers in pursuit of the violent logic of commercial and strategic advantage.

The people of the Philippines, my people, wanted nothing more than to liberate themselves from Spain in 1898 and to live in peace. That was not to be. The expansionist United States grabbed our country and embroiled us for over a century in conflicts and wars that had no relevance to the interests of the Filipino people. The US is still in my country in force, and today, it is dragging us into a war against peoples against whom we have no quarrel, against our Muslim sisters and brothers.

Today, Washington moves through the Asian region like the Angel of Death, intimidating and coercing and bribing leaders from Japan to Indonesia to Pakistan to participate in an act that not only would contravene international law but also take the lives of hundreds of thousands of people, including young lives like those of

Hyo-soon and Mi-sun. The invasion of Iraq tomorrow would be an extension of the same strategic imperative that led over 50 years ago to the division of the Korean nation. There is no difference. The same forces, the same interests, the same drives are at play, though the face of imperial power then was that of Truman and MacArthur while today its face is that of George W. Bush. Iraq, Afghanistan, Indonesia, the Philippines, Okinawa. Like Hyo-soon and Mi-sun, like Korea, these nations or peoples have been crushed without pity because they got in the way of US strategic interests.

Yet, consciousness of oppression and anger is not enough. Anger must translate into consistent mobilization until your country is free once more from the yoke of the US presence. Anger must also translate into your participation in the global struggle against war, against imperial expansion. Ending the US presence in Korea, we must all realize, is one front of a broader war—the global war for peace, justice, and sovereignty. You cannot achieve victory on the Korean front of this war unless you also participate in the struggles on other fronts, the most critical of which right now is preventing the US from bombing and invading Iraq. For like all bullies, like all empires, Washington's success in destroying Iraq will translate into greater arrogance and disdain of the wishes of the Korean people, the Filipino people, the people of Okinawa, the peoples of the world.

Your future and your freedom is indivisible from the freedom and future of the rest other peoples of the world.

Let me stress, though, that our enemy is the US, not the American people. The American people have been consistently misled into believing that the interest of their government and the corporate elite that rules America is also their interest. Nothing could be further from the truth, and we must not condemn them but work hard to educate them that their real interests lie in the liberation of the Korean people.

Now, I ask you join me as we recite the Asian people's pledge to avenge the deaths of these two beautiful Korean children.

We promise, Hyo-soon and Mi-sun, never to rest until we rid Korea of the US military presence.

We promise never to rest until we rid Asia of the US military.

We promise to exert all our efforts to prevent the United States from invading Iraq.

We assure you, Hyo-soon and Mi-sun, that your

deaths were not in vain. Your blood will water the tree of freedom of Korea and Asia.

GUJARAT ELECTION SHIFTS BALANCE OF POWER IN INDIAN POLITICS

Raghav Narsalay*

Sunday 15 December 2002 was a long day for the people in Gujarat, the troubled state neighbouring Maharashtra and Rajasthan in the west of India, as they waited anxiously for the results of the state assembly elections.

For major political parties like the Bharatiya Janata Party (BJP - the party leading the tenuous coalition Indian Government), the Congress (CI - the major opposition party in the state) and the Left Parties, these elections were politically crucial for several reasons.

Most importantly, it was the first election after the multi-month pogrom earlier this year (known internationally as the Carnage after Godhra) aimed at cleansing religious minority communities (particularly Muslims), economically disadvantaged people and razing their assets in various regions of Gujarat. This pogrom was carried out in the of “Hindutva” — a term coined by the leadership of the BJP and its cadre building outfits, the Vishwa Hindu Parishad (VHP) and the Rashtriya Swayamsevak Sangh (RSS) to equate national pride and national honour with dominant Hindu religion.

What’s more, the outcome of this election would be a critical factor in defining the political agenda and future of the BJP as it would establish a new equations within the BJP itself, between the so-called moderate neo-liberal BJP leaders occupying important national ministerial positions (including the Prime Minister) and the anti-neoliberal extreme from the VHP and the RSS (including the Deputy Prime Minister).

Finally, for the traditionally strong Congress party, its performance would be a test of the electorate’s reaction to what right wing elements describe as the “Congress brand of secularism” and what the Left calls as “pseudo-secularism” of the Congress, while an anti-BJP vote coupled with a lukewarm support for the Congress would create political opportunities for the Left and their allies to push forward a very different kind of agenda.

UNEXPECTED MARGIN OF VICTORY

Although the BJP was expected to win the polls, the margin of victory was a surprise, winning with a massive two-thirds 126 seats in the 182-member Assembly (up from 117). Congress fared much worse than predicted getting just 51, compared to 57 previously. Of the remaining four, three went to the Independents and one was bagged by Janata Dal (United) – another secular party.

This was the BJP’s first major victory after a string of defeats in the past two years and the success comes

ahead of the crucial Assembly polls in Madhya Pradesh, Rajasthan and Delhi next year and the 2004 Lok Sabha (national assembly) polls. Significantly, in Rajasthan BJP won all the three Assembly by-elections as well as the Mehsana by-election to the Lok Sabha.

In Godhra, where the train carnage changed the course of state politics, BJP candidate and Bajrang Dal leader defeated the sitting Congress member. In the Panchmahals district comprising Godhra, the BJP swept the elections. Again in Vadodara, one of the worst hit cities in communal violence, the party won all the 13 seats.

The BJP also made a clean sweep in tribal-dominated eastern belt, winning all the 12 seats in the region including, Godhra.

However, in the BJP stronghold of largely riot-free Saurashtra region where it won 52 of the 58 seats in 1998, the party yielded several seats to the Congress. Similar was the position in the Kutch region, which was devastated by an earthquake two years ago and where questions over governance figured prominently during the campaign.

BALANCE OF POWER SHIFTS

As the results poured in, the deputy prime minister and Mr. Narendra Modi (the Chief Minister of the dissolved Assembly) — both hardline anti-neoliberal RSS “pracharaks” (senior activists) — described the verdict as a defeat of the forces that “spread slander and venom” against the people, administration and the state police.

After an overwhelming victory in Gujarat state elections, the message from the Rashtriya Swayamsevak Sangh (RSS) to the Bharatiya Janata Party (BJP) is clear: if you want decisive electoral victories, pursue the agenda of Sangh Parivar (“parivar” means family) constituents. Simply put: RSS wants BJP to listen to Vishwa Hindu Parishad and consolidate Hindu votes in the process, heed the advice of Swadesh Jagran Manch (SJM) on economic issues and give an ear to Bhartiya Mazdoor Sangh on labour reforms.

According to a senior RSS office-bearer, the organization is in the process of identifying more RSS pracharaks (senior activists) to be deputed to BJP. “Gujarat has shown what the combined strength of the Parivar can achieve. In terms of organization reach, in Gujarat VHP is the number one organisation, BJP is second and RSS is third,” he elaborated.

NEW TENSIONS IN THE GOVERNMENT AGENDA

The margin of victory in the Gujarat elections is no doubt going to come to the rescue of the BJP while pushing forward its political and economic agenda within the Coalition at the Centre.

Furthermore, the margin of such a victory would even reduce the intensity of somewhat secular voices in the Coalition due to the fear of the so-called “Hindu backlash” during forthcoming elections.

The most interesting contest is now about to unfold between the hardline RSS and SJM supporters and the neoliberal BJP individuals who hold top ministerial positions, even though they bypassed the RSS, VHP and SJM hierarchy. The RSS and the VHP can now use their increased political might within to carve out space in order to influence the pace and direction on key economic and political issues such as disinvestment, investment and trade liberalization and so-called second generation reforms.

The likelihood of Ministers such as Arun Shourie (minister for disinvestment and with the additional charge of the ministry of commerce and industry) and Jaswant Singh (minister for finance and company affairs) succumbing to the pressures coming from the SJM and the RSS quarters is at an all time high. This intensification of engagement between the constituent outfits and the Party needs to be carefully observed, especially in the context of Government positions on crucial issues such as investment and competition at the forthcoming Cancun Ministerial Conference of the WTO.

During the last Ministerial Conference at Doha, Commerce Minister Murasoli Maran (presently ill and in hospital) successfully extracted the language of “explicit consensus” on the “Singapore issues” (that is, investment, competition, government procurement and trade facilitation). In short, the Ministers endorsed at Doha that negotiations on any of these issues would begin when there is an explicit consensus at the Cancun Ministerial, which recommends the General Council of the WTO to move in the direction of negotiations. According to the latest reports, the Quad (US+ EU+ Japan+ Canada) seems to have little concern about respecting the language of “explicit consensus” and is pushing to launch negotiations on “Singapore issues” at the end of the Cancun Ministerial.

Taking advantage of the Quad’s position, Minister for Disinvestment, Arun Shourie, who is the most neoliberal of the lot, might use this particular political opportunity to accelerate his agenda of disinvestment and second-generation reforms. His selling strategy to the RSS and the SJM would be that it is better to disinvest right now, before one has to start doing the same on the terms set by foreigners. It will be interesting to watch the response of the SJM and the RSS to such a situation. Given their rhetoric of sovereignty and on other right wing nationalist positions, one can at least expect a heated exchange if Arun Shourie pushes his “disinvest now before it’s too late” argument.

On the Gujarat front, the BJP and its outfits now have

more legitimacy to remove any obstacles in the way to completing the Sardar Sarovar Project (Namada) and other large, infrastructure projects. This implies that the political space for the marginalised communities to fight for their legitimate rights is going to shrink and this might actually give rise to armed conflict and greater violence in various regions of Gujarat.

SECURITY IMPLCATIONS

The government has already pushed a number of changes in the security regime at the national level and the regime now is “hawkish”. The influence of the RSS and the VHP “macho” security agenda became clear with the Pokhran nuclear test. Since then, instead of taking measures to reduce the tension in the region the Government has maintained steady defence expenditure and has used valuable foreign exchange assets to buy “strategic and tactical” defence equipment. Furthermore, the BJP-led Coalition has found it strategic to use the Pakistan card and to distance itself from the Palestinian struggle, to bolster support from the VHP and the RSS. It is becoming clear that the VHP and the RSS, in order to push forth their dream of Hindu Rashtra (Hindu State), are using the State machinery and are incorporating their agenda into the State security policy to effectively link terrorism with Islam. Their motive is simple: to demonize Islam and to create hatred for the religion.

Since assuming power, the BJP has been experimenting with ways of gaining US support for its stand on Kashmir and so-called militancy in the region. Post September 11, the VHP and the RSS did everything to push the Government to convince US to declare Pakistan as a “terrorist state”. But at the same time, in order to guard its position on sovereignty, it has been watchful that the government does not go overboard to please the US.

The victory in Gujarat has created a greater room for the RSS and the VHP to frame the security agenda of the BJP and therefore, largely, of the Indian government. Already the RSS and the VHP have clarified that the Gujarat victory is their first step towards creation of a “Hindu State”, and that they intend to repeat the politics played in Gujarat to create the “Hindu Rashtra”. Although the BJP has come out officially denouncing this line, there are no two thoughts that it is just a show, in order to convince people that BJP, in spite of playing the “Hindutva” card, still believes in secularism.

Given that BJP leaders and the newly elected Chief Minister of Gujarat, Narendra Modi kept on referring to Pakistan in his election speeches, it is likely that the BJP position on Pakistan will get even more hawkish. Similarly, there will be a strong internal push to ally with Nepalese Government (Nepal being the only Hindu State) to crush the Maoist uprising and the Indian security set up would be asked to even put Bangladesh on the “black list”. All the above only implies greater instability in the region.

In this context, it will be key to watch the tussle between the tired, old, so-called moderate Prime Minister Atal Behari Vajpayee and the strong “Pracharak” Deputy Prime Minister.

In short, the third consecutive victory for the BJP in Gujarat and the political context in which it has been achieved puts religious fundamentalism and communalism on a dangerous upswing. Besides this, there will be an intense engagement between the BJP leadership and the leadership of the VHP and the RSS, who will demand more space in international and national economic and security policymaking for the services rendered and results secured in Gujarat. But it would be too simplistic to say that this will result in the downfall of the BJP-led coalition.

The BJP's third consecutive victory also raises serious questions about Congress, the Left Parties and their allies. In the coming years, they have a Herculean task to expose the BJP on various issues and, at the same time, creating a political atmosphere that is more open to minorities and their concerns. Peoples movements, trade unions, mass organizations also face a major challenge of not only being isolated but also of losing their base as the newly formed BJP government tries every trick to break and woo their mass support.

*Raghav Narsalay is a research associate with Focus on the Global South, India

EUROPEAN SOCIAL FORUM: REVIVING THE SPIRIT OF SEATTLE, DISPELLING THE GHOSTS OF GENOA

Peter Wahl*

The dynamics of the antiglobalization movement continue unabated. The first European Social Forum (ESF), held from November 6th to 9th in Florence, has confirmed this emphatically. With a demonstration of more than half-a-million people - the largest in the history of globalization criticism - Florence will be mentioned in the future in the same breath as Seattle and Genoa. Approximately two-thirds of the participants belong to younger generations.

Twenty thousand participants were expected to attend the Forum itself, a three-day marathon of events with several hundred podium discussions, seminars and workshops but on the second day there were already twice this number, and at the end there were as many as 60,000. Of course, the organizational problems associated with this affected the quality of many events.

However, it isn't the quantitative aspect alone that makes the ESF such an outstanding event. The particular quality of Florence is to be found in the fact that the movement has emerged from the shadow of violence, it has successfully built a bridge to the theme of war and peace, and its political pluralism and breadth have increased further. At the same time, the ESF has made visible several problems and deficiencies of the anti-globalization movement.

EMERGING FROM THE SHADOW OF VIOLENCE

The new movement has emerged from the shadow of violence that lies upon it since Genoa. Florence demonstrates once again, that when really large masses of people are mobilized, neither provocation by the state nor the orientation of small groups toward violence have a chance.

The government of Italian prime minister Silvio Berlusconi had done everything possible before the ESF to generate a climate of hysteria and fear. A second Genoa would have suited it just fine, in order to divert attention from domestic political problems. Berlusconi had forecasted the destruction of art works in the Renaissance city by "Talibanized" hordes and spoken of the prohibition of the ESF. The neo-fascists in the government, Forza Italia, had agitated for weeks in the style of the "Sturmer", with caricatures of demonstrators with hooked noses, a bottle of vodka in one hand and a hammer and sickle in the other. One of the leading daily newspapers, the "Corriere della Sera" published a hate-filled contribution from the disaffected leftist, Oriana Fallaci, on the opening day of the Forum. Under these influences, many stores in the historic centre of the city nailed their windows shut.

On the side of the demonstrators there was no sign of

a "black bloc" of any kind. Other groups which tend toward militancy, such as the so called "Disobediente" (the "disobedient ones", a mixture of Punk and anarchism) and the Tute Bianche, which had stood at the front in the confrontation with the police at the IMF/World Bank meeting in Prague and during the G7 in Genoa, marched in a disciplined manner with the demonstration.

The experience of Florence also invalidates the argument that the attention of the media can only be gotten through scenes of violence. After the confrontations of Prague, Goteborg and above all Genoa, Florence deprives the opposition of the possibility of isolating, or at least splitting, the anti-globalization movement with the issue of violence.

NO TO WAR

The dominant, or even sole, theme of the ESF was war. The rejection of the militarization of foreign policy in general and of a war against Iraq in particular was unanimous.

Although important and correct, this orientation also carries certain risks. For example, there is a danger that in the shadow of the confrontation about the war the neo-liberal course will continue relatively unhindered and the potential of critical forces will be fully absorbed. It is certainly one of the socio-political effects of militarization that through the construction of enemy images and other threat scenarios attention is diverted from domestic problems. This is most clearly seen in the USA, where the pressure for patriotic conformity is so strong that not much of the spirit of Seattle remains.

Meanwhile, the "acceptance" crisis of neo-liberal globalization, which we saw in Seattle, has grown into a veritable functional crisis. The stock market crash, the inglorious end of the "New Economy", the so called accounting scandals of large company groups, the passivity of the IMF in the Argentina crisis and the deflationary developments of many local economies, are only the tip of the iceberg. For this reason, it is important not to consider the anti-globalization movement and the peace movement in opposition to one another, but rather to make the connections between them clear.

GROWING PLURALISM AND BREADTH

The quantitative growth of the movement is matched by a growth in political pluralism. From the Italian movements alone, there were social fora, as well as ATTAC, trade unions, the peace movement, NGOs, diverse communist groups, Greenpeace, the youth

organization of the Party of the Democratic Left (DS, formerly PCI), Amnesty, gays and lesbians, Catholic nuns, the Italian Greens, Christian Boy Scouts, the Rifundazione Comunista and last but not least, the mayor of Florence and the president of Tuscany (both DS). The latter had provided the Forum with political and logistical support.

(The international representation was also impressive: 1,500 Greeks, and the same number of Spaniards. Three thousand French, 1,500 British, and hundreds from Russia, Poland, Czech and Bulgaria. Ed.)

The popularity of the movement among varying political camps signals the fact that the acceptance of the ruling system of politics is disappearing. At the same time there is a growing need to find a productive means of dealing with the pluralism of the movement and steering against centrifugal tendencies. It appears that a political culture of dialogue, toleration of contradictions and - except for some Trotskyist splinter groups - a conscious renunciation of avant-gardism and domination is developing.

This is seen most clearly with the Rifundazione Comunista. Although the party, with its 100,000 or so members, played a significant role in the preparation and realization of the Forum and demonstrations, it did not attempt to force its position on others, neither in the internal preparations committee nor publicly. Apparently, it has been realized that self-restriction and the renunciation of the party political instrumentalization of social movements are necessary conditions for their success. The fact that the Rifundazione seems serious about leftist pluralism is also shown by its renunciation of one of the holy cows of Leninism, the requirement within its own ranks to vote according to the party line. This invalidates the often-expressed suspicion that the ESF is a project steered by the Rifundazione.

AGAINST PRIVATIZATION AND GATS

The second theme that crystallized into a major focus in Florence is the privatization of public services, from education to health and pensions to water, energy and transportation. The problem is becoming more acute throughout the EU and the negotiations within the WTO on the General Agreement on Trade in Services (GATS) on the liberalization of services are closely linked to this. In Florence, it was decided to launch a European campaign, oriented first toward actions during the end of March 2003, with a central initiative in Brussels. By that time, the negotiating phase in the WTO in which the individual countries present their liberalization offers and demands will be ended. After that, the ministerial conference of the WTO in Cancun, Mexico, at the beginning of September 2003 will become the next high point of the campaign.

GERMAN PRESENCE WITH LOW PROFILE

Between 500 and 700 participants arrived from the

Federal Republic. Most of them belonged to ATTAC. There were flags from VER.DI (Union of Service Workers) and the IGMetall (Association of Metal Workers) was also represented, NGOs, foundations close to the German Social Democratic Party, the Greens and the Party of Democratic Socialism as well as the BUKO (Congress of Development Policy Action Groups).

Christian Strobele of the Greens appeared at a forum about the relationship of parties to social movements. He criticised his party and pleaded for the cooperation between the Greens and social movements. Frank Bsirske, chairman of VER.DI, cancelled at the last minute due to pressing matters related to the reform of the healthcare system, but made known his interest in participating further in the process.

The profile and visibility of the Germans was very low and it seems that little had been invested in preparation. This needs to be remedied. It is not a matter of presenting a national image. Rather, the German critics of globalization have the responsibility for adequately integrating the social movement of the largest of the EU countries into the international movement.

BUT, THERE WERE SOME PROBLEMS

Although the development of the ESF, as a whole, is positive, there are several problems and deficiencies that can't be overlooked:

There was scarcely any impulse at all emerging from Florence toward developing conceptual alternatives to neo-liberalism. Single-point approaches for modest reforms still coexist side by side with very generally conceived value orientations. There is still no real discussion among the points of view. A typical example is the Jubilee campaign, which seeks debt reductions for the poor countries, while others press for a complete and unconditional cancellation of the debt. Yet neither one is a solution to the crisis in Argentina. Protest and rejection as a common denominator are the initial basis for change, to be sure, but that is not enough in the long run. So, the actual goal of the ESF, to meet and discuss together in peace, undisturbed by governmental summit meetings, and to advance the process of self-organization internationally, was met very incompletely.

The fact that the new movement is composed in the main of young people is one of its great strengths. This gives it a real touch of youth culture often and, for broad stretches, the Forum took on the character of a happening. However, this should not disguise the fact that, in view of the demographic relationships in the industrial nations, young people are a structural minority. The movement should not be allowed to limit itself to being purely a movement of the young. Unity with the demographic center of the society is essential, if it is to have chances of success.

One facet of the youthful character of the movement is a certain tendency to verbal radicalness, which is notorious in the history of social movements. To be sure, the problems of today actually do require the testing of traditional concepts. Whether or not one-sided dialogue and lobbying strategies, as practiced by some NGOs, still make sense can rightly be called into question after the failure of the Rio-process. Also, the crisis of neoliberalism could make imperative alternatives that touch deeper on the roots of the problem. It is just as necessary to discuss thoroughly the claim of Fausto Bertinotti, secretary general of Rifondazione Comunista, that “Who speaks of neo-liberalism cannot remain silent about capitalism,” and not in the bad sense of an abstract and historically dead opposing of “Reform and Revolution”. What is needed are the innovative answers of a social critique which is current and which does not clothe itself in the costume of irretrievable past struggles. Worn out slogans, such as “One Solution - Revolution” will not bring us further. On the contrary, they lead straight to sectarianism. Here, a second look at the experience of the communist groups of the '68 movement is useful.

Finally, we should be cautioned against transferring the understandable euphoria of Florence and the experiences of Italy onto the rest of the world. The success of Florence is owed mainly to the domestic constellation in Italy. Included among others is the fact that: the Italian left is generally quite strong in comparison with the rest of Europe, the conflict with Berlusconi had been growing for some time and had already led to a general strike, the US friendly stance of Berlusconi is met with broad resistance beyond the left, that one day before the Forum Berlusconi rammed his law regarding the free choice of judges through parliament, which was rejected even in conservative circles, and that the psychological warfare with the spook of a second Genoa led to counter reactions.

All these are factors that cannot be transferred onto other countries. Therefore it is too early, to say the least, to attempt to build a German social forum. The political preconditions are not (yet?) present.

* Peter Wahl works with World Economy Ecology and Development - WEED and is a member of the co-ordinating group of ATTAC Germany <peter.wahl@weedbonn.org>. Translation by the ATTAC volunteer translators team coordinatrad@attac.org

SUPACHI SUPPORTS EXCLUSIVE MEETINGS

Aileen Kwa*

Since Seattle, where a revolt took place on the inside and developing country governments denounced the negotiating process which excluded them, the WTO has had to work a little harder to justify its practices. But, for all the rhetoric, any changes which have taken place have been merely cosmetic.

When the negotiations are stalemated, simply because the major powers are loading up the agenda to their own advantage and not budging on issues of interests to developing countries, negotiations automatically go back into a GATT-style exclusive group of about 20-25 Members. Marginalising the majority is ultimately the only way in which the powerful can push their agenda through and force it upon the weaker members.

In a “dialogue” between civil society groups based in Geneva and the WTO’s Director General Dr Supachai and his right hand man, Stuart Harbinson, the lack of anti-democratic negotiating practices and Green Room meetings was raised repeatedly. Unfortunately, these concerns were met with denials by Harbinson that such meetings even exist, and elusiveness by the Director General as to whether or not such Green Room meetings would continue.

“THERE ARE NO GREEN ROOM MEETINGS AT THE WTO”

At the “dialogue” Supachai’s chef de cabinet Harbinson attempted to defend his role in the lead up to the last Doha ministerial and the negotiating process in general.

“There is a demonisation of the Green Room phenomena. In the preparation for Doha, I cannot remember having a green room process. We had endless meetings on specific subjects, and endless meetings on implementation. Sometimes the Chair would get a few people in the room and hammer up the technical aspects. I can’t remember how many meetings we had, formal and informal. But there was no central green room process – it did not happen and it is not happening now,” he said.

Clearly, this is an attempt to define the problem out of existence. “Green Room” meetings are being redefined by Harbinson (and perhaps the WTO Secretariat) so that meetings of 25 members, such as the meeting on 5-6 November in Annecy of senior officials and the mini-ministerial in Sydney (14-15 November) are not considered Green Room meetings, presumably because they are convened by members rather than the Director General. Informal meetings, to which a select group is invited and others are excluded (and not even informed of which consultations are taking place between whom) are also not considered Green Room meetings.

SUPACHAI AVOIDS QUESTION ON GREEN ROOM

Supachai on the other hand, did not deny the occurrence of Green Room meetings. However, he cleverly avoided the question of whether he would stop these meetings from taking place.

Cecilia Oh of Third World Network asked the Director General: “You mention that there was going to be lessons learnt from Seattle and Doha. If I remember rightly, Ruggiero (the first WTO Director General) said that one of his commitments was that there would be no Green Rooms. We want to know if there is some sort of commitment, or at least an attempt or effort, to make sure Green Rooms do not happen?”

Supachai sidestepped this question, saying, “We are in the process of consulting with the Chairman. There is an effort that there is full transparency. There are various proposals I have seen from EC, the Like Minded Group, India. They are all being taken up and consulted. I don’t know how far they can go. They are consulting with the Members.”

He also asserted that “In Cancun, we will take into consideration the need to be fully inclusive. I am fully conscious of all countries, especially the ones that have been sidelined. We will look particularly in those areas. If we can house everyone, we will do that. The proposal that has been submitted by developing countries about Cancun will be taken on board”.

He went on to say that the deadlines for the Round were very important for developing countries. “If the Round is going to stretch 6, 7, 8 years, I don’t think it will serve anyone including the developing countries since there may be some new means to block market access for developing countries. This is a round in which developing countries certainly will have their say. I keep urging them to be actively involved and to be united. If they are united, they will carry more weight. I don’t think the deadlines will be met if developing countries do not see it as serving their purpose.”

MINI-MINISTERIALS ARE BENEFICIAL

Despite his reassurances about making transparent the negotiating process, Supachai endorsed the Sydney mini-ministerial meeting, taking pains to explain why these mini-ministerials were beneficial and justified the Sydney meeting of 25 Members, and mini-ministerials in general.

“I am there to listen to them and they can listen to me so that they can take stock of what is happening and give their analysis and input. This process is to eliminate surprises (at the Ministerial). They do not all have this opportunity to meet. If they can be briefed about what is taking place, there is a good chance that we will have a good meeting (in Cancun),” he said.

Aileen Kwa of Focus on the Global South challenged the Director General that these mini-ministerials are illegitimate because they institute an “executive council” of about 25 members through the back door, and that such exclusive practices contravene basic democratic principles. She also said that there was a difference between decision-making and decision taking. The mini-ministerial and green room meetings are about decision-making, whilst the majority, presented with the final package, is only relegated to the position of being “decision-takers”. She reminded the DG that many countries that have been excluded would find it difficult to reject a final package presented to them given the political costs they would have to pay (as the spoiler of the multilateral trade negotiations).

Supachai retorted: “How do we then deal with the process of reaching consensus. Do you have another way to achieve it? Normally no one is excluded. It is just that the meeting can only accommodate so many.”

He went on to say that the WTO cannot always have full meetings of 145 members. Ultimately, final decisions would have to be taken in the plenary session. “On implementation, I would call meetings – the people never complain. I cannot invite 145 countries. Implementation is controversial. But again, we need to have a process where we can achieve the outcome”.

Using his best diplomatic skills, Supachai attempted to reassure NGOs. “It is not like the Uruguay Round anymore. It is not like Blair House. I would agree with you the process is exclusive if we say that this is the agreement and you take it or leave it. This is not going to happen. From what we know we should not underestimate developing countries. They fully know what their rights are. You are under-estimating the developing countries.”

Everyone will have to be fully involved, otherwise you will not have a round. In all these meetings, and in Sydney, more than half of those invited were from developing countries.”

Giving an example of how Sydney was not a “decision-making” meeting, he said “I don’t think Sydney wrapped up the TRIPS and health issue. If Sydney was a decision-making process how is it that, until this weekend, I still did not know if the Chair (of the TRIPS council) would produce a draft or not? Nobody made Sydney a decisive moment.”

One delegate, however, who was not in Sydney felt that while there was no concrete decision taken in Sydney, members were more receptive towards the US position on the TRIPS and health issue after the meeting. The TRIPS and health talks in Geneva subsequently collapsed, with the African Group

rejecting outright the package offered by the developed countries. Yet, this decision by the African Group was only determined the morning of the TRIPS Council meeting on 29 November, and only after considerable amount of lobbying by the NGOs actively involved in the TRIPS issue in the last week.

SECRETARIAT STAFF CAN CHAIR NEGOTIATING BODIES

Supachai was also asked at the meeting how it is that he has condoned a breach of rules by allowing his chef de cabinet, Stuart Harbinson to continue as chair of the Committee on Agriculture, a post he was elected to earlier this year when still Hong Kong's Ambassador.

The Director General remarked: "You seem to have a view that the staff is not neutral. You seem to have said that he (Harbinson) would be less of an impartial person than he used to be if he joined the Secretariat and chairs agriculture. I don't think he would like to do this job (at which point Harbinson nods emphatically). I think it is mainly in the interest of the whole membership. The rules do not forbid anyone from chairing a negotiating Committee if Members agree to it."

Clearly, Supachai does not think much of the Secretariat bulldozing its way into members' territory, and the need for a clear division of powers. He has also conveniently forgotten that there were several members that spoke to him privately making it clear that they did not like Harbinson continuing as Chair of Agriculture once he joined the Secretariat. No public statements were made by developing countries, as many were conscious that they did not want to embarrass their newly appointed Director General, whom they had instituted only after a hard fight.

WILL SUPACHAI DELIVER?

Supachai is at the moment delicately poised on a political tightrope, which he described to NGOs as follows: "I have been around long enough to know how much developing countries will have to give in order to get. I am trying to balance as much as I can without losing my credibility. I can't go out and say, 'Just stop negotiating'. On all fronts, I would like to see movement."

He gave the example of negotiations on industrial tariffs and that he has insisted that the issue of tariff peaks and escalations (high tariffs on sensitive products used mostly by developed countries) be tackled.

For all Supachai's seemingly good intentions, he is clearly limited – either by his own convictions about the benefits of more liberalisation for the South and the WTO in accomplishing this end, or the political games he has to play in order to remain relevant in this power game. Whatever his personal views are, it is clear that

he will also not be doing much to stop the undesirable practice of exclusive mini-ministerials which is being institutionalised and which – in effect – are Green Room meetings between 25 members during ministerial Conferences. In this scenario, no matter how hard members work on substantive issues, it is unlikely that the outcomes will reflect the positions of the politically weaker majority.

Already two more mini-ministerials are in the pipeline before Cancun. The Japanese will be hosting one on 15-16 February 2003 and Egypt has offered to host another, between February and the Cancun Ministerial in September.

A year on from Doha, the Doha Development Agenda is also not delivering on "development" and the promises made to developing countries are showing themselves up to be empty. The QUAD Members (US, EU, Japan, Canada) have blocked any decisions on "implementation" issues which they promised developing countries would be tackled before the other negotiations. Already the Doha deadline of 31 July 2002 to find a way to provide developing countries with more market access in textiles (the growth-on-growth provisions) was bypassed and postponed to 31 December. Some solution to implementation issues as well as promises to strengthen Special and Differential Treatment provisions were supposed to have been provided by 31 December. This deadline is again going to slip-by. According to developing country delegates, there has been no real engagement or progress.

The US, EC and Japan are also moving backwards at speed on the TRIPS and Health Declaration, which in Doha gained them many brownie points. The US is attempting to narrow down access to medicines to only three diseases and Japan is trying to exclude vaccines. The EU is pushing a host of conditions that will make the export of generic drugs virtually impossible so that countries without existing manufacturing capacity will still not be able to get these drugs at an affordable price.

If history is instructive, a likely outcome of Supachai's three-year tenure as DG is that there will be some token crumbs awarded to developing countries, but for which they would have to pay dearly. Developing countries may have to accept the launch of the new issues, investment, competition, government procurement, in order to attain (on the surface) some balance in agriculture. Whether in fact real balance in agriculture will be achieved is unlikely since US and EU will be shifting distorting supports into the "Green Box" of supposedly non-trade distorting subsidies, even as another round of tariff liberalisation will have to be undertaken by the South. An expanded new round, with new issues that will lead to the dismantling of domestic legislation that favour national companies over foreign enterprises, will not be in developing countries' interests since the South is in no position to

compete. Further de-industrialisation is a likely scenario for the majority.

This will be a regrettable legacy for a DG from a developing country.

* Aileen Kwa is a research associate with Focus on the Global South, based in Geneva.

“BOOM AND THE BUBBLE” CAPTURES DYNAMICS OF GLOBAL ECONOMIC CRISIS

Walden Bello*

(This review first appeared in the Nation (New York) 21 October 2002)

Paul Krugman and Joseph Stiglitz may be celebrity economists but it is a neo-Marxist economic historian, whose earlier work focused on the origins of capitalism in late feudal Europe, who has turned out the most compelling and comprehensive account of the crisis gripping contemporary global capitalism.

BRENNER'S WORLD

University of California Los Angeles (UCLA) Professor Robert Brenner's book *The Boom and the Bubble* (New York: Verso, 2002) is a solidly argued and empirically impeccable restatement of the centrality of overproduction in capitalism — a problem that has preoccupied thinkers as diverse as Marx, Joseph Schumpeter, Joan Robinson, Ernest Mandel, Paul Baran, and Paul Sweezy. Brenner's distinctive contribution is to draw out the specific dynamics and consequences of overproduction or underconsumption in the era of integrated, globalized production and markets. The picture he draws is not one of corporations denationalized by economic integration and states whose powers have been eroded, as in much current writing on globalization. In Brenner's global economy, state elites battle to gain a competitive edge for their corporate elites. But if national competition is central, so is the common interest among the competing elites of the central economies to expand the global economy. The trajectory of the US economy is largely determined by this volatile relationship of competition with and dependence on the other global capitalist centers of Europe, Japan, and—though to a much lesser degree—East Asia.

THE ARGUMENT

In Brenner's view, the post-World War II era is divided into a period of dynamic global economic expansion from the late forties to the early seventies and one marked by persistent crises and uneven growth since then—a relatively dismal period broken only by the seven-year US boom in the 1990s. Whereas in the first phase, the US, Europe, and Japan derived mutual benefit from global expansion, from the early seventies on, economic growth became largely a zero-sum game, where one center economy's advance was purchased with stagnation or recession in its neighbors.

Since the seventies, the key problem for the center economies has been a chronic tendency towards overcapacity and thus a steady decline in profitability. Disposing of old capital stock, increasing productivity,

and regaining profitability has been an urgent need of each center economy, but achieving it has run into opposition from established monopolies, organized labor, and powerful rival center economies.

By delinking the dollar from the gold standard and effectively devaluing it, the Nixon administration hoped to steal a march on its rivals. It was, however, left to the Reagan administration to decisively restore the American economy's edge, and this it did via three mechanisms: breaking organized labor to hold down wages, maintaining high interest rates to attract capital to the US, and engineering the infamous "Plaza Accord" in 1985, which drastically pushed up the value of the yen and set the stage for the "relentless rise" of the mark to make the Japanese and German manufacturing sectors bear the lion's share of adjustment. In a global economy marked by overcapacity, the result was to eventually push both Japan and Germany to recession and lay the ground for greater US competitiveness and profitability in the late eighties and early nineties.

The effect was, however, two-edged, for even as US manufacturing regained profitability, it was also threatened by the prolonged recession that settled over Japan and Germany, which degraded the capacity of these economies to absorb US exports, which had served as a key engine of the US manufacturing recovery. In an increasingly integrated global economy, Brenner points out, "the fact remains that while the US economic revival took place largely at the expense of its leading rivals, that it had to do so was ultimately at the cost of the US economy itself." Consequently, Washington under the Clinton administration engineered the "reverse Plaza Accord" in the mid-nineties, when the value of the dollar was allowed to rise relative to the yen in an effort to help spark an export-led recovery in Japan. Just as the Plaza Accord had essentially been a rescue operation of US industry by Japan and Germany, so was the Clinton-Rubin reversal of the rising dollar a US-engineered "bailout of Japan's crisis-bound manufacturing sector."

This move, however, failed to spark sustained economic revival in Japan. And a great part of the reason was that the global over-capacity problem had become even more acute owing to the Japanese conglomerates' moving a great many of their labor-intensive manufacturing operations to China and East Asia, precisely to escape being rendered non-competitive by the rising yen. But even as it failed to reactivate the Japanese economy, the reverse Plaza Accord played a key role in undermining the competitiveness of the Northeast Asian and Southeast Asian economies whose currencies were tied to the rising dollar. When these economies, with their sizable markets, collapsed during the Asian financial crisis in 1997-98, the global crisis of overproduction intensified.

Tied to an increasingly integrated but keenly competitive global production system and market, the US manufacturing sector saw its profits stop growing after 1997. By the end of the decade, practically all key industrial sectors were suffering tremendous overcapacity, with the worst situation existing in the telecommunications sector, where only 2.5 per cent of the infrastructure layed down was being utilized. By 2002, the gap between capacity and output was, according to the Economist, the largest since the Great Depression.

With manufacturing and the rest of the "real economy" ceasing to absorb investment profitably, capital migrated to the speculative sector, where a period of hyperactive growth in high technology stocks was carefully nursed by the low-interest-rate policy and "New Economy" talk of Fed Chairman Alan Greenspan. Grounded in the illusion of future profitability of high-tech firms, the dot.com phenomenon extended the by about two years. "Never before in US history," Brenner contends, "had the stock market played such a direct, and decisive, role in financing non-financial corporations, and thereby powering the growth of capital expenditures and in this way the real economy. Never before had a US economic expansion become so dependent upon the stock market's ascent."

But with the profitability of the financial sector being dependent on the underlying, actual profitability of the manufacturing sector, the finance-driven growth ultimately had to run out of steam. The dizzying rise in market capitalization of non-financial corporations from \$4.8 billion in 1994 to \$15.6 trillion in the first quarter of 2000 represented what Brenner characterizes as an "absurd disconnection between the rise of paper wealth and the growth of actual output, and particularly of profits, in the underlying economy." The loss of \$7 trillion dollars in paper wealth in the stock market collapse that began in March 2000 represented the rude reassertion of the reality of a global economy crippled by overcapacity, overproduction, and lack of profitability. With the mechanism of "stock-market Keynesianism" having been exhausted, the capacity of the US economy to avoid a serious and prolonged downturn has been greatly eroded, though Brenner is cautious about writing it off.

MISSING: KONDRATIEFF AND CHINA

The Brenner canvas of post-war expansion and decline has a remarkable affinity to the theory of the early Soviet-era economist Nikolai Kondratieff that capitalism moves forward in 50-60-year-long "waves" that ascend, crest, and descend into a deep trough. Yet, surprisingly, The Boom and the Bubble does not contain a single reference to Kondratieff.

This is intriguing.

Perhaps Brenner is trying to distance himself from deterministic interpretations of Kondratieff, which have either posited the exploitation and exhaustion of new technologies as the central driver of long-wave activity or proclaimed the inevitability of a massive Great-Depression-like crisis.

If this is the case, Brenner is right to be wary of sounding apocalyptic, given the resiliency which has enabled US-dominated global capitalism to surmount crises in the past five decades. He fails, however, to discuss the factor that should serve as the greatest reason for caution: China. China's potential role of serving as an exit strategy for the current crisis of overcapacity is underlined by the fact that it has absorbed an average of \$45 billion in foreign capital since the late 1990s, making it by far the biggest recipient of foreign investment in the South. China is, however, still focused on export-oriented production, making it a critical contributor to global overcapacity. Should China turn towards a strategy of hitching capitalist growth principally to the expansion of domestic purchasing power, it could turn into the engine that would ward off, perhaps for a few decades, the specter of global stagnation. Already China is the world's largest market for cellular phones, and troubled Ericsson's move to establish a manufacturing base there indicates that key players in the crisis-ridden telecoms sector see their salvation in China.

MISSING: THE CRISIS OF REPRODUCTION

But barring a sharp turn by China's leaders, the likelihood for a Kondratieff-like deflationary—if not depressive—phase is really great at this point. One is not likely, however, to draw this grim conclusion from an analysis that hews narrowly, as Brenner's does, to developments at the level of production, to the dynamics of overproduction. Focused at that level, the farthest Brenner can go is to state that "it is not easy to see what forces exist to push the economy forward."

However, what is unique about the current conjuncture is the coming together of a crisis of production and a crisis of reproduction of the system, the latter referring to the recreation of the political and cultural context necessary for global capitalism to survive and thrive. Global politics, the dynamics of cultural hegemony, and the interplay of key institutional actors are what is missing in Brenner's broad canvas, and these are the elements whose interaction will determine whether or not the consequences of the crisis of overcapacity can be contained.

Despite capitalism's famed resiliency, containment of

the crisis at the level of production is increasingly less an option owing to the current intersection of the crisis of overproduction with three related "superstructural" crises—a conjunction that either did not occur earlier in the post-World War II period or was marked by much less intensity.

The "crisis of legitimacy" refers to the increasing inability of the neoliberal ideology that underpins today's global capitalism to persuade people of its viability as a system of production, exchange, and distribution. The disaster wrought by structural adjustment in Africa and Latin America; the chain reaction of financial crises in Mexico, Asia, Brazil, Russia, Argentina, and Wall Street; and the massive combination of massive fraud and spectacular wiping out of investors' wealth have all eaten away at the credibility of the system. The legitimacy of the transnational corporation—the engine of the system—is at its lowest in years, with over 70 per cent of Americans claiming even before Enron erupted that the corporation had too much power over their lives. Also plunged into a crisis of credibility are those institutions that serve as capitalism's system of global economic governance—the International Monetary Fund, the World Bank, and the World Trade organization—making them the weak link in the system.

Paralleling this crisis is mounting disaffection with Washington or Westminster-type liberal democracies that have served as a central stabilization mechanism for global capitalism in the South—a site that hardly makes an appearance in Brenner's stage yet has constantly been a critical point of vulnerability in the stable reproduction of the system globally. In places like the Philippines, Pakistan, Brazil, and Venezuela, popular disillusionment with socially riven, economically stagnant electoral democracies oiled by money politics is rife among the lower classes and even the middle class, being in the case of Pakistan one of the factors that allowed General Musharraf to seize political power.

But the crisis of legitimacy of liberal democracy is not limited to the South. It is also shaking up the US, Japan, and Europe. Beneath the post-September 11 poll popularity of George Bush continues to stir the widespread pre-September 11 feeling in the US electorate that owing to massive corporate influence, plutocracy is now the US system of government, not democracy. Despite Washington's current posturing about punishing corporate fraud, the spectacular developments in Wall Street are perceived as a moral collapse in which both economic and political elites are implicated.

In Japan, ineptitude is the key characteristic associated by citizens with the interest-group ridden conservative democracy that has presided over a decade of stagnation and decline.

While there is also much concern about corporate control of the political party finances in Europe, an even greater subverter of democratic legitimacy is the widespread anger over the non-transparent process that technocratic elites allied to corporate elites have, in the name of European integration, technocratic rationality, and market rationality, eroded the principle of subsidiarity by funneling effective political and economic decision-making upwards to techno-corporate structures, at the apex of which stands the European Commission, that are largely unaccountable to electorates on the ground. Electoral revolts like those associated with Jean-Marie Le Pen in France and the assassinated Pim Fortuyn in the Netherlands are manifestations of deep alienation with technocratic democracy.

Finally, there is the strategic crisis brought about by politico-military “overextension.” While there may be factions in Washington that are espousing “military Keynesianism” as a way out of the current economic impasse, in fact the military equation at this juncture might be more of a potentially unravelling factor. The recent expansion of US military influence into Afghanistan, the Philippines, South Asia, and Central Asia may communicate strength. Yet, despite all this movement, the US has not been able to consolidate victory anywhere, certainly not in Afghanistan where anarchy, and not a stable pro-US regime, reigns. Indeed, it is arguable that because of the massive disaffection they have created throughout the Muslim world, the US’s political-military moves, including its

pro-Israel policies, have worsened rather than improved the US’s strategic situation in the Middle East. This sense of being strapped in the rollercoaster of overextension is probably what accounts for the reluctance of some factions in the Pentagon to follow the Cheney-Rumsfeld-Wolfowitz lobby’s push to invade Iraq. Meanwhile, even as Washington is obsessed with terrorism in the Middle East, political rebellions against neoliberalism are shaking up its Latin American backyard.

Kondratieff’s portrait of crisis was hardly deterministic. In his schema, it was the volatile interaction of production, political, and ideological crises that facilitated the descent of the long waves from crest to trough in the 1880s and again in the 1930s. The situation today, over 50 years after the beginning of the post-World War II economic ascent, is analogous. Robert Brenner provides us with an insightful guide to the roots and dynamics of the crisis of the system of production, one that is more reliable than most of the treatises turned out by the hotshot deserters from the collapsing neoclassical paradigm. But his superb analysis of the crisis of production needs to be supplemented with an exploration of the parallel crisis of the system of reproduction to bring home both the depth of capitalism’s contemporary crisis and the volatility of the conjuncture.

*Walden Bello is executive director of Focus on the Global South and professor of sociology and public administration at the University of the Philippines. His latest book is *Deglobalization* (London: Zed Press, 2002).

STORM CLOUDS OVER LATIN AMERICA

William I. Robinson*

Latin America is sliding headlong into a maelstrom. The neo-liberal project, so meticulously imposed on the region by transnational elites and their local counterparts over the past two decades, is collapsing as the region descends into economic and political turmoil. One crisis after another has broken out with a rapidity beyond anyone's prediction just a year ago. The revolt in Argentina, peasant insurrection in Bolivia, aborted coup d'états in Venezuela and Haiti, street uprisings in Paraguay, Uruguay, and Peru, a currency slide in Brazil, escalating civil war in Columbia...these are the order of the day.

Transnational elites from the IMF and the US Treasury hoped that the apocalyptic crisis that broke out in Argentina last December could be quarantined within that country. But most observers saw the popular revolt that brought down five governments between 2001 and January 2002 as a harbinger for the region. A decade of neo-liberalism emasculated the Argentine national economy, shot unemployment up from 3 to 20 percent of the population, and pushed the number of people living in poverty from one million to 14 million.

Both organized popular protest and violent crime have since spread to every corner of the country, making some regions ungovernable and leading to an unprecedented power vacuum. President Eduardo Duhalde spent considerable effort trying to meet IMF demands for a fresh round of austerity as a precondition for new emergency lending. But it did not take him long to realize, in the face of continued popular revolt, that his hamstrung government could be brought down at any moment. He was forced in recent months to ratify the country's default on the debt, to back down from any new deal with the IMF, and to move elections up to March of next year, in effect passing the crisis on to his successors.

If Argentina demonstrates the utter bankruptcy of the IMF-US. Treasury model, the election of Luis Ignacio da Silva ("Lula") and the leftist Workers Party (PT) in Brazil is important because it symbolizes the end of the reigning neo-liberal order but also the limits of parliamentary changes in the era of global capitalism.

A one-time socialist and militant trade union leader, Lula was denied the presidency in three previous electoral contests. He won this time around, in part because of the growing strength of the popular movement and in part as a result of the social and economic malaise brought about by the neo-liberal policies of the outgoing regime of president Fernando Cardoso.

But he also took the vote because his wing of the PT moved sharply towards the political center, expanding

a social based among middle class voters and winning over centrist and even conservative political forces that do not endorse a left-wing program yet are unwilling to tolerate the neo-liberal fallout. The PT is beholden to these forces, who can be expected to use their influence to rein in on the radical initiatives of any PT plan of government. Behind the centrist and conservative bloc in the new government is the power of the transnational finance capital. In August, as Brazil faced capital flight and a sharp decline in the value of the national currency, Lula calmed global financial markets by promising not to default on the debt and by giving his blessing to a \$30 billion IMF loan that committed the government to maintaining Cardoso's adjustment policies and promising not to default on the country's foreign debt.

Paraguay and Uruguay also caught the Argentine "contagion." The decision by the US Treasury to provide a \$1.5 billion bridge loan to two months ago to Uruguay, whose economy is closely tied to Argentina's, underscored just how fearful Washington is that this tiny South American country, facing organized and increasingly belligerent protests since the "contagion" hit earlier this year, could go the way of its much larger neighbor. In Paraguay, the economic crisis that began seven years ago shows no sign of receding. Mounting protests in September by the Democratic Congress of the People (CDP), a broad coalition of trade unions, rural workers, peasants, indigenous, Left political organizations and other popular social movements forced the government of president Gonzalez Machhi to backtrack from neo-liberal measures, including privatization of state service and utility companies.

Further north, the five Andean countries (Bolivia, Columbia, Ecuador, Peru and Venezuela) are also engulfed in turmoil. In Bolivia the radical indigenous leader Evo Morales narrowly lost the last elections in vote heavily influenced by US pressure, the threat of international economic reprisals should Morales have won, and charges of fraud. But the popular and indigenous movement in Bolivia will make it impossible for the new government of president Gonzalo Sanchez de Lozada to continue the neo-liberal path. Peru and Ecuador face as well powerful indigenous and peasant movements, an economic slide, mounting social unrest and political conflict.

While Mexico and Central America are anything but immune to the turmoil, the most volatile countries in Latin America at this time are Venezuela and Columbia. Venezuela faces a situation somewhat distinct from its neighbors. President Hugo Chavez and his left-oriented populist project have ignited

resistance not from the poor but from the country's middle and upper classes, led by the business federation, Fedecamaras, dissident military officers, and traditional political bosses – with Washington's not-so-subtle backing - a situation not unlike Chile under the socialist government of Salvador Allende (1970-1973).

Throughout October, rumors were flying in the Venezuelan capital of Caracas of general strikes, street violence, and new conspiracies. The country rapidly became re-polarized since the coup attempt last April aborted within 72 hours, and rumors of a new putsch in the works are widespread. With Colombia already facing an escalation of its civil war under its new authoritarian president, Alvaro Uribe, the Andean region could become enflamed in transnational military conflict should civil war break out as well in Venezuela – something that increasingly looks like a distinct possibility.

BEHIND THE TURMOIL: THE COLLAPSE OF NEO-LIBERALISM

Behind all this turmoil is the collapse of the neo-liberal model and a realignment of social and political forces throughout Latin America. In the 1980s and 1990s, Latin American countries experienced a thorough restructuring and integration into the global economy under the neo-liberal model. But the model has been unable to resolve the region's development crisis and the fragile civilian regimes that took over from the dictatorships of earlier years are increasingly unable to contain the social conflicts and political tensions generated by the polarizing effects of the neo-liberal model.

Any academic assessment would have predicted the region's descent into turmoil. Yet until the Argentine crisis broke out in December 2001, transnational functionaries insisted that the neo-liberal model was on track and was bringing about recovery. They pointed to the massive influx of transnational capital into the region in the 1990s and the renewal of growth for much of that decade. But the vast majority of capital inflow was not in the form of direct foreign investment that could have helped expand the region's productive base. It was mostly the "casino capitalism" variant associated with the global economy - the purchase of stock in privatized companies, speculative investment in financial services, such as equities, mutual funds, pensions, and insurance – along with new loans.

The foreign debt climbed steadily throughout the late 1980s and 1990s, from \$230 billion in 1980 to \$533 billion in 1994, to over \$714 billion in 1997, to \$793 billion in 1999, and then to over \$1 trillion by the 21st century. Payment on this colossal debt exacted a painful tribute on Latin American popular sectors and prevented any lasting recovering in the 1990s. Argentina's payment on the interest alone ate up 35.4 percent of export earnings in 1998. For Brazil, the

figure was 26.7 percent; for Colombia, 19.7 percent; for Ecuador, 21.2 percent; for Nicaragua, 19.3 percent; for Peru, 23.7 percent; and for Venezuela, 15.3 percent.

The predictable sequence is as follows: once debt-repayment pressures reach the point in which default becomes a possibility or a government can no longer contain pressure for it to meet even minimal social obligations the spiral of crisis begins. Local elites are caught between the withdrawal of transnational investors and mounting unrest from poor majorities who can no longer bear any further austerity. The current slide into crisis began in the late 1990s when the net outflow of resources once again came to surpass the net inflow. In Argentina, for instance, the government could keep the economy buoyed so long as there were state assets to sell off. Once there is no quick money to be made, capital flight can - and has - plunged countries into overnight recession.

The current economic collapse is the third in recent years, preceded by the "Tequila crisis" that started in Mexico in 1995, and by the collapse triggered by the Asian financial meltdown of 1997. But the current round is different, in that it threatens to draw into its vortex the entire continent, from Mexico to Chile, and because the regional crisis is in turn tied to a spirally crisis of the global economy.

Data from the annual reports of the UN's Economic Commission for Latin America (ECLAC) show high growth rates in a handful of countries but stagnation and negative growth in most for the past four years. But more revealing are the indicators on the social costs of the economic crisis. ECLAC data shows that per-capita income declined an average of .9 percent every year in the 1980s, known as the "lost decade" in Latin America, and then declined by an average of 1.5 percent each year in the 1990s, the alleged "decade of recovery." Poverty levels and deprivation indicators also spiraled in most countries over the past 20 years.

Waves of spontaneous uprisings have broken out in recent years in almost every country, triggered by IMF adjustment programs and involving violent clashes between governments and protesters. The social and economic crisis has already given way to expanding institutional quandaries and transnational political-military conflict. The civilian elites who took over from military regimes in the late 20th century and corrupt political classes seem to have lost credibility. It is not clear if these fragile regimes will be able to withstand the tensions of economic and social crisis without themselves collapsing. This panorama suggests that state structures set up to implement the neo-liberal program and protect dominant interests are now decomposing, possibly beyond repair.

WHAT NEXT?

What may replace the current political order? One may be the Brazilian model, where the price of electoral victory and financial stability seems to be the emasculation of a radical program in favor of the popular classes. Another is Chavez' Venezuela, which may represent a new brand of populism - a direction in which Argentina may be moving and which could take hold elsewhere as desperate elites attempt to regain legitimacy. The Left is deeply divided, wracked by infighting, and at best has been able to craft a sketchy and incomplete alternative to the neo-liberalism. But grassroots movements of workers, peasants and the poor have also proliferated and resistance among popular forces has been increasingly organized and directed towards the depredations of global capitalism in the region.

How the unfolding crisis of neo-liberalism will unravel is not clear. But we can surely expect a new round of US political and military intervention in the region under the guise of wars on "terrorism" and drugs. Remilitarization under heavy US sponsorship was already well underway by the turn of the century, from the \$1.3 billion Plan Colombia, to the sale by Washington of advanced fighter jets to Chile's military, the installation of a US military base in Ecuador, the large-scale provision of arm, counterinsurgency equipment, and "anti-terrorism" training programs to Mexico, new multilateral intervention mechanisms, and a new round throughout the hemisphere of joint US-Latin American military exercises and training programs.

One or another of the hemisphere's government's have labeled as "terrorist" the Landless Workers Movement (MST) of Brazil, the Zapatistas of Mexico, the FARC and the ELN guerrilla movements of Colombia, the indigenous movement in Ecuador, the Farabundo Marti National Liberation Front in El Salvador, the Sandinistas in Nicaragua, and other legitimate resistance movements. The US Central Intelligence Agency has identified as "a new challenge to internal security" the indigenous movement that - 510 years after the Conquest began - has spread throughout the hemisphere and is often at the forefront of popular mobilization. Washington for the moment has fixed its attention on the distant lands of the Middle East and South Asia. But Colombia may be the most likely epicenter of direct US intervention and a region-wide counterinsurgency war in South America.

* William I. Robinson is a sociologist at the University of California-Santa Barbara and a specialist on globalization and on Latin America. His most recent book, *Global Capitalism and Central America: Development and Social Change in the Age of Globalization*, will be published in 2003 by Verso Press.

BUILDING A SOCIAL MOVEMENTS WORLD NETWORK

A proposal for discussion

ORIGINS

During the first World Social Forum, more than a thousand people representing hundreds of social movements, NGOs and trade unions of the whole world gathered in a common assembly and, with a feeling of strong unity, approved the "Porto Alegre Call of the Social Movements for Mobilization". (1) This was a unique and important moment.

The World Social Forum provides spaces, agendas and conditions for all organizations opposed to neo-liberalism to come together, to debate and to propose. The Forum as a whole does not assume specific positions or actions, but neither is it neutral, as shown in the WSF charter of principles and in the programming of the conferences. Regarding the matter of statements, declarations and actions, participants are free to organize in order to articulate initiatives in their own name, as long as it's not confused with the WSF role.

This was the spirit of the 2001 Porto Alegre "Call of the Social Movements" which, after a series of discussions and debates evaluating the consequences of the neo-liberal policies across the world, called on the social movement to mobilize against a series of institutional events in the year ahead, such as the annual meetings of the World Bank and IMF, the ministerial meeting of the WTO and the G8 Summit in Genoa.

Building on the Porto Alegre process, there was an international meeting of social movements in August 2001 in Mexico City, following the Congress of the Latin American Confederation of Rural Organizations (CLOC). This meeting, called by CUT and MST of Brazil, ATTAC-France and Focus on the Global South/Thailand, strengthened the decisions of Porto Alegre 2001 and gave us the opportunity to debate and construct proposals taking considering the political, language and cultural differences of the participants.

The second World Social Forum in January 2002 was the first great international event opposing neo-liberal globalization after September 11. It was a tremendous success, bringing together more than 50,000 people from across the world and demonstrating deep commitment to the work of building international resistance and solidarity. Again in 2002, hundreds of social movements, NGOs and trade unions met over five days to prepare a common call for action. The second call of the social movements (2) emphasized the rise of militarism and our opposition to war, as well as highlighting the failures of neo-liberal capitalism demonstrated by Argentina's economic and

political crisis and the collapse of the US corporation, Enron.

At this time, the MST and the CUT volunteered to establish a secretariat to help coordinate preparations for the social movements meetings in the coming year and during the 2003 World Social Forum.

The secretariat has proposed that we initiate a debate on how the social movements that started to come together in Porto Alegre could move in the direction of a more permanent articulation, while clearly preserving the differences between this initiative and the WSF.

This suggestion is now being framed as a proposal to establish a “Social Movements World Network”. The process is in its first stages and the purpose of this paper is to engage many different groups in a regional and global discussion about this idea and to establish a process that takes advantage of the upcoming regional and thematic events promoted by the WSF.

Before drafting this document, some of these ideas were raised at the Asian Social Movements meeting held in Bangkok 10-12 August and the World Summit on Sustainable Development in Johannesburg in August 2002, where a meeting of social movements was called. Other meetings to discuss this proposal are scheduled for Quito, Ecuador, during the mobilizations against the FTAA; in Florence, Italy, during the European Social Forum; in Belém, Brazil, during the Amazonian Social Forum; in Addis Ababa, Ethiopia, at the African Social Forum; and in Hyderabad, India, during the Asian Social Forum. Depending on the evolution and outcome of the debates we intend to call for a grand assembly in Porto Alegre to conclude discussions and adopt resolutions.

THE HISTORICAL MOMENT

To constitute a minimum base for a social movements world network, it is necessary to have a clear perspective of the historical moment in which we are living.

The failure of neo-liberal economic policies to promote economic and social justice has weakened the consensus on the “Washington Consensus”. At the same time, the multilateral institutions promoting structural adjustment, trade and financial liberalization, especially the WTO, IMF and World Bank, are rapidly losing their legitimacy.

Simultaneously, we are experiencing a tremendous rise in public opposition to neo-liberal policies in both the South and the North and the internationalization of the social movements, trade unions and NGOs opposing these policies and working for social and economic justice. At the same time, though, many of the “traditional social movements” and political parties, especially in the North, are facing a crisis as they struggle to develop new strategies, structures and

approaches in response to a very dynamic and complex situation.

The rise of unilateralism, the war in Afghanistan, the establishment of new US military bases in the Philippines and other parts of Asia and the belligerent threats against Iraq, are all attempts to reinforce the domination of the big countries of the North, in particular the United States. In Latin America, the US military presence is growing under the pretext of the “war on drugs” and in all parts of the world, the “war on terror” has provoked the violation of basic political and civil rights and a rise in fear, xenophobia and racism. This, too, is giving rise to new alliances and convergences between social movements, trade unions and NGOs in the South and North and highlighting the links between militarization and globalized capitalism.

Economically, the global system is undergoing a severe crisis of overproduction and declining profits, resulting in massive lay-offs, corporate restructuring and a collapse in share prices. In this context, corruption at the highest level of corporate America is now coming to light, as are the intimate links between US capital and the US administration.

Democracy itself is under threat. Vibrant and dynamic democracies give us hope, yet in many countries elite democracies or dictatorships prevail. In others, voter turn-out is at an all-time low and fascist and fundamentalist political parties are able to capitalize on economic and social marginalization. Internationally, the United Nations system – which for many is the last hope of inter-state democracy - is ineffective and powerless, as witnessed in Johannesburg during the World Summit on Sustainable Development (WSSD) where the agenda of people-centered sustainable development was hi-jacked by the needs of corporate-centered economic growth.

THE PROPOSAL TO CONSTITUTE A SOCIAL MOVEMENTS WORLD NETWORK

The world is changing very quickly and we need new structures, decision-making processes and new formations to articulate and drive a radical democratic, feminist, internationalist and anti-imperialist agenda.

This requires the constitution of a network of movements that is squarely in defense of democracy and peace and that is broad, plural, feminist and anti neo-liberal. We need a movement that is independent of political parties, that respects the autonomy of the organizations constituting the movement and is non-ideological. That does not mean, though, that it is not political.

During the 2001 and 2002 World Social Forums, assemblies of social movements adopted resolutions articulating common analyses and committing

common mobilizations. These assemblies were open to all delegates at the WSF and the agreements were constructed collectively and endorsed by mass assemblies.

During the WSF 2003, we propose to discuss the creation of the Social Movements World Network. This proposal is a clear indication of our willingness to build a common framework as a reference and as a tool for our international mobilizations, however such a proposal can only succeed with the engagement of movements from around the world in discussions and debates.

WHY DO WE NEED A SOCIAL MOVEMENTS WORLD NETWORK?

A Social Movements World Network would help us develop the conditions so that the diverse social movements of the world can exchange analyses, opinions and information on the present conjuncture and establish some shared priorities and necessary tasks, before and after the meetings of the WSF. The debate, interchange and coordination between us could then become a more permanent process.

The objective is to go beyond episodic encounters among the movements of the diverse countries and continents, to construct a deeper political debate, to establish horizontal structures to facilitate exchanges and common actions and to extend the reach of the movements in all the continents.

This demands at least the establishment of a minimum coordination and exchange of information through a web site, e-mail and the Secretariat (3).

DEBATING THE PROPOSAL FROM HERE TO PORTO ALEGRE

In the lead-up to the 2003 WSF, we will organize meetings during the regional and thematic forums listed above to debate this proposal. We will then carry the conclusions and proposals from these meetings into Porto Alegre itself, so that the final assembly is the accumulated result of a process involving movements from around the world, and not only those in Porto Alegre.

The Secretariat has built a data bank of the organizations and networks that signed the manifestos of 2001 and 2002, but it is necessary to identify other social movements, unions, NGOs and organizations that should be brought into the initiative.

We have prepared this document to provoke debate and discussion on the proposal to build a Social Movements World Network in the many regional events taking place before the next WSF, when the assembly of social movements, NGOs and trade unions will be asked to adopt a final position on the proposal.

CUT - Brazil, MST - Brazil, World March of Women - Quebec, ATTAC - France and Focus on the Global South - Thailand. (3)

Notes:

(1) <http://www.focusweb.org/publications/2001/Porto%20Alegre%20Call%20for%20Mobilisation.htm>

(2) <http://www.focusweb.org/publications/2002/Porto%20Alegre%20II-Call%20of%20social%20movements.htm>

(3) The role of the signatories of this document is simply to promote its discussion and we do not assume any other mandate.

WHAT'S NEW FROM FOCUS ON THE GLOBAL SOUTH

POWER POLITICS IN THE WTO

Aileen Kwa

<http://www.focusweb.org/publications/Books/power-politics-in-the-WTO.pdf>

A well-documented and incisive commentary on the inner workings of the WTO. The book exposes the “behind close doors” arm-twisting and brow beating that precede the consensus in decision making at the WTO. It is a must read to understand the true face of the WTO. The book is free to download from the Focus web site.

DEGLOBALIZATION: IDEAS FOR A NEW WORLD ECONOMY

Walden Bello, Zed Books

<http://www.zedbooks.demon.co.uk/home.htm>

Will the world economy be forever more market-oriented and dominated by transnational corporations? This short and trenchant history of the organizations promoting economic globalization - the World Bank, IMF, WTO, and Group of Seven - points to their manifest failings. Recurrent financial crises, a yawning gulf between developing and industrialized countries, gross inequalities within all countries and mass poverty. Bello reviews these institutions' crisis of legitimacy and examines the major new ideas for reform - the Commission on Global Governance's suggestion of an Economic Security Council; the US Congress's Meltzer Commission proposals; and the ideas of financier, George Soros.

Walden Bello sees these ideas as mere tinkering with marginal policy changes; the world requires a radical shift towards a decentralised, pluralistic system of economic governance allowing countries to follow development strategies appropriate to their needs and circumstances. This 'deglobalization' means radically reducing the powers and roles of the existing TNC-driven WTO and Bretton Woods institutions. And requires the formation of new institutions helping to devolve the greater part of production, trade and economic decisionmaking to national and local level.

DEMOCRATIZING GLOBAL GOVERNANCE

Edited by Esref Aksu, Joseph A. Camilleri, Palgrave Macmillan

http://www.palgrave.com/catalogue/catalogue.asp?Title_Id= 0333971221#top

Is globalization beyond human control? In this thought-provoking text, the myths and mantras of this apparently irresistible force are challenged and dissembled. By examining a number of fundamental questions, the contributors put forward a radical reform agenda for global governance. Can the global multilateral system be democratic? Are security and

economic concerns separable? Can the development of a global civil society contribute to effective global governance? An important and wide ranging study, this book will be essential reading for graduates and researchers in international relations.

NEVER AGAIN: CARTOONS ON THE GUJARAT CARNAGE

Hemant Morparia and Anant Kulkarni

<http://www.focusweb.org/publications/Books/never-again.htm>

This publication was published by YUVA and Focus on the Global South India Programme following the communal carnage that racked the Indian State of Gujarat in 2002.

The damage to life and property in the three month long carnage was considerable, but pales into insignificance when compared to the deeper and long lasting socio-cultural wounds that it left behind. The book is a compilation of politically hard hitting cartoons and those with a message of hope in the darkness of communal animosity and religious hatred.