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EDITORIAL

NEW STRUGGLES AND ALLIANCES NEEDED TO REALISE ANOTHER WORLD

In India it's not business as usual. Economists claim that India is hurtling along the superhighway of growth and audaciously predict that along with China, Russia and Brazil, it will be one of the giant economic forces in the coming century. The Outlook magazine recently (November 6 2006) carried a cover story with the title 'Taking over the World' waxing eloquent on India Incorporated and how the axis of corporate power is now shifting from Europe to Asia. While there is quite a bit of corporate spin and hyperbole surrounding these prophesies they should not be underestimated by progressive forces. From a business point of view India is firmly on a corporate-led reforms trajectory that seems irreversible there will be more Special Economic Zones (SEZs), new world class infrastructure in urban areas, super highways, five-star hotels, airports, super markets and shopping malls and less of government intervention in public policy.

The Congress led United Progressive Alliance (UPA) government has closely worked as an agent of big business. Nothing epitomises this better than a banner sponsored by the UPA Government and Confederation of Indian Industry (CII) at the World Economic Forum in Davos earlier this year under the 'India Everywhere' campaign which said '15 years, six governments, five prime ministers, one direction'. Reality is not far from this. Corporate India is on the warpath; between January and October 2006 Indian companies spent thrice the money buying foreign firms compared to what MNCs have acquired here.

But alls not well with the Corporate India project. Mobilisations across the country, by farmers and social movements against SEZs, have dampened the government's enthusiasm. The stalemate in the World Trade Organisation and the likely collapse of the Doha round of trade talks is good news for the world's poor and bad news for corporate India. Trade liberalisation is down but not out yet and India has been pushing for bilateral free trade arrangements in South and South East Asia. The spectre of urban chaos looms large with schemes such as the National Urban Renewal mission. Urban groups across the country have questioned the anti-democratic and pro-corporate nature of the mission and are working on alternative visions for people friendly cities. The Bush-Manmohan nuclear deal will heighten geo-political tensions in South Asia and beyond. The deal is under fire in the US Congress and there are fissures among members of the UPA government.

Social movements, agriculture and labour groups and other civil society formations must create more effective alliances and prepare for a new kind of struggle. A struggle to squarely take on the stratagem of Corporate India and reclaim democracy. This would require the return of people power. The task before progressive forces in the country is formidable it is not only to stop and roll back the assault of corporate India but also to be able to create the space for building alternatives to the current system. As thousands of activists converge in Delhi, we hope the India Social Forum infuses a spirit of hope and optimism.

In solidarity,
Focus on the Global South, India.
November 2006.

DOHA ROUND COLLAPSE BEST FOR DEVELOPING COUNTRIES

By Walden Bello

The collapse of the Doha Round is good news for the poor. With the unraveling of the WTO talks in Geneva, the task should now be to shift to creating alternative frameworks and institutions other than the WTO and other neoliberal trade mechanisms that would make trade truly beneficial for the poor.

The Collapse on Monday 24 July of the Doha Round of World Trade Organization negotiations in Geneva is one of the best things to happen to the developing world in a long while.

In the past two weeks, in anticipation of the July 27-28 meeting of the WTO General Council, a major rescue effort was mounted to save the "Doha Round" of global trade negotiations from collapse. The most prominent of these efforts took place at the G8 summit in St. Petersburg, Russia, where the leaders of the world's most powerful economies called for a successful conclusion to the round, painting it as an "historic opportunity to generate economic growth, create potential for development, and raise living standards across the world."

This was pure myth. The idea that the Doha Round is a "development round" could not be farther from the truth.

At the very outset of the Doha negotiations in November 2001, the developed-country governments rejected the demand of the majority of countries that the talks focus on the hard task of implementing past commitments and avoid initiating a new round of trade liberalization. From the very start, the aim of the developed countries was to push for greater market openings from the developing countries while making minimal concessions on their part. Invoking development was simply a cynical ploy to make the process less unpalatable.

LOPSIDED NEGOTIATIONS ON AGRICULTURE

The state of the agricultural negotiations before today's unraveling reflected this. Even if the United States had conceded to the terms of WTO director general's compromise on cutting its domestic support, this would still have left it with a massive $20 billion worth of allowable subsidies. Even with the European Union agreeing to phase out its export subsidies, this would still have left it with 55 billion euros in other forms of export support. In return for such minimal concessions, the US, EU, and other developed countries wanted radically reduced tariffs for their agricultural exports in developing country markets.

Indeed, even at a very late stage in the negotiations, the US appeared determined to eliminate any protection for developing country farmers. US trade representative Susan Schwab attacked the provisions for "special products" and "special safeguard mechanisms" already institutionalized in the December 2005 Hong Kong Ministerial declaration. Admittedly imperfect, these mechanisms would nevertheless allow governments to slow down the erosion of local agriculture by exempting some products from tariff cuts and raising tariffs on subsidized imports.

The WTO negotiations, if brought to a conclusion on such lopsided terms, would result in the slashing of poor countries' farm tariffs while preventing these countries from maintaining food

security. This is a recipe for massively expanded hunger and threatens to further impoverish hundreds of millions of the poor worldwide. The consequences for the South were perhaps best summed up by a Philippine government negotiator before the WTO Agriculture Committee: "Our agricultural sectors that are strategic to food security and rural employment have already been destabilized as our small producers are being slaughtered by the gross unfairness of the international trading environment. Even as I speak, our small producers are being slaughtered in our own markets, [and] even the more resilient and efficient are in distress."

THE SPECTER OF DEINDUSTRIALIZATION

But the developed countries want not only radically reduced agricultural tariffs from developing countries. They also want maximum entry to southern markets for their industrial and other non-agricultural goods. In the NAMA (Non-Agricultural Market Access) negotiations, they have demanded that the industrializing economies of the South cut their non-agricultural tariffs by 60-70 percent while offering to cut theirs by only 20-30 percent. This not only violates the GATT-WTO principle of less-than-full-reciprocity. It is absurdly inequitable. The South African government reflected the frustrations of most of the global South about the Doha process when it stated that "developing countries will not agree to destroy their domestic industry on the basis of unreasonable and irrational demands placed on them by the developed countries."

The extinction of agriculture and deindustrialization is not the only price that developing countries are being asked to pay for a successful conclusion to the Doha Round. In addition, under the General Agreement on Trade in Services (GATS) negotiations in the WTO, they are being asked to allow foreign corporations more rights to buy and control public services in developing countries, at the expense of guaranteeing essential public services for the poor.

THE COST-BENEFIT EQUATION

It is no longer just the developing countries or global civil society that is warning that WTO-managed liberalization will be detrimental to the interests of the developing world. Even the most pro-liberalization agencies are now admitting that the benefits of the Doha Round to the poor have been greatly inflated. According to a fall 2005 study by the World Bank, in a "likely Doha scenario" of reforms, developing countries would gain a mere $16 billion in ten years. That's a miniscule 0.16 percent of developing-country gross domestic product, or less than a penny a day per capita. The poorest billion people are projected to increase incomes by a mere $2 per year. That's why it is so heartbreaking to see "the poor" being invoked to sell the project of massive corporate expansion of the Doha agenda.

Yet the 2005 World Bank study, though less unrealistic than that agency's previous studies, is extremely inadequate, for it does not factor in many costs that the WTO regime imposes on developing countries. It fails to account, for instance, for the negative impact of corporate patent monopolies under the WTO's "Trade-Related Intellectual Property" agreement, which forces the poor to pay vastly increased prices for access to life-saving medicines.

Some estimate that these costs to developing countries are far greater than any alleged gains from liberalization. For example, a recent United Nations Conference on Trade and Development

(UNCTAD) study predicts that the losses in tariff income for developing countries under Doha could range between $32 billion and $63 billion annually. This loss in government revenues - the source of developing-country health care, education, water provision, and sanitation budgets - is two to four times the mere $16 billion in benefits projected by the World Bank.

Africa, the least developed region, will be one of the most prominent victims should the round be concluded successfully. Summing up the findings of other recent research from the Carnegie Endowment, the European Commission, and the Food and Agriculture Organization (FAO), Aileen Kwa of Focus on the Global South points out that "the majority in Africa will be faced with losses in both agriculture and industrial goods liberalization. Even if agricultural export markets were open to Africa, the majority of African farmers -- subsistence farmers -- will not be in a position to compete. In addition, they will lose through having to open their domestic markets in the negotiations. The poorest countries in Africa will be worst hit -- many are less developed countries in Sub-Saharan or East Africa."

BREAKING OUT OF THE WTO PARADIGM

In sum, not only do the economic costs of a potential Doha conclusion clearly outweigh any projected benefits to the poor; the loss of policy space for developing countries -- to create jobs through industrialization, guarantee public services, and protect farmers and food security -- would be tantamount to kicking away the ladder of development, to use the image of Cambridge University economist Ha Joon Chang, and prevent developing nations from using the very tools used by developed nations to pull themselves out of poverty.

So clearly detrimental to development is free trade that a recent study of the United Nations Development Program (UNDP) advised poor Asian countries to do what Japan and South Korea did successfully: protect key industries with tariffs before exposing them to foreign competition. To promote development and reduce poverty, governments should be encouraged to increase spending on health care, education, access to water, and other essential services, not pressured to sell them off to foreign corporations for private profit.

Trade can be a medium of development. Unfortunately, the WTO framework subordinates development to corporate-driven free trade and marginalizes developing countries even further. It is time to cease entertaining illusions about the alleged beneficial effects on development of the Doha Round. The collapse of the Doha Round will be good for the poor. With today's unraveling of the WTO talks, the task should now be to shift to creating alternative frameworks and institutions other than the WTO and other neoliberal trade mechanisms that would make trade truly beneficial for the poor.

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NEW SEEDS BILL : THE FAST TRACK TO DOOM OF THE INDIAN FARMER

By Afsar H. Jafri

The New Seeds Bill aims to promote the seed industry and consolidate its control over seeds by crushing farmers' traditional rights. This move needs to be opposed, as it would be disastrous for seed and food security and freedom of our farmers.

Mumbai, November 2, 2006: A new law for seeds, which further liberalizes the seed sector, may soon be a reality. The United Progressive Alliance (UPA) government, elected with a mandate from rural India, is now determined to provide unfettered market access to the multinational seeds industry such as Monsanto to monopolise the seed sector and contaminate our diverse genetic resources with genetically modified seeds. And this is being done at a time when farmer suicides are escalating to crisis proportions. In the last 155 days in Vidarbha in Maharashtra, (June-October 2006) 513 farmers have committed suicides in comparison to 86 during the same period last year. 438 farmers took their lives after Prime Minister Manmohan Singh's visit to this region where genetically engineered Bt. Cotton had created massive distress among cotton growers. The new Act is designed to promote and encourage corporate controlled, expensive, highly unreliable and ecologically disastrous genetically engineered seeds like Bt. cotton in India.

The Departmental Parliamentary Standing Committee on Agriculture, under the Chairmanship of Prof. Ram Gopal Yadav, has submitted its final report to the Speaker of Lok Sabha on 20th October after discussing this bill in 6-7 sittings of the committee. The report is expected to be tabled in the house in the coming Parliament session, starting on 22nd November 2006. The Seeds Bill 2004 was introduced in the Upper House of the Parliament on 9th December 2004 and was later referred to the Parliamentary Committee for examination and report. The Committee held its first meeting to hear oral deposition from farmers, scientists and experts on 19th and 20th June 2006 and a few subsequent hearings. So far no details are available from the Agriculture Committee or the Speaker's Office on the changes in the bill.

Apparently the UPA government is under constant pressure from Multinational Corporations (MNCs) like Monsanto, whose ominous presence in our government system has now been legitimized as a Board Member (from US side) of the Indo-US Initiative on Agriculture Research and Education, to get fast track clearance of the Seeds Bill 2004.

The Seeds Bill 2004 can be termed as Monsanto's Seeds Bill because it seems to be drafted under pressure from seed manufacturing companies like Monsanto. It is certain that a lobby of multinational companies is behind the new Seeds Bill, as they see India as a large and upcoming seed market worth several thousand crores.

On the pretext of increasing food production, the new Bill is drafted to benefit multinational seed companies, as evident from its stated objective, outlined by the Union Ministry of Agriculture, i.e. (i) to create facilitative climate for growth of seed industry, (ii) enhance seed replacement rates for various crops and (iii) boost the export of seeds and encourage import of useful germplasm, and (iv) create conducive atmosphere for application of frontier sciences in varietal development and for enhanced investment in research and development. The objectives and reasons for the Bill also clearly state that the proposed legislation provides for increasing private participation in seed production, distribution, certification and seed testing.

The objective to promote seed industry and consolidate their control over seeds can be achieved only through crushing farmers' traditional rights over seed. Hence, several provisions in this Bill deny Indian farmers their right over seeds. Therefore the Seeds Bill 2004, introduced by the UPA government, which professes to be greatly supportive of farmers and their interests, is anti-farmer and benefits seed corporations.

The objective of any model seeds law should be to ensure seed security for farmers to provide equitable, affordable and timely access to good quality agricultural seed of required varieties and save farmers from dependency over seed companies for their seed supply. The proposed legislation, however, denies farmers their seed security and creates forced dependence on companies for seed, an essential input for agriculture and the foundation for the food security of a country. This Bill has therefore potential to spell doom for Indian farmers and farming.

The most controversial provision of this Bill is that it requires mandatory registration of all seeds and varieties (including farmers' seeds) and prohibits use of unregistered seeds. As per this provision every Indian farmers has to register their seeds with the proposed national seeds authority and are entitled to use only registered seeds. Moreover this Bill prevents barter or exchange of seeds among farmers and curbs their fundamental right to save and exchange seeds. This is a “WTO plus” provision which undoes the gains for farmers under the Plant Variety Protection and Farmers Rights Act (PVPFRA) 2001. The PVPFR Act 2001 enacted under the obligation of WTO recognizes this right. The Bill also infringes the rights and freedom of farmers to grow and produce seeds, when it says, “no producer shall grow or organize the production of seeds unless he is registered”. Traditionally majority of Indian farmers generate the seeds for the next crops from the produce of the present one. This customary right of farmers to save, use, exchange and sell seeds is the foundation of our agriculture systems.

Another anti farmer provision of this Bill is that a farmer will be punished if s/he is found guilty of using, exchanging or selling unregistered seeds. In this situation, the farmer may attract punishment from Rs. 5000 which could go up to Rs. 25,000, including the liability to be searched by the Seed Inspector, appointed by State Government, who has been given powers to break open anyone's door, enter his house and search if he feels the proposed seeds act is being violated. In India where farmers' seeds are the main source of seeds and planting materials, such criminalization of everyday activity of farming appears to be the intent of the Bill mainly to dissuade farmers from using their own seeds and varieties and become dependent on MNC seed supply. This also shows that instead of regulating and punishing the seed industry for supply of spurious seeds, the proposed legislation is aimed at policing the farmers and declaring them criminals if they produce and sell their own seeds.

The provision for self certification is another anti farmer provision. Along with the State Seed

Certification Agency, the accredited (by State Seed Committee) individual, institutions and seed producing organisations are allowed to carry out self-certification of their seeds. This means that a seed company can do self-certification without any strict monitoring. Moreover the same company may also be sitting in the Centre/ State Seed Committee which would be responsible for inspection and monitoring.

Indian farmers have faced several cases of seed failures since liberalisation and deregulation of the seed sector and the most recent example is failure of 700 tonnes of Monsanto's maize seeds “Cargill hybrid 900M” in over 140,000 acres in 11 districts of north Bihar during 2002-2003 but no punitive action was taken against Monsanto. Even if the company is found guilty of self certifying its seeds, withdrawal of their accreditation won't be that easy. Therefore there should be no representation of the seed companies in the proposed Central and State Seed Committees.

The other serious flaw in the new Seeds Bill is that it fails to establish any strict liability on seed companies for failure of their seeds. In case of seed failure, the victim farmers, who would lose their crop and their livelihood, can only appeal for compensation under the local Consumer Court. If a farmer has to look to Consumer Protection Act of 1986 for redress, then why do we need a new seeds law? The failure of company seeds has become a general trend and the non-renewability, non-reliability and high cost of company seeds have created havoc in Indian agriculture and indebted farmers. Due to failure of company's seeds, several thousand Indian farmers have committed suicide and many farmers were forced to sell their body organs to pay off their debts. Despite this the new Seeds Bill is neither harsh in its punitive action against the seed manufacturers nor it makes the government official liable for any of their official omission.

However the Indian bureaucracy has legally protected its interest under this bill, leaving the millions of farmers at the mercy of the seeds industry. The Bill protects government officials through its provision which says "no suit, prosecution or other legal proceeding shall lie against the government or any person for anything which is in good faith done or intended to be done." It clearly indicate that the UPA government wants only farmers to be regulated, monitored, punished, while standing for the interests of the seed manufacturers and the government officials. Interestingly the seed companies are advocating for crop insurance therefore shifting their liability on the government who would bear the cost of insurance in case of failure of company seeds.

The ill intention of the Agriculture Ministry as well as UPA Government towards farmers is further strengthened when they provided under the proposed Act for representation of seeds companies (who should be regulated) as respectable members in the proposed Central Seed Committee while allowing only two farmer representatives, who will be nominated by the Centre Government, in the said committee. When a non-farmer and well renowned scientist, Prof. MS Swaminathan, was selected by the UPA Government to head the National Commission of Farmers, therefore it is very doubtful that a farmer would ever get nominated to the Centre/ State Seed Committees.

Ironically the new seeds legislation is being legislated at a time when farmers' suicides are rampant in almost every state irrespective of the crop they grow. And one of the main reasons of farmers' suicides is increasing cost of production and consequent indebtedness. In such distress agrarian situation the new Seeds Bill has come with a stated objective of “increasing the seed replacement rate" which obviously means farmers traditional seeds replaced with company seeds. In other words farmer tested, biodiverse, affordable and reliable seeds to be replaced with MNC's costly, uniform, monoculture, unreliable and self-certified seeds. The forced replacement of traditional seeds by chemical responsive hybrid and GM seeds would lead to the destruction of our biodiversity, increasing farmers' vulnerability to climate change, floods, droughts and other environmental disasters.

The proposed legislation also fails to protect farmers from high prices of company seeds. If the Bill is introduced with an intention to regulate seed companies, then the provision of price regulation becomes obligatory, which is conspicuously missing in the new Bill. This could result in a high cost of seeds fixed arbitrarily by the seed companies, as the case of transgenic Bt. cotton. Moreover there is also no provision on the limit of profit which a seed company can make from a given brand. Recently the Government of Andhra Pradesh has taken the international seed giant, Monsanto to the Monopoly and Restrictive Trade Practices (MRTP) Commission for charging license fee of Rs. 1250/ per packet out of an MRP of Rs 1650 to Rs. 1850/- on 450 grams of Bt. cotton seeds. The absence of effective price control safeguards indicate that the government does not want to regulate seed prices and abdicated its responsibility to ensure adequate seed supply at reasonable price to farmers.

The draft legislation is also silent on the origin and ownership of the seeds and denies Indian farmers their due rights over their seeds. Even in the PVPFR Act 2001, there is a provision to disclose the ownership of the seeds under protection but the draft seeds legislation does not require disclosure of parentage of seed varieties during registration, thus facilitating unrestricted commercialization of seeds in the public domain. It means that the seed companies could use farmers' varieties without giving any credit to them and farmers may end up paying hundreds of times the cost of a "registered" seed, which could have been bred from their own traditional varieties. We had witnessed how Syngenta tried to steal and monopolize more than 23,000 varieties of paddy seeds collection from Chattisgarh through signing a Memorandum of Understanding (MoU) with the Agricultural University in Raipur in Chattisgarh. Moreover, the Seeds Bill has no provision for helping Indian farmers in innovating, evolving and commercializing their varieties. On the contrary, the Bill tries to wipe out the very existence of farmers varieties and their innovation.

Last but not the least, the proposed seeds legislation ensures fast track clearance of GM seeds and crops thus bypassing the well established system of biosafety clearance through the Genetic Engineering Approval Committee (GEAC), Ministry of Environment and Forests set up under the GMOs Rules 1989. The Bill advocates for grant of provisional permission to GM seeds and varieties thus violating the biosafety norms for monitoring and regulation of GM products under the GMOs Rules of 1989. This also indicates an active involvement of Monsanto's in pushing this Bill so that they can bypass GEAC in commercializing their GM seeds.

Based on the above, it is imperative for us to demand the withdrawal of the Seeds Bill 2004, which does not have any component to protect Indian farmers from the onslaught of the seed MNCs, and makes the farmers completely dependent over the seeds companies for seed supply.

Moreover, instead of legislating this pro seeds company bill, we should demand the UPA government to strengthen the Seeds Bill 1966 in order to regulate the national and international seed companies and protect the interest of farmers and their rights over seeds. An agriculture dominated country like India requires a Seeds Act which is strong, transparent and unambiguous in regulating the seed trade and makes the providers of seed accountable. The speed with which the traditional seeds are already being replaced with the MNCs seeds, the day is not far when Indian farmers will be forced to become completely dependent for seed supply from MNCs like Monsanto who are monopolizing the seed business by mergers and acquisition of Indian seed companies.

The coming Winter Parliamentary session will be crucial in deciding the fate of the Indian, "free seeds" or "controlled seeds". According to the sources in the Agriculture Committee, all the anti farmers provisions have been removed but to say anything now would be premature unless the fresh bill or amended bill, based on the report of the Committee is tabled in the house. But given the close proximity between Manmohan Singh's Government and the Bush Administration, all efforts will be made to have minimum dilution in the original bill to favour Monsanto and other big seeds companies.

Monsanto will also ensure that the original bill, with minor amendments, gets through the Parliament without much debate and discussion as has happened in the last Parliamentary session, on 26th July, when the Food Safety and Standards Bill, 2005, inspite of its far reaching implications for livelihoods of farmers. The Bill that compromises Indian food culture, food safety and food security, got easily cleared in the Lok Sabha with bare minimum presence of members in the Lower House.

Members of Parliament need to be vigilant to see that the pro-farmers suggestions of the Committee are fully incorporated in the new proposed legislation. The Indian farmers unions, activists and concerned citizens need to act as watch and ward to monitor every development on the seeds bill inside the Parliament and outside.

Monsanto's objective is to hijack India's seed supply and undermine India's seed sovereignty and this should not happen. If we lose control over our seed, we lose our freedom. This would be disastrous for the seed security, food security and freedom of farmers in India.

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SERVICES INDUSTRY DRIVES INDIA GATS NEGOTIATIONS

By Benny Kuruvilla

Indian negotiators are convinced that GATS is India's trophy from the Doha round, especially as there is little to gain from agriculture and non-agricultural market access (NAMA). Even if its attempt to finish the round fails, the Indian juggernaut on services will continue.

Since the 2001 WTO Doha Ministerial Conference there has been a fundamental shift in India's position on services liberalization. From leading the opposition during the Uruguay Round (1986-1994) to being a sceptic at Doha it is today in the driver's seat in moving forward the GATS (General Agreements on Trade in Services) agenda. In August 2005, India submitted one of the most ambitious revised offers. During the Hong Kong Ministerial in December 2005 Commerce Minister Kamal Nath infamously broke ranks with India's long-standing allies and supported, and in fact Indian officials drafted, key sections of the infamous Annex C that sanctioned the plurilateral method (a group of countries jointly demanding market opening from trading partners) of services negotiations. India has coordinated aggressive plurilateral requests made in cross-border supply of services (Mode 1) and movement of labour (Mode 4). India's alliances in services are now commercial, not political. As negotiations move towards the impractical December 2006 deadline, reports from New Delhi indicate that India will continue to lead from the front towards wrapping up both a revised services agreement and a new set of market access commitments. This short note provides an overview of the India game plan on services.

WHERE IS THE OFFENSIVE COMING FROM?

Services is today the dominant sector in the Indian economy and estimates from the Ministry of Commerce and Industry claim that it contributes fifty four per cent of GDP. India's share in world trade of commercial services is increasing at a fast pace; in 2005 it ranked among the top ten exporters of commercial services. Indian services companies are now aggressive exporters of software, health, telemedicine, call centers, medical and legal transcriptions and other knowledge based services. It is the global competitiveness of this small section of Indian business that has driven and determined the Indian offensive interest in services. On the issue of agriculture, politics and farmers groups largely drive the trade policy agenda. This is not surprising because much of the electoral base of India's politicians is agriculture and they cannot afford to listen to demands of agribusiness and the bureaucracy. In services, however, because of lack of opposition from services trade unions, the Commerce Ministry has been able to bulldoze through an aggressive agenda with the active support of Indian services companies. During the Uruguay Round it was American Express and Citibank that set the services agenda. Today it is Indian information technology companies such as Infosys, Tata Consultancy Services and Wipro that are the prime GATS movers. The mercantilist goals of these companies now successfully masquerades as the "national interest" in services. The excessive sense of optimism pervading the sector is hard to fathom as data calls for a less sanguine approach: the entire IT/ BPO (business process outsourcing) industry in India employs only about 1.3 million people, out of a workforce of more than 400 million. Over 60 per cent (600 million) of the population continues to depend on agriculture for their livelihood.

What is also unprecedented about India's services stratagem is Minister Nath leading from the front. In the history of the WTO no developing country minister has been gung ho about GATS. Minister Nath has often stated that an ambitious outcome on services has the ability to tilt the balance of the Doha round in India's favour. At a recent meeting in Delhi, senior trade officials bemoaned that there was no political will and no private sector leadership in the north to move forward the services agenda!

AGGRESSIVE INTERESTS IN MODE 4

Temporary movement of labour to supply a service, or Mode 4, has traditionally been an area in which India has taken an aggressive interest. But there has been no movement from the key target country - the US - which has not budged from its miserly Uruguay Round cap of 65,000 H-1B visas (these are temporary work permits for highly skilled professionals).

The US inflexibility in this area is a reflection of the political and regulatory problems in linking movement of labour to free trade agreements such as GATS. India will continue in its attempts to convince the US Congress that Mode 4 is a win-win situation for both countries and is not tantamount to immigration and it will forge partnerships with the US private sector to work around the US Congress opposition. Indian lobbying efforts partially bore fruit when the US Senate approved a bill on May 25 2006 that provided for doubling H-1B visas from the present 65,000 annually to about 115,000 and with a 20 per cent increase on an annual basis. Various software and technology majors such as Microsoft and Intel have been pressuring the US government by threatening to move jobs abroad if it does not raise the cap on H-1B visas and allow more skilled workers into the country. But Public Citizen, a group that closely monitors US trade policy, thinks otherwise. Lori Wallach, director of its Global Trade Watch Program says, "It is extremely unlikely that such a bill will be completed in Congress. Anyway what India has requested is that the US binds in its GATS schedule a larger visa number. The US Congress will not approve a WTO agreement that has any immigration provisions in it."

India's demands on Mode 4 include:

- Expansion of coverage to include contractual service suppliers (CSS) and independent professionals (IP)
- De-linking of Mode 4 commitments from Mode 3 (commercial presence)
- Removal of conditions such as wage parity
- Abolition, or at least expansion of, quotas
- Removal of economics needs test (ENT) or make them transparent
- Disciplining domestic regulation

India claims some improvement in horizontal offers (that is, offers which apply across all sectors) received in Mode 4. The revised EU offer has been expanded to include some categories of CSS and IP. Requirements of economic needs and labour market tests have been relaxed, albeit only for intra-corporate transferees. The Canadian and New Zealand offer has extended the period of stay for business visitors, executives and senior managers. The US response (or lack of) has been frustrating for India. Commerce Ministry officials stated recently in Delhi that if nothing was forthcoming from the US, India would contemplate scaling down the ambitious offer it was formulating to meet the July 31, 2006 deadline. "We have finished much of our homework on our offers. Whether we will put them on the table depends on the feedback we get from our trading partners," said a senior trade official at a meeting organised by the ministry and a neo-liberal think tank on July 6-7 in New Delhi. Officials said they were not fooled by US rhetoric that Mode 4 will happen irrespective of the GATS and there was no need to bind quotas in schedules. The Indian demand is removal of various obstacles that Indian companies face in sending their professionals abroad and for legally binding de-regulation and a higher quota.

WIDE RANGING DEMANDS IN MODE 1

In cross-border supply of services (primarily business process outsourcing), India's plurilateral requests make the following demands to its trading partners (both developing and developed)

- Commitments across a wide range of sectors including professional services, computer-related services, health services and education
- Similar commitments, where possible, for Mode 1 and Mode 2 (consumption abroad)
- Removal of commercial presence requirements.
- Ensure that commitments address the inadequacy of GATS classification list to cover all Mode 1 and Mode 2 services and takes into account technological developments in future.

India sees domestic regulation as the main market access impediment on cross border supply. Its attempt in the negotiations will be to ensure that regulations on data privacy, jurisdiction, standards, recognition and government procurement keep "market access" open in Mode 1 and do not undermine commitments.

RULE MAKING NEGOTIATIONS

The GATS has an in-built mandate (under Article VI: 4) for the development of disciplines on domestic regulation. The Hong Kong declaration calls for an intensification of this process and has a specific mandate for developing disciplines before the end of the Round. India is actively involved in these negotiations. Its logic is to ensure that the market access it gets in Mode 1 and 4 is not nullified by domestic regulations but rather complemented by it. Ministry officials cited the case of US domestic regulations in banking which were successfully used to stymie the efforts of ICICI, a major Indian private bank that wanted to set up a branch in New York. "The US claims to have one of the most liberal FDI policies in services but when you try to access the market it uses complex regulatory requirements to impede access," stated a ministry official.

Ministry officials claim that there has been significant momentum in the last six months on the rule-making front. They claimed that the chair of the services negotiations, Ambassador Fernando de Mateo (Mexico), is in the final stages of presenting a draft text that will result in the amendment of the GATS text from its present form. They also clarified that the understanding among member countries is that the resulting new disciplines on services will apply only to sectors where commitments have been undertaken.

IRONING OUT THE ANOMALIES

Officials claim that one of the key reasons for India's confidence is due to the level of autonomous

liberalisation in services that has taken place over the last 15 years. "Our trading partners should recognise that we have never gone back on our autonomous liberalisation. In fact we have steadily gone ahead and bound them in the GATS," said a senior official. Earlier this year, delegates to the World Economic Forum arriving at Zurich airport were greeted with a billboard that proclaimed, "15 years, six governments, five prime ministers, one direction". This underscores the commitment of all Indian central governments to this agenda.

Despite the government's buoyancy there are a few sectors in which India will not be able to make any GATS commitments in the coming round. These include retail, legal services, education, water distribution and audio-visual services. As yet, India does not have autonomous FDI policies in these sectors. Officials stated that they were in the process of "educating vociferous stakeholders" to change their stand and see the benefits of GATS.

The Indian rhetoric now is that there is no alternative to developing countries getting proactively engaged in the negotiations. Officials said they recognised that some developing countries and least developed countries (LDCs) are being left out of the process. India will attempt to bridge this divergence by a) spreading the awareness of GATS benefits; b) building the analytical capacity of LDCs to engage in proactive negotiations; and c) helping LDCs in the process of autonomous liberalisation. "LDCs need to be convinced that there is no such thing as a round for free. They have much to gain from GATS," said an official. They also cited the danger that if GATS fails to get market access, it will be achieved bilaterally. The EU's aggressive agenda in the economic partnership agreement (EPA) with Africa was cited as a case in point.

LDCs have an interest in Mode 4 but, unlike India, they are more interested in less skilled and semi-skilled movement. India might attempt to bring them on board as negotiations speed up by highlighting this aspect of Mode 4.

NO REASON TO CHEER

Indian negotiators are convinced that GATS is India's trophy from the Doha round, especially as there is little to gain from agriculture and non-agricultural market access (NAMA). The losses from the latter will be skillfully obscured amidst the rhetoric of massive gains in GATS. Even if its attempt to finish the round by December 2006 fails, the Indian juggernaut on services will continue. The comprehensive economic partnership agreement (CECA) with Singapore has a strong services component and the free trade agreement with Thailand and the Gulf Cooperation Council (GCC) will be avenues for services market access. Also in the offing are trade agreements with ASEAN, Malaysia, Korea, Japan and China and ministry officials are studying the feasibility of trade pacts with strong services components with the EU and US.

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[2] The billboard was part of the 'India Everywhere' campaign, launched at the WEF. This is an ongoing campaign jointly run by the Indian Government and the Confederation of Indian Industry. Commerce Minister Kamal Nath and Finance Minister P Chidambaram are in charge of taking this message to the world.

CHAVEZ'S ALAB PROJECT: THE DAWN OF A NEW INTEGRATION?

By Susana Barria

Chavez's ALBA project professes participatory dialogue, complementarity and solidarity to further south-south cooperation and trade in Latin America and beyond. As India struggles with a deep agrarian crisis partly induced by the WTO and free trade agreements, will it look to Latin America for inspiration and collaboration or will it move closer to the US and its brand of corporate friendly trade pacts?

Since the beginning of colonization in 1492, Latin America's history has been heavily influenced by the imperialist policies of the political powers of the moment - from the Spanish empire to the British and on to the US empire. Latin America's development has been held in check by the imperialist policies that US-friendly national oligarchies helped (and continue to help) to implement. The neo-liberal model, pushed by the imperialist politics of the US and the international community, has failed to improve the quality of life of the majority of the people in the southern continent and even enlarged the disparities inside and between the countries.

The implementation of the North American Free Trade Agreement (NAFTA) was an important step for the neo-liberal integration model in that it formulated in clear words and actions the values and principles of this model, which would later be used in the formulation of the Free Trade Agreement of the Americas (ALCA in Spanish, or FTAA in English). The consequences of the NAFTA for the lower middle-class and "working poor" in USA and Canada and for the majority of the Mexicans, particularly the peasants, have been disastrous. In this context, a break with the imperialist tradition in the continent as well as with neo-liberal policies was a necessity.

Currently the free-trade corporate led integration model is in a crisis of legitimacy. The WTO talks have all but collapsed; Argentina, Brazil, Uruguay, Paraguay and Venezuela soundly rejected the American project for the Free Trade Area of the Americas (FTAA) in November 2005. The Latin American and Caribbean countries have not stopped just at rejection but have gone ahead in building an alternative model of regional cooperation. Venezuela's charismatic, albeit, controversial President Hugo Chavez leads from the front in establishing the Bolivarian Alternative for our America (ALBA) as a counter to the Free trade paradigm, which is now extending to other countries and across different strata of society.

WHAT'S THE ALBA?

The Spanish world *alba* signifies dawn. It is also an integration model, as is the neo-liberal ALCA, yet the values and basic principles are fundamentally different, and, as a consequence, so are the modes of action and final results. New values and aims are put in the place; those that break with the capitalist and neo-liberal logic and proposes a model based on the values of complementarity, solidarity cooperation and respect of sovereignty.

Chavez first spoke about project ALBA during the III Summit of the Heads of State and the Government of the Association of the Caribbean States, in Isla Margarita, Venezuela, in December

2001. Later a Joint Declaration and an agreement of ALBA were signed between Venezuela and Cuba in December 2004. As a framework for the implementation of ALBA the Joint Declaration states 12 guiding principles. In an abridged version:

> "Trade and investment should not be ends in themselves, but instruments to achieve just and sustainable development."
>
> "Special and differential treatment, that takes in to account the level of development of the diverse countries and the dimension of their economies."
>
> "Economic complementarily and cooperation between the participant countries and not the competition between countries and productions."
>
> "Cooperation and solidarity that is expressed in special plans for the least developed countries in the region." Including a Continental Literacy Plan; a Latin American plan for free health treatment for those in need and a scholarship plan in areas of largest interest for the "economic and social development."
>
> "The creation of a Social Emergency Fund"
>
> "Integrated development in communications and transportation between the Latin American and Caribbean countries" including plans for highways, trains, shipping and airlines, telecommunications and others
>
> "Actions to sponsor sustainable development through norms that protect the environment."
>
> "Energy integration between the countries of the region, in order to insure the supply of stable energy products to the benefit of the Latin American and Caribbean societies." Including Venezuela's proposal of the creation of Petroamerica.
>
> "Promotion of investment of Latin American capital in Latin America and the Caribbean itself, with the objective of reducing the dependency of the countries of the region on foreign investment." In order to do so, the creation, among others of the Latin American Investment Fund, the Development Bank of the South, and the Society of Latin American Reciprocal Guarantees.
>
> "Defense of Latin American and Caribbean culture and the identity of the people of the region, with particular respect and promotion of the autonomous and indigenous cultures." Including the creation of TeleSUR.
>
> "Measure for the norms of intellectual property, while protecting the heritage of the Latin American and Caribbean countries from the voracity of the transnational corporations."
>
> "Coordination of positions of the multilateral sphere and in the processes of all negotiations with countries and blocks from other regions, including the struggle for democratization and transparency in international organisms, particularly in the United Nations"

The Agreement between the President of the Bolivarian Republic of Venezuela and the President of the Council of State of Cuba, for the Application of the Bolivarian Alternative for the Americas, signed during the same meeting discards the market logic and could be qualified as a just or equitable trade agreement in the way that "every country gives what it can produce in suitable conditions and gets back what it needs, in an independent relation with the world market". It includes specific bilateral liberalization elimination of all duties on imports, tax exemption on benefits on investments, airplanes and ships preferential treatment - but also broader exchanges related with a countries particular needs. For example, while Cuba provides services and human resources for different social projects in Venezuela 2000 university scholarships a year, 15000 medical professionals, among others, Venezuela will transfer technology in the field of energy.

In April 2005, both Presidents met again to draw a strategic plan for the implementation of ALBA, resumes in the Final Declaration of the First Cuba-Venezuela Meeting for the Application of the ALBA. The declaration states that it aims to "guarantee the most beneficial productive complementation on the bases of rationality, exploiting existing advantages on the side or the other, saving resources, extending useful employment, access to markets or any other consideration sustained in genuine solidarity that will promote the strengths of the two countries", and open the door to the concept of cooperative advantages (as opposed to comparatives advantages) that should "decrease asymmetries between the countries by using compensation mechanisms, which will correct differences in development levels." In the present context it principally means cooperation to provide basic health system and education to the entire population, social development oriented trade exchanges and economic liberalization.

In April 2006, Bolivian President Evo Morales met both signatories of the December 2004 Agreement. He agreed to the agreement and the Joint Declaration and proposed the Trade Treaty of the Peoples, as the commercial component of ALBA, but that aims to protect the right of each country to design their own models of development based on internal needs and introduced the idea of social trade (in opposition to free trade). In fact the general commitments of the April 206 agreement are very similar to the 2004 one. The major difference lies in the specific actions.

Article 12 states that "the governments of Venezuela and Cuba admit Bolivia specific necessities as a consequence of the wreck and exploitation of it's natural resources during centuries of colonial and neo-colonial domination". Regarding to it, Bolivia's commitment toward both signatories are much less: while Cuba and Venezuela waive of taxes on Bolivian exportations, Bolivia doesn't, Cuba will provide free material, personnel and technologies for eyes operations and Venezuela will donate 30 million dollars and asphalt for roads construction to Bolivia, among others.

Since December 2004, other treaties to different topics have been signed between Venezuela and other countries of Latin America (with Argentina in January 2005, Brazil in February 2005 and Uruguay in March 2006). It' is still not clear if they can be considered as part of ALBA or not, because even if their content is in the spirit of ALBA, it is important to take in account their implementation.

IS IT GOING ANYWHERE?

Because ALBA is a model, a compilation of guiding principles and values to reach specific aims, it can be hard to know what fits inside or not. It may turn out that some political decisions or meetings are less the milestones they appear to be at the moment and represent something more in the nature of boulders blocking the way forward for ALBA, as they could be finally be drawing another way, away from the ALBA objectives.

Achievement number one is Mission Milagro, a health project to be implemented all over Latin America and the Caribbean. In June 2006, after 15 month of implementation, more than 300000 low-income people had been treated free of charges all over the continent, from which more then 193000 Venezuelans. Currently, several centers have been built in Venezuela, and Argentines, Bolivians, Ecuadorians, El Salvadorians, Guatemalans, Haitians, Mexicans, Panamas, Paraguayans, Peruvians and Uruguayans are traveling to both countries to be treated.

Televisiones del Sur SA (TeleSUR), achievement number two, is a television company owned by the Argentinean, Cuban, Uruguayan and Venezuelan States. As a project of the December 2004 Joint Declaration, it sees itself as a counter-weight to CNN, the dominant channel that propagates the US' view of things in Latin America and the Caribbean. It started to broadcast in October 2005 from its head quarter in Caracas and has now offices in Argentina, Colombia, Cuba, Haiti, Mexico and Nicaragua, collaborating journalists in the rest of Latin American and the Caribbean, and is broadcasting in Argentina, Brazil, Bolivia, Colombia, Cuba, Haiti, Mexico, Nicaragua, USA and Venezuela.

Another breakthrough was achieved in June 2005, when the Government of Venezuela and the Governments of the Associations of the Caribbean States signed the creation of Petrocaribe, offering oil at preferential rates to Caribbean countries and the possibility of partial payment in the form of other non-monetary goods and services. In parallel, Venezuela signed several agreements on oil with other countries from the south continent, such as the construction of a pipeline from Venezuela to Argentina through Brazil, or investments in refineries in Uruguay and Brazil. All these projects together open the door to the creation of Petroamerica, a Latin American petroleum company, also proposed in the December 2004 Joint Declaration.

Another important component of ALBA is the participative aspect. An example of it is the Bolivarian Congress of the People. In November 2003, 400 representatives of different social organizations from the hemisphere met in Caracas for the 1st Bolivarian Congress of the People, while Venezuela's government was still on it own supporting ALBA. In their final declaration they affirmed their support to the alternative project of ALBA. In December 2005 the second Congress was held, which created the post of a permanent Secretary. The Secretary mandate is to collect proposals emanating from the social movements meeting at the Congress' and to make them accessible to the interested people and to Governments, as is the document "Construyendo el ALBA desde los pueblos (Constructing ALBA from the peoples). Since then, particularly the energy workers have held specific meetings to provide their inputs. This is not surprising as the issue is energy sustainability and dependence is a critical issue on the international terrain and Petrocaribe is an exciting new initiative.

Another ALBA proposal form the December 2004 Joint Declaration aims to invest domestic surplus capital directly in the region in order to be more independent from the influence and interests of the foreign investors by having an own credit source for investment at the same time as a protection weapon against speculation attacks . The same logic is drives Argentina proposal of the creation of a Latin American and Caribbean South Bank in the frame of MERCOSUR. For remembering, during the south-east Asia and Korean crises, a similar project as been envisages. But the Asian monetary found discussions were stopped by Washington intervention. During the 14th summit of the Non-Aligned Movement (NAM) Iran proposed a Development Inversion Fund and Venezuela a South Bank under the supervision of the South Commission. As these propositions are larger as Latin American and Caribbean area, it can't be taken as part of ALBA, but depending on the paradigm according to which they come to be implemented they could be consider as ABLA compatible . Moreov er, the NAM provides an interesting frame to build up an alternative to the existing international system.

More specific to the region, the South Asian Association for Regional Cooperation (SAARC) could also be a frame for the implementation of a new paradigm. Created in 1985 as an economic and social development platform, after two decades of activity the SAARC is looking for reforms and new trends. The final declaration of the 13th SAARC Summit held in November 2005 in Dhaka shows clearly this will and gives some directions for it. The incremental broadening of the SAARC agenda shaped in the Dhaka Declaration is extremely similar to the content of the December 2004 Joint Declaration and emphasizes on the relevance of regional cooperation.

Among others, the Dhaka Document states for:

- A civil society resources center (al. 23) linked with a broader engagement with the civil society oganizations (al. 6), area in witch Latin American and Caribbean governments committed with ALBA are now doing a very respectable work;
- regional cooperation in Tele-Communication (al. 19) as well as an increase of people-to people contact (al. 6), which was the impulse for the creation of TeleSUR;
- funding mechanism (al. 11,12), now to be implemented in Latin America and the Caribbean in the frame of MERCOSUR;
- cooperation in the economic and commercial fields, especially in the energy sector (al. 13), the energy sector is actually playing a leading role in the ALBA integration progress;
- strengthen transportation and communication links (al. 15), 6th point of the December declaration;
- freeing south Asia from illiteracy (al. 27), in the frame of ALBA, Venezuela came to be the second illiteracy Latin American and Caribbean country, after Cuba, and Bolivia is planed to bet the third in 2007;
- basic health care services and sanitation in the rural areas (al. 31), the cooperation between Cuba and Venezuela on this topic leaded to the *Mission Milagro* which is now implemented all over Latin America and the Caribbean;
- Reform of the United Nations system (al. 44), which is also an important settlement in the joint declaration.

The SAARC members are now interested by holding a comprehensive review and reform of all SARRC institutions and mechanisms. But what kind of regional integration will the SAARC adopt? Latin America, the Caribbean and Asia share a common colonial history. Latin America and the Caribbean seem firmly set to chart an alternative path.

CONCLUSION

ALBA process of participatory dialogue and consensus-based decision-making, the explicit defence of the right to individual models of development and the emphasis on complementarity and solidarity, on cooperative advantage taken together form a very promising starting point towards building a respectful, as opposed to an exploitative, trade regime for the region. Considering Latin American history, its specific development and context (economical weakness and instability, very different economic realities between the different countries, historically excluded indigenous peoples, strong disparities, illiteracy, US-domination linked to weak national sovereignty, dependence on IFI policies) the potentialities of ALBA model of integration look like adequate solutions for Latin America and the Caribbean. Asia has similar problems, but also a different history, its own specific development and context. Eventually, the ALBA experience can be inspiring for the Asian peoples.

A first teaching seems to be that there are alternatives to the neo-liberal model and that while governments can be a motor for their implementation the people have to be present and active to give it the form that fits themselves in the best way as a human collectivity. Another important point is about aims and actions. ALCA and ALBA are similar in that they both talk about development and a better life for the people. Then the first difference is in the relative priority of these aims, and in the values or principles guiding their actions. ALBA puts the people at the center of its logic, which seems to be the best way to improve their situation. The economic activities are only a means to reach this aim and not an aim in itself as it is in the neo-liberal model. A change of paradigm has to be done.

As India struggles with a deep agrarian crisis partly induced by the WTO and free trade agreements, will it look to Latin America for inspiration and collaboration or will it move closer to the US and its brand of corporate friendly trade pacts? The NAM, the SAARC and the Manmohan Singh Government are at interesting crossroads. The UPA Government will not choose the correct path on its own; a positive outcome depends on pressure from several fronts elected representatives, public officials, social movements, labour groups, academicians and civil society organisations.

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CHINA, THE WTO AND GLOBALIZATION: LOOKING BEYOND GROWTH FIGURES

By Dorothy Guerrero

China's opening to the global economy did increase the standards of living of its middle classes. But many new and critical documents are now arguing that there are more Chinese people that are suffering because of its rapid transition to market-based economy. Chinas entry into the WTO will not solve the issue of rising poverty among rural masses in the countryside.

BEIJING'S pre-Christmas announcement of its readjusted 2004 Gross Domestic product (GDP) made an international stir and sent economists scampering to their calculating tables so they can revise their predictions concerning when China may overtake the US as the world's biggest economy. There is a 17 percent difference between the Chinese government's previous report about its gross national income of $1.65 trillion and the recomputed figure, which amounted to $2 trillion. The new calculation carries a significant implication: it means that China is a much bigger economy than we thought. It means that it already climbed to the fourth slot in the world's ranking of largest economy all this time, which are two notches higher from previous position of number six.

There is no doubt that this advance in the pack is impressive. Official statistics illustrate two decades of very strong annual growth rate of real GDP, which has averaged around 9.2 percent. Since 2001 it is the world's number two in purchasing power parity (PPP). Many countries envy its record of economic progress. However, this record-growth produces a big misconception that it is a big winner of globalization. Although there is truth to the claim that on-going market reforms and China's opening to the global economy gave millions of Chinese people an increased standard of living, many new and critical documents are also arguing that there are more Chinese people that are suffering because of its rapid transition to market-based economy.

For the majority of the Chinese people the more meaningful and important question is not "when will China become the world's number one?" Rather, they are asking, "When will the benefits of China's rise to superpower status start to affect our lives positively?" True enough, being number one - as in the case of the US for a long time - does not necessarily guarantee an end to poverty for

marginalized people and the likelihood of better opportunities and access to resources. New studies on the relationship between poverty reduction and inequality show that there is no necessary connection between free trade and poverty reduction. In fact, a close study of China's case as a catch-up economy since reform started in 1978 shows that greater openness to external trade was not the driving force behind its success.

In the recent 6th World Trade Organization Ministerial Conference in Hong Kong, which was held from December 13 to 18, the spotlight was on China. Its economic performance after WTO accession is probably one of the most highly watched developments since it will support or smash notions about free trade and economic liberalization as necessary preconditions for economic development. Although China displayed a not-so energetic host posture and is still finishing its transition stage that will end in 2013, its fulfillment of its WTO obligations concerns many.

CHINA'S ACCESSION TO THE WTO

China joined the WTO in December 2001. Since then, it amended more than 2,500 of its national laws and regulations and abolished more than 800 others to fulfill WTO rules. Until now, there is no accurate general calculation about the implications of these changes on people's livelihood. Some of the estimated negative impacts are minimal or negative employment growth in the sectors such as agriculture, automobiles, machinery and instruments. On the other hand employment gain occurred in industries such as plant-based fibers, livestock and meat, clothing, light manufacturing and electronics. What is clear, however, is that membership to the multilateral trade body further deepened the Chinese economy's dependency on external trade and foreign investment.

Prior to its integration into the international trade regime, WTO supporters within the Chinese government argued that accession would help China further expand its market, accelerate the restructuring of its industries and improve its legal system. The Chinese Ministry of Commerce report in the second quarter of 2005 shows that the total volume of international trade in 2004 has exceeded one trillion US dollars and that China is now the third biggest trader worldwide. The report also shows that foreign investment reached US$53.51 billion that year while the estimate for 2005 is that it will exceed US$60 billion. The fourth quarter report for 2005 shows that four hundred and fifty of the world's top 500 companies have invested in China.

China became the favorite destination of foreign direct investments (FDI) because of the attractive benefits it offers. China has a very friendly business environment that includes adjusted tax rates for FDI, which is half the rate that state-owned enterprises normally pay. It gives good conditions for guaranteed profits for transnational corporations (TNCs) such as low rent, cheap natural resources and lax rules for its exploitation, low wages for workers, absence of independent trade unions, no-strike laws and many others. The international business community was happy to note during the WTO ministerial in Hong Kong that Beijing complied well with its commitments to the WTO. China cut its overall agricultural tariffs from 54 percent in 2001 to 15.3 percent in 2005 and this will be further reduced to 15.2 percent in 2006. No single member has made such a huge cut in such a short period of time in the WTO history. The average agricultural tariff worldwide is now 62 per cent.

The future of the agricultural sector was one of the most important concerns during the talks in Hong Kong. The dominant view among economists within China is that agriculture is comparatively unimportant relative to other promising and more beneficial sectors since China is not a major exporter of agricultural products. The agricultural sector only contributes 15 percent to China's GDP. However, the number of people that depends on agriculture for survival and development is still huge. Huge adjustments were also made on import tariffs, financial services and government procurement. Import tariffs for 2005 were cut to an average of 9.4 percent from 15.3 percent in early 2001. Tariffs on information-technology products, including computers and telecommunications gear, have fallen to zero from 13.3 percent over the same period. Since December 2004, foreign banks were allowed local currency operations in 18 Chinese cities.

Beijing agreed to begin talks on joining the WTO Government Procurement Agreement during the second half of 2005. When such agreement is fully reached, it will grant foreign companies nondiscriminatory access to government purchases. At the moment, Chinese government agencies are required to purchase equipment and technology only from Chinese-owned companies unless there is no existing commercially viable alternative.

BEHIND THE STATISTICS

It is not a secret anymore that 250 million Chinese people live on less than $1 per day. Another 700 million or 47 percent of the population, live on less than $2 a day. The work conditions of Chinese laborers - the people who provide the world with every affordable consumer products from T-shirts and bras to home appliances and computers - are far from pleasant. They often work between 60 to 70 hours weekly. In sparkling modern cities like Shenzhen in Guangdong province, modernity has two sides: one is the US-educated corporate executives and technical experts who work in impressive high- rises, the other is the millions who sweat in mindless, repetitive factory work in the "special economic zones". Those who belong to the second category receive as little as $100 per month. Most complain about the tasteless food in their cafeterias and cramped dormitories where 10 to 20 workers share a small room. The majority of them are migrant workers from rural areas who lack access to many basic social benefits, have few possibilities for upward mobility and have no security of employment. This vast "floating population" is driven to the cities by the hopeless situations in their villages and the increasing gap between life in the cities and the countryside.

Economic growth has been uneven and unfair to those in the agricultural sectors. Agricultural wages are stagnant despite China's phenomenal economic rise. Unemployment in the rural areas is now in an alarming state - the government estimate is that the unemployed and underemployed rural labor now number around 100-120 million.

The pattern of migration to urban areas is comparable to Japan's experience during the period of post-war industrialization. In 1947, 700 million people or 50 percent of Japan's workforce used to be involved in agriculture. This was reduced to less than three percent by 2002. China's case is more rapid and more dramatic, entailing bigger demands for adjustments and posing bigger problems to the expanding cities than Japan. Three hundred million Chinese are expected to migrate from the rural areas into the cities before 2020. This is one of the largest migrations in human history.

China's problems about its "surplus labor" present many daunting challenges as it transforms itself into a knowledge and service-based economy. It is not easy to create productive employment for its 744 million-strong labor force. China needs to create 300 million new jobs within the next decade to

absorb or re-employ those who lost their jobs in the agricultural sector as well as former state-owned enterprises (SOEs) and provide work for the new members of the labor force.

The lack of jobs and poor conditions in the rural areas are bound to result in the loss of the already limited agricultural land to development as well as diminished income because of excessive taxation. The central government is saying that some policy measures to improve the situation in the country side are starting to be implemented and are in fact generating positive results. However, the general development in the rural areas is still lagging behind the urban areas by ten years. The state of the environment is also deteriorating and this is increasingly affecting people's health and livelihoods. Protests and rioting triggered by generally felt injustice and environmental problems are now an almost daily occurrence in the countryside. A recent World Bank study notes that China's farmers were already suffering declining income in the years before WTO entry. But the linking of China's fortunes to foreign markets has aggravated the trend, particularly as China removes tariffs that once protected local farmers from imports.

From 1995 to 2001 the number of workers in state enterprises was reduced by 40 percent (46 million), while workers in collectively owned urban enterprises decreased by 60 percent (18.6 million). Laid-off state workers (registered) are around 34 million. Many of these laid-off workers only received partial payment when their SOEs closed down. At the local level, problems are now arising due to the uncertain future of 23 million town and village enterprises (TVEs), which employ around 135 million people. The TVEs, which served as the driving force of the local economy in the 1980s, are now saddled with rising costs and competition from foreign firms. Overall urban and rural unemployment rate in China is estimated at approximately 30 percent.

China's courtship of foreign investment dramatically affected SOEs. According to Hart-Landsberg and Burkett in their book "China and Socialism" the loss of profitability of state enterprises is connected with the increased reliance to foreign investors. Since state enterprises pay relatively high taxes (compared to foreign investors) as well as employment, investment and employee-welfare responsibilities (pension, housing, health care) they became increasingly uncompetitive compared to private enterprises. The decrease in the SOEs profitability, coupled with management problems as well as corruption, resulted to their indebtedness. As their overdue debts increased in volume, the government opted to privatise them as a way to unload the government burden. Privatisation encouraged greater dependency on foreign investors, who started purchasing the ailing state enterprises. The state enterprises' share of industrial output fell from 64 percent in 1995 to 30 percent in 2002. The SOEs are now operating at a loss of about one percent of GDP each year.

Exports took a leading role and to continue the rapid growth, the economy relied more and more on foreign enterprises especially in high-tech industries. The increasing centrality of exports and foreign investments rationalized the economy's dependency to global trade and investment agreements and, above all, the WTO.

China's rapid growth was indeed achieved with many social and environmental trade-offs. It now symbolizes the many wrongs that come with corporate-driven form of economic globalization. Privatization and the increasing power of local elites and foreign enterprises in China are magnifying the already huge division between the winners and losers of such growth. The UNDP's Human Development Report for 2005 illustrated an alarming increase in the country's income disparity. China's Gini coefficient (a measure of equality/inequality: 0 means everyone has the same income; 1 means one person has all the income) hit 0.465 in 2004, and it is estimated to approach up to 0.47 in 2005.

LEADERSHIP OF THE DEVELOPING COUNTRIES?

While China's rise is giving expectations that it will become the "new empire", the world's fastest and largest developing country seems to harbor no intention of establishing itself as the advocate of the world's poor. The other big players, India and Brazil, have shown more interest in playing that role. During the process of negotiations prior to the Hong Kong WTO meeting, China did not put any important proposals on the table.

China's entry to the WTO probably extended the level of transparency in China on issues that are of prime interest to corporations, which includes contracts, regulation of foreign investments, intellectual property rights and other concerns. However, the full exercise of corporate responsibility within China is still far from ideal, and the reality of greater crackdowns on independent organizing efforts by Chinese workers remains.

The rise of China contradicts the earlier commonly held view in the West, particularly in Europe, that there is a decline in the nation-state development framework. Less than a decade ago, many adhered to the idea that the future belongs to unions of nation-states, along the model of the European Union and ASEAN. The current trend, which is showing the rise of countries such as China and India, seems to indicate the ascendancy of a new kind of mega-nation-state. It will be very important to see how China as a new power will interact with the US, the EU, Japan and even Russia. China is now convincing the rest of the developing countries and the old powers that its rise is peaceful, and it is mainly, but not exclusively, increasing its influence through economic relations. How these relationships develop will be crucial to follow.

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WATER : FORFEITING DEMOCRACY FOR THE MIRAGE OF 24/7

By Afsar H. Jafri

The Water Distribution Improvement pilot project in K-east ward of Mumbai will bring the World Bank's "failed" management model of privatization to Mumbai. Unless turned down and exposed by citizens of Mumbai, as has happened in Delhi and othercities, the risk of this precious public resource being turned over to private multinational operators is real.

Mumbai, November 1, 2006: Water supply in Mumbai will soon be privatised and in a matter of weeks. In the initial phase, a foreign multinational firm will take over management of municipal water services in the K-east ward in the city. The choice of selection as well as negotiations with the selected private water company (operator) lies with the World Bank and Castalia, a French consultancy firm. And this pilot project in K-east ward would soon be replicated in the rest of Mumbai. The Municipal Corporation of Greater Mumbai (MCGM) has decided to take a crucial step in this direction and has recently announced that it would conduct a water audit in Mumbai, through a hired consultant, to study the existing infrastructure for water supply and gauge the extent of water leakages. However, in this water privatization process in K-east ward, the role of the MCGM is questionable. Why has the MCGM authorized the PPIAF (Public Private Infrastructure Advisory Facility) a World Bank outfit, to hire a foreign private consultant, Castalia to hand over the water supply of Mumbai's K-east ward to a private multinational firm?

The MCGM is determined to bring about reforms in water distribution and management, and have initiated the process with a Water Distribution Improvement Project (WDIP), initially in the K-east ward, with an objective to improve the water supply viz. improving performance of the distribution system, improving the hours of supply, pressure, reducing leakage, efficient metering, improving the customer service. For this purpose, the PPIAF would spend $600,000 US dollars (approx. Rs. 25 million) that would be treated as an unconditional and non-repayable grant to the MCGM. Under the rules of PPIAF, the World Bank will be the executing agency for the grant. Moreover, the PPIAF and the World Bank, through its own selection process, have already given the contract to Castalia to design and develop (within 64 weeks) a pilot Public-Private Participation model for water distribution.

Castalia will study, design and develop a model so as to eventually curb water leakage, pilferage and contamination, wasteful use and gradually move towards an efficient 24x7 supply of water for the K-east ward, ensuring safe, round the clock and equitable water distribution to all the consumers irrespective of their social or economic status. The contract between the World Bank and Castalia is a service provider agreement between the two and the consultancy fee for Castalia will come out from the grant, therefore Castalia's obligation would obviously lie with the World Bank and the PPIAF. And the World Bank, as mentioned in the ToR (Terms of Reference), leaves no policy space for MCGM to take an independent decision because the MCGM would need the World Bank clearance "on key processing steps to ensure potential compatibility with World Bank procurement guidelines".

However this raises several important issues. Why has the MCGM surrendered to the World Bank for a paltry sum of Rs. 25 million and handed over the entire process to PPIAF, World Bank and Castalia? Why has MCGM not signed any contract with Castalia for the study and its implementation? What would be the legal and constitutional basis for the MCGM to accept the suggestions and recommendations of Castalia? Though the objective of the study is to find out faults and ensure 24x7 water supply, why would then the contract envisages outsourcing the water management of the K-east ward? And on what ground the World Bank, without any legal sanction from the elected representatives of the MCGM and without any discussion and debate in the State Legislative Assembly, authorizes Castalia to prepare bids for handing over management of water supply to an international operator?

The MCGM claims that this pilot project will not lead to privatization of water supply in K-east ward, and the MCGM will never outsource, sell, or privatize its water and water assets. It adds that there will not be any laying off MCGM employees in the process and that there will not be any rise in the water tariffs. But neither the contract between the World Bank and Castalia or the ToR specifies that this project will not bring in the privatization of water services in K-east. Rather the preamble of the ToR quite astutely states that, "The MCGM wishes to adopt new technologies and "management methods" to improve the management and distribution of water" which clearly indicate that a new management model will be imposed. The ToR further clarifies that "the MCGM wishes to develop a medium term contract, whereby an Operator will be paid a management-fee plus a bonus linked to its performance".

The World Bank water sector reforms are aimed primarily at privatizing water utilities and commercializing water resources. The World Bank uses four different categories for private participation projects in water and sanitation services: Concessions; Management and lease contracts; Greenfield; and Divestiture projects. The term "privatization" usually refers to one of these types. In the case of K-east ward, the contract between World and Castalia as well as ToR signed between the two already mention about the management model, which is basically an operations and management contract where a private entity takes over the management of a state-owned enterprise for a given period.

But unfortunately, this privatization model proposed by the World Bank for K-east has failed miserably the world over. Recently the World Bank has been utterly exposed in its

World Bank & Castalia

The World Bank has a very close connection with Castalia Ltd. In fact Castalia is heavily involved in revising the Water Sector Toolkit, a guide published by the World Bank for the governments in planning and managing private participation in the water and sanitation sector. There is a complete ideological fusion of the World Bank and Castalia so far as the privatization of utility services are concerned. An analysis of Castalia's work in the water sector shows that many of their works were directly sponsored by international financial institutions (IFIs) like the World Bank, the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), the Japan Bank for International Cooperation and others. There is only one agenda of these IFIs promoting privatisation of water supply systems for private profits of multinationals at the cost of the suffering masses. Castalia's own strategy also corroborates IFIs agenda, which is clear from each and every study/project taken by Castalia in which they have strongly recommended 'tariff modification', 'tariff revision, 'tariff restructuring' and 'tariff adjustment' which in common parlance simply means tariff hike. Given the track record in other parts of the world, we need to be aware

attempt to impose a similar model in Delhi, when the documents related to that project were made public under the Right to Information (RTI) Act. A close study of the documents revealed that the project was completely bizarre and its implementation would have led to more than 10 times increase in water tariffs in Delhi. In Delhi, under this model, it was proposed that the management of each of the 21 zones of the Delhi Jal Board (DJB) would be handed over to water MNCs to operate and run each zone. A fixed management fee of Rs. 50 million would be paid to each company for running one zone that would cover salaries (at the rate of Rs. 1.1 million per month for each) of the four 'foreign experts', so a burden of Rs. 1050 million (105 crore) per annum for 21 zones to the DJB. In addition, the water company would be paid a bonus, if it exceeded its targets. The company would also be paid an engineering consultancy fee every year to suggest what additional steps should be taken by the DJB next year to further improve services in that zone. Moreover, in the beginning of every year, the water company would estimate their annual operating amount required for running that zone and the DJB would be obliged to make that amount available to the company, otherwise the company would be free of its obligations. Interestingly no cap has been prescribed by the consultants on the amount that the company could demand which means that it will almost be like a blank cheque being handed over to the water companies. The water company may also approach DJB any number of times during the year for upward revision of this amount.

International experience indicate that water companies tend to abuse these two clauses to extract money from the government exchequer, as in the case of Puerto Rico in Latin America where the French Multinational Vivendi increased the operational deficit from $241.1 million by 1999 to $685 million in May 2001. And when Suez, another French water giant was brought to take over management, it demanded an additional amount of $93 million to run the water utility. Both companies were asked to leave and their contacts cancelled. The Delhi government under the World Bank diktat had made the plan to hand over its water utility to both these companies.

And now the Government of Maharashtra, under the aegis of World Bank and its conditionalities, is willingly to adopt the failed management model of water privatization and hand over the water management of K-east to a multinational water giants like Suez Lyonnaise des Eaux, Vivendi (formerly CGE), Agual de Barcelona, Thames Water, Saur International, Bechtel, Ondeo Degremont and others. Moreover, for selection of any of the private operators, Castalia would draft the pre-qualification documentation, "the format of which has to be consistent with World Bank formats" as well as "the first draft of the bidding document has to be consistent with World Bank formats". Though the World Bank is acting as an agent for private Companies to grab water management contract but without any obvious reason, the MCGM has surrendered its sovereignty to the World Bank just for a small grant of Rs. 25 million. In fact such study could easily be financed out of the revenue collection from the K-east ward alone.

The very choice of Mumbai's K-east ward also confirms that the management of the water service of this ward is up for grabs by the water giants. For the pilot project, the K-east ward has been chosen because it is one of the profitable wards in terms of collection of water supply charges having a population of over a million (60% live in slums) and the area includes part of Jogeshwari, Andheri & goes upto Kurla. It has 65 major industries; 6 five star hotels: 1 international airport with a domestic terminal; 2 major sports clubs. There are 24,828 water connections, of which 21,343 are domestic, 2,817 are commercial and 668 are industrial, looked after by only 45 employees of the water department. The operating cost for water supply is Rs. 55 million per annum while revenue collection from this ward is Rs. 360 million as against a total of Rs. 4.565 billion (456.5 crores) from the whole of Mumbai. Since a “minimum size of operations is needed to attract interest from international Operators”, therefore K-east ward fits very well for introducing Public- Private Partnership and enticing Multi National Corporations to take over water management.

After the humiliating exposé in Delhi, the World Bank desperately needs to showcase a successful example for its failed model of water privatization. And the profit making water services in K-east offers this to the World Bank. The city of Mumbai fits very well in its plan since its revenue generation from water services is several times more than its operating cost. Moreover, Mumbai has a surplus of Rs. 20 billion from water services saved as reserve funds in local banks.

The MCGM promises that the pilot project would ensure 24 hours water supply, with the current water allocation, to every household in the ward irrespective of social or economic status without raising the water tariff. And this would be achieved through much better operation of the water distribution network, including systematic leak identification and repair, pressure management, demand management through improved metering, billing and collection before (or at least in parallel to) the implementation of a costly increase of the production capacity. But in the absence of any fresh source of increased raw water supply for the K-east, the 24x7 water supply is not possible and absolutely not by just curbing the 20% transmission loss in Mumbai. The water leakage in Mumbai is not worse than the water leakage in London. In fact everywhere in the world, the World Bank creates such mirages of uninterrupted water supply but nowhere have they succeeded in fulfilling it. Rather on the pretext of 24x7 water supply, the World Bank have succeeded in imposing their management model of privatization and eventually handing over water services to water companies.

In the city of Nelspurit in South Africa, the water company was contractually bound to ensure 24-hour water supply to all areas by the end of the first year of the 30-year contract. However, more than a year later, water was available 3 hours a day or less - for a good portion of the time no water came out of the taps. While water stopped flowing from the tap; the new meters installed actually led to massive inflation in bills as the meters did not stop running after the water stopped flowing. The people were literally paying for air. In Manila, water companies were required to provide uninterrupted 24 hour per day water service within 3 years to all connected consumers. In reality, the water company's negligence resulted in cholera and gastroenteritis outbreaks which, killed several people and hundreds were severely sickened in Manila's Tondo district.

Moreover the MCGM also argues that there will absolutely be no increase in tariff after the implementation of project. But international experiences show that wherever private companies have taken over management and operation of water supply, the tariff have gone up exorbitantly. For example attempts were made to privatize water supply in Atlanta and Pekin (U.S) Argentina, Philippines, Nicargua, Turkey, Ghana and South Africa and in all these regions, post the privatization move, the rates of water has gone up by almost 200%. Internationally, water prices skyrocketed wherever water utilities were handed over to the private water companies. In Manila,

water prices went up by 700% within three years of privatization, when the companies had promised no increase in tariffs for the first ten years. In Bolivia, water prices increased by 200% within a few weeks after water utility was handed over to the private water companies. Workers living on the local minimum wage of $60 per month were told to pay as much as $15 just to keep the water running out of their tap in Cochabamba in Bolivia. Water rates nearly tripled in Nelspurit in South Africa. Hence, the water prices increased multi-fold in every country wherever water was handed over to the private water companies. Water connections of all those who could not pay were cut off. This led to massive social unrest in several countries. To ensure payments and maximize their profits, the water MNCs are now installing pre-paid metres that stop delivering water when the payment has been exhausted. For example in South Africa, according to Africa Files, approximately 10 million people are affected by the disconnections, and Africa's worst-ever recorded cholera outbreak can be traced to an August 2000 decision to cut off water to people who were not paying a KwaZulu-Natal (where SAUR was awarded a 30 year contract) regional water board. And in Mumbai, the Hydraulic Engineering (HE) Department of the BMC is planning to introduce a new prepaid water connection scheme for the city. Surprisingly so far no voices against this dangerous move have been raised from any quarter, political or non-political.

However, one of the key concerns against privatization of water services i.e. laying off in jobs, won't be an issue as far as the K-east or Mumbai is concerned. Normally the large staff that was required to run the government service provision is laid off when control is transferred to private hands. This is done on the pretext of lowering rates, improving efficiency and reduction of costs. But in the case of Mumbai, the MCGM claims that no employee would lose their jobs. But the real reason behind this is that the average age of the 8000 work force in the water department is 51 years. No fresh recruitment has taken place in last 15 years in the water department of the BMC. So in another 2 years the work force will be reduced to such a number that there will not be any need for retrenchment.

The WDIP pilot project in K-east ward will bring in the World Bank's “failed” management model of privatisation unless turned down by citizens of Mumbai, as has happened in Delhi and other world's cities where World Bank tried the same and got itself exposed. Mumbai Panni, a group of concerned citizens and organizations in Mumbai have taken up this cause to oppose the privatization of water in the city and have acquired relevant documents under Right to Information to study this project and sensitize the Mumbaikers to fight to reclaim their democratic rights over water.

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WORLD CLASS CITIES: FOR WHOM AND AT WHAT COST ?

By Minu Jose

The new model of urban development promoted by the National Urban Renewal Mission is exclusionary, aimed at private profit, undermines democracy and needs to be rejected.

Mumbai, November 1, 2006 : It is estimated that around 49 percent of the world's people live in cities or urban areas, up from 30 percent just fifty years ago. The 2001 census of India states that out of the total population of 1,027 million people, approximately 28 per cent, or 285 million people, live in urban areas and estimates that it will reach 40 per cent by 2021.

While we are indeed witnessing today a proliferation of urban centres in India it is with a concomitant and disturbing rise in urban poor. According to the government in 1999-2000 an estimated 26.10 percent live below the poverty line.

The increase in urban poverty has been coupled with a lack of or poor access to services and crumbling infrastructure in cities. Though the 2001 Census estimates that 90 percent of urban households are provided with water supply the Tenth Plan Document (2002 -2007) notes that these figures hide several realities, such as the inadequacy of the water supply system in terms of storage, treatment and distribution arrangements, and the irregularity of supply. Data also shows 43 percent of urban households are without latrines or connections to septic tanks or sewerage and access to excreta disposal systems in urban areas varies from 48 percent to 70 percent. The shortage of housing in urban areas at the beginning of the Tenth Plan is estimated at 8.9 million units.

The Government of India launched two schemes in late 2005 to address the crisis in infrastructure that practically cover all of urban India Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT) and the Jawaharlal Nehru National Urban Renewal Mission (NURM). With an estimated allocation of Rs. 55,000 crores spread over 7 years (2006 2012) and 63 cities the aim of the NURM is to “encourage reforms and fast track planned development of identified cities with a focus on efficiency in urban infrastructure and service delivery mechanisms, community participation and accountability of urban local bodies towards citizens”. These schemes based on a reforms driven, fast tracked planned development of cities characterize the current approach of the government to urban development.

THE CARROT AND STICK POLICY

The centrepiece of this approach is urban reforms. Finance is made available only to urban areas that are ready to implement certain far-reaching reforms within the time frame of 7 years. These schemes aimed at making cities engines of growth sees the central government in the role that has been played by international financial institutions (IFI'S) like the World Bank. The conditionalities in schemes of urban renewal undermines and questions democracy, federal autonomy and the constitutional guarantees of the 74th Amendment of more powers and independence of urban local bodies.

The reforms all of which are mandatory within the 7- year period pertain to legislative, financial and governance areas. Urban development is an area that is administered by the state governments but with the carrot and stick policy the central government is dictating policy. Some of the reform measures like the repeal of the Urban Land Ceiling Act and amending the Rent Control Act are sensitive and controversial.

It is also interesting to see the sectors eligible for funding. Five out of the nine sectors eligible under the mission are in the water and sanitation sector, with the other sectors associated with transportation. The previously unsuccessful attempt to privatise essential services such as water is now being countered through the NURM by mechanisms such as the Public-Private partnership. This paves the way for the loss of assets acquired or built over decades and through public finance to private, corporate interests and thus institutionalises and intensifies the highly skewed distribution of urban resources in Indian cities.

The policy is a direction of decentralising debt to state governments and urban local bodies. The central government gives only a part of the money for these projects, so where will the rest come from? With most urban areas and state governments overstretched for finances and faced with limited options for raising development capital, they will likely turn to International Financial Institutions (IFIs) such as the World Bank and the Asian Development Bank. The resultant long-term debt incurred by the state government and the local bodies can undermine them. Escalating debt of state governments and local bodies will affect the poor as the first causality in any fiscal restructuring of the debt will be on subsidies of other services like health and education.

Maharashtra has 5 cities under the purview of the NURM. If the state government is expected to contribute to all these cities and other urban areas under the UIDSSMT, it raises serious concerns about where and how the state will sources these funds, given that the state already reeling under a financial crisis.

The focus of the policy seems to be to create infrastructure for a particular class of society. The emphasis is also on beautification and creating islands of comfort for the rich in urban areas that are slum free in the race to become world-class cities, but with an enormous debt burden.

WHAT ARE THE FOUNDATIONS OF THE NURM?

Private-public partnerships (PPP) are at the heart of the reforms envisaged in the NURM. The entry of the private sector into traditional government functions for economic gain shifts services from being “people oriented” into being “consumer oriented”. In basic and essential servicesmany of which are provided on the principle of cross subsidization--this disconnect can lead to an end to subsidies and make basic and essential services including clean water, sanitation services, education and health unaffordable to the majority in a society. PPP's undermine the concept of a welfare state and are a move towards the withdrawal of the state from its obligations towards ensuring equity, equality and well being among its citizens.

The acceleration of the demise of the concept of welfare state is a reality with this model. The government has been providing basic services such as water, health and sanitation at subsidized rates, which has allowed the poor to survive in cities. The present model will lead to a complete reversal making fundamental rights to a decent life available only to those who can afford it. In one sense fundamental rights no more remain fundamental but can be bought and sold in the market

The NURM will change land use patterns in urban areas to accommodate corporate interests. In addition to repealing the Urban Land Ceiling Act (which redistributes land for the public good) and the Rent Control Act (which ensures security of tenure), one of the elements in the NURM reform agenda is to facilitate conversion of agricultural land into non- agricultural land across the country. The land reforms that are envisaged in the NURM are market led and geared towards removing constraints in the operations of free market in land.

Legislative changes are given a pre - dominant focus in the NURM. What the NURM seeks to do to mould the legal structure, which is often inflexible and tedious, to match the requirement of the current economic model of neo-liberalism.

WHAT IS THE COST BEING PAID?

The NURM operates through two sub-missions Urban Infrastructure and Governance (UIG) and the Basic Services for the Urban Poor. The main thrust of the NURM's Sub Mission for Basic Services for the Urban Poor (BSUP), is ostensibly on integrated development of slums through projects for providing shelter, basic services and other related civic amenities to provide utilities to the urban poor.

But a comparison of the projects and money sanctioned under both the sub missions provides us with an indication of the thrust of the NURM. Data available from the Ministry of Urban Employment and Poverty Alleviation for the period up to 14th September 2006, states that projects amounting to Rs.1003.27 crores have been sanctioned. But compare this with the sub mission of Urban Infrastructure and Governance (UIG). A release from the Press Information Bureau on 26 September 2006, states that a total of 79 projects at a total approved project cost of Rs. 4430.23 crore have been sanctioned as on 22.09.2006.

Apart from the differences in approval and allocation the BSUP needs to be looked at within the larger context of the reforms of the NURM. The land use pattern is tilted in favour of the corporate economy. In a scenario where housing is a premium especially in cities like Mumbai and Delhi, it will result in pushing the poor to the periphery of the city thereby affecting their livelihoods. Even when there are schemes for the economically weaker sections like the Slum Rehabilitation scheme in Mumbai, which is a blue print for housing under the BSUP, corruption and the high maintenance cost in these structures have put it beyond the reach of the urban poor.

The centrality of large infrastructure projects in this policy will lead to an increase in evictions and displacement of the poor in urban areas and their surroundings, since such projects usually require vast tracts of land. It will further intensify the alienation of both urban and rural populations from the process of decision-making and access to land, infrastructure resources and livelihoods. Urban areas will become islands of comfort for the rich. The vision of urban areas both cities and small towns advocated by the new emerging model implies the ruin of long settled communities such as

fisher folk; shrinking of open public spaces; environmental degradation; loss of livelihoods of hawkers and small retailers and the denial of public housing facilities.

THE REAL DRIVERS

So why is this the government's approach and who is pushing this? Urban development is a critical area in the field of policy making, linked as it is with the immense profits that can be made in a country the size of India, through huge infrastructure projects, real estate, civic services, export processing zones, retail and the like. The sector has become a prime focus for Indian and foreign businesses and major international financial institutions, which see it as a big opportunity for lending and structural reform.

The NURM reflects a synergy and convergence of economic interests among the urban development strategies of IFIs, bilateral donors, Indian industry and the Government of India. The vision of these world class, slum free cities is being scripted by these bodies through their consultants rather than by the people who live in and build these cities and their elected representatives.

While there is no doubt that there is a need for infrastructure and better access to basic services, the NURM indicates a clear shift in the model of urban development in the country. The policy shift manifests not only in the priorities but also the approach to urban areas and its development. These reforms in urban development logically flow in from the structural adjustment policies and economic reforms initiated in India in the early 1990s. Today, governments envision urban areas to be “investment friendly” global cities with increased private capital flows, creation and updating of urban infrastructure and beautification to facilitate the smooth conduct of private business. But this approach in development of urban areas is exclusionary in its vision and is aimed at increasing private profit rather than the welfare of everyone.

There is a pressing need that this attempt has to be challenged and rejected by citizens as the threat and impact of this policy is immediate and will affect the lives and livelihoods of millions around the country.

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LAND-GRAB BY RICH: THE POLITICS OF SEZ'S IN INDIA

By Sanjay Sangvai

People's movements from various parts of the country have decided to take up the issue of SEZs and mobilize a nationwide resistance . They resolved to protect natural resources of communities land, water, forest, sea-coast; oppose the violation of the laws and regulations and protect the sovereignty of the people.

The farmers in the obscure Pen Tehsil in Raigad District of Maharashtra are preparing for a long battle against a gigantic and powerful company Reliance. On June 22, a few Mumbai-based Marathi newspapers carried the news of the demonstrations of hundreds of farmers against the acquisition of land by the State Government for the Reliance company for a 10,120 hectare Special Economic Zone (SEZ). There was police firing on the rally as some people indulged in stone throwing and damaging property, which when later investigated was found to be the work of miscreants and not of the protesting farmers.

" The Reliance Company managed to create disturbances in the peaceful meeting of hundreds of farmers and in our process of presenting objections to the Land Acquisition notices to the officials. The company is nervous about the growing resistance by the farmers for usurping their productive land and therefore trying to use the police to crush the movement," told Arun Shivkar, of Pen Panchkroshi Sheti Bachao Samiti (Pen Area Committee for Save the farmland).

" And as we know the reality of this company and SEZ, the farmers will drive the company out and take on the State Government also for siding with the capitalists instead of caring for the farmers" fumed Ganesh Thakur from the Samiti. Out of 10,120 hectares land earmarked for acquisition, 5720 ha. are irrigated from Hetavane dam, and large tracts belong to the salt pans or wetlands, mangrove very essentials for carrying capacity and sustainability of this area.

The villagers now know fully well they are pitted against a formidable adversary the giant Reliance, which has just obtained 25,000 hectares land for its own SEZ in Haryana, looking to the governments in Uttar Pradesh, Gujarat and Maharashtra and the Left wing government of W. Bengal. It is spreading its wings in textiles, power, contract farming, medicinal herbs, sugar industries and retail stores. They realize that the Company has enormous sway over the political, bureaucratic establishment and the media. This company has been given the largest SEZ in the 42 villages in Pen-Panvel-Uran area, in the name of activities like manufacturing, trading, services, processing, logistics, repackaging, warehousing etc.

This is one of the 24 approved SEZs in the state, both by the private parties (13) and the Maharashtra Industrial Development Corporation (MIDC, 11). There are another 18 SEZs that are awaiting approval (11 private and 7 MIDC). These SEZs are part of the more than 140 SEZs that are earmarked throughout the country. According to the Union government's handout, the SEZ is a specifically delineated duty free enclave and deemed to be foreign territory for the purpose of trade operations, duties and tariffs. In 2000 the Government of India formulated the SEZ policy and in

2005 the SEZ Act was made. It came into force from February 10, 2006. With this one stroke, the corporate powers have cornered exemptions from almost every tax, while getting the services of water supply, electricity, usurping the natural resources, distorting the constitutional sovereignty of the people.

WAIVING TAXES

The Maharashtra government formulated the SEZ policy in October 2001, to "promote the establishment of large, self contained areas supported by the world class infrastructure oriented towards export promotion". Any private, public or joint company and even a foreign company can set up SEZs, which would consist of industrial operations, service and trade. Both the policies emphatically declare to create the 'hassle-free environment' for such operations, that is, exemption from all sorts of taxes viz: stamp duty and registration fees, cess or levies including import-export duties, customs duties, sales tax, excise, octroi, service tax, mandi and turnover taxes. They can import procurements from domestic sources duty free all their requirements from capital good to raw materials, spares, packing materials, office equipments, without any license or specific approval. They can procure/ import goods duty free to set up the units.

Most important concession is the income tax benefit under 80 1A to developers for any block of 10 years in 15 years, exemption for income on investment in infrastructure capital fund and the from electricity duty for 15 years in C, D, D+ areas and no-industry districts in Maharashtra and for 10 years in other areas. They are allowed re-investment of ploughed back profits and carry forward of losses. The units are allowed to establish Independent Power Plants (IPPs), to produce, transfer and distribute the power, fix tariffs in their own zones without any license. The SEZ authority, the state government appointee is to 'ensure continuous and good quality' power supply and 'adequate water supply' to the SEZs.

These units can have 100% Foreign Direct Investment (FDI) in the manufacturing. Off shore banking units are allowed in these areas and they are allowed 100% Income Tax exemption on profit for 3 years and 50% for next two years. Individual investment in SEZ too is exempt from Income tax. External commercial borrowing up to $ 500 m. per year is allowed without any maturity restrictions. The SEZ units enjoy freedom to bring in export proceeds without any time limit and have freedom to keep 100% of export proceeds in the EEFC account and to make overseas investment from it. According to an internal assessment of the Union Finance Ministry in 2005, the government had to forgo about Rs. 90,000 crores in direct and indirect taxes over the next four years on account of the SEZs.

AUTONOMY FOR WHOM?

The units in SEZ can sub-contract part of their production process abroad or even to the domestic tariff area. The developed is permitted to transfer infrastructure facilities for operation and maintenance.

The SEZs, except those product specific and port/airport based units, must have at least 1000 hectares of area to set up SEZ. They have to set up their processing units in the 35 % of the earmarked area and they have full freedom in allocation of space and built up area to approved

SEZs on commercial basis. They are authorized to provide and maintain services like water, electricity, security, restaurants and recreation centers on commercial lines.

The SEZs are made free from the environmental and labour laws and they are exempted from public hearing under Environment Impact Assessment notification. On the contrary, SEZs are permitted to have "non-polluting industries like golf courses, desalinization plants, hotels and non-polluting services in the Coastal Regulation Zone (CRZ). All the environmental clearance powers, particularly the clearances required by the Maharashtra Pollution Control Board, are vested in the hands of the Development Commissioner, appointed for the administrative supervision and solve the problem for the SEZs.

The SEZs do not have the responsibility of providing employment to the people in and around the area. Reliance had clarified that there would be no scope for the employment of local people, as most of the jobs will be skilled ones. However, any of the labour laws and regulations will not be applicable to SEZs. All the powers of the Labour Commissioner shall be delegated to the Development Commissioner of the particular SEZ and a single point mechanism in SEZs will be provided to give all clearances and permissions pertaining to industrial safety and other regulations. The practice of 'hire and fire' will be made easier and nobody will be allowed to conduct inspections without the prior permission of the Development Commissioner of that SEZ. The Maharashtra policy aims to further exclude many services from the ambit of the Contract Labour (Regulation and Abolition) Act. And " All industrial units and other establishments will be declared as 'Public Utility Services' under the provisions of Industrial Disputes Act!"

The Maharashtra policy declares the SEZs as Industrial Townships to enable the SEZs to function as self-governing, autonomous, municipal bodies. Union government policy bluntly tells that," Government controls the operation and maintenance function of the Government controlled SEZs. In the rest, operation and maintenance is privatized".

SERIOUS ISSUES

Even in the neo-liberal and government corridors, the setting up of SEZs makes no sense, as there are already many schemes for promotion of exports like the Export Processing Zones, Export Oriented Units Scheme, Export Area Intensive Area Sub-Plan, Infrastructure Development Scheme for 93 no-industry districts. They will loose their attraction altogether once new SEZs come into being. The 47 Software Technology Parks would suffer a setback; they would become unviable, as many companies would like to shift to the new SEZs.

More important is the issue of the large tracts of land at least 1000 hectares or even 80 hectares to be given to the companies. According to senior trade unionist Gajanan Khatu, "These SEZs would be privatized and autonomous townships. Instead of mere SEZs, they are Special Real Estate Zones. These SEZs can be used for anything from trading, entertainment, hotels, and housing projects." All the large builders like City Parks, K. Rahejas, Hiranandani Builders, DLF, Marathon realty, Pan-India Paryatan, Dewan Investments are given hundreds of hectares.

The SEZs will have their own security, operation and maintenance rules and all environmental and labour clearances vested with the Development Commissioner of that SEZ. "It is nothing but

creating autonomous private regions; the local self governments will have no authority over them", pointed Rifat Khan of National Center of Advocacy Studies (NCAS).

According to Dr. Mukund Ghare, Director of AFARM, Pune, an organization for sustainable land and water management, "when there is a crying need to distribute the scarce water equitably between urban and rural sectors and between the rich and poor, there is an apprehension as to how much water the SEZs will use? Who will own the water? How it will be used, when there is no environmental law applicable to the SEZ? This is nothing but an attempt to privatize water".

"It is appalling and illegal to permit the tourism, beautification, hotel, ports up to 12 nautical miles (22 kms) in the sea. There is a conspiracy to dilute the CRZ, regularize the past violations and invite the large megatrawlers of the transnational companies. " explained N.D. Koli, the Maharashtra leader of the National Fisherpeople Federation (NFF).

"It is a government sponsored land grab by the rich and powerful. Already serious land related issues of Land Reforms or restoring the land rights of 'dali,'or 'eksali' lands in Konkan or on Adivasi lands in other forestland area. And here the government has been allotting large tracts of lands, mostly by acquiring through Land Acquisition Act and passing it on to the private parties", charged Surekha Dalvi, a senior lawyer and land-rights activist.

"When the government has been cutting the subsidies for the farmers, workers and middle classes, when it cannot assign a fraction of funds for rural employment guarantee scheme, the public distribution system and government procurement of food grains are being dismantled, it is becoming clear the ' beloved' class of the power holders" denounced Ulka Mahajan, the national convener of the National Alliance People's Movements (NAPM). " The people will not take it lying low. They would unite wage a relentless struggle to defeat the forces that are out to snatch their livelihood and resources," she warned.

BUILDING RESISTANCE

" There is no question of increased compensation for the land we just do not want to give our land to the Reliance," that was the spirit of the meeting held on June 24-25, hosted by the Samiti and the NCAS, at Bardawadi near Pen. The meeting, attended by various organizations in Konkan region along with the representatives of NAPM, People's Political Front (PPF), and Shoshit Jan Andolan resolved to intensify and widen the struggle against the SEZ, by involving the affected people in other parts of Maharashtra and India. A detailed campaign against the Reliance's money power and the SEZs as a whole was planned.

The people's movements from various parts of the country under the aegis of the NAPM, in the recently held Bangalore convention, have decided to take up the issue of the SEZ and mobilize the nationwide resistance to the creation of the SEZ. The organizations made it clear that the issue at the stake was not only the lands and rights of the affected farmers and other villagers, but the larger canvas of the way the political economy of the nation is being usurped by the corporate interests with the connivance of the political and bureaucratic elite. They resolved to protect the natural resources of the communities land, water, forest, sea-coast; oppose the violation of the laws and regulations and the sovereignty of the people.

If the struggle in Raigad gains momentum, it would be a next sign-post, like Plachimada, of the fierce resistance by the people to any encroachment on their rights, resources and sovereignty and any threat to the Constitutional democracy in the country. The struggle in Raigad will decide to a large extent the future trajectory of the larger struggle.

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MICRO CREDIT, MACRO PROBLEMS

By Walden Bello

One of the reasons there is such enthusiasm for microcredit in establishment circles these days is that it is a market-based mechanism that has enjoyed some success where other market-based programs have crashed. Many of the same institutions that pushed and are continuing to push these failed macro programs, like the World Bank, are often the same institutions pushing microcredit programs.

The awarding of the Nobel Peace Prize to Muhammad Yunus, regarded as the father of microcredit, comes at a time when microcredit has become something like a religion to many of the powerful, rich and famous. Hillary Clinton regularly speaks about going to Bangladesh, Yunus's homeland, and being "inspired by the power of these loans to enable even the poorest of women to start businesses, lifting their families--and their communities--out of poverty."

Like the liberal Clinton, the neocon Paul Wolfowitz, now president of the World Bank, has also gotten religion, after a recent trip to the Indian state of Andhra Pradesh. With the fervor of the convert, he talks about the "transforming power" of microfinance: "I thought maybe this was just one successful project in one village, but then I went to the next village and it was the same story. That evening, I met with more than a hundred women leaders from self-help groups, and I realized this program was opening opportunities for poor women and their families in an entire state of 75 million people."

There is no doubt that Yunus, a Bangladeshi economist, came up with a winning idea that has transformed the lives of many millions of poor women, and perhaps for that alone, he deserves the Nobel Prize. But Yunus--at least the young Yunus, who did not have the support of global institutions when he started out--did not see his Grameen Bank as a panacea. Others, like the World Bank and the United Nations, elevated it to that status (and, some say, convinced Yunus it was a panacea), and microcredit is now presented as a relatively painless approach to development. Through its dynamics of collective responsibility for repayment by a group of women borrowers, microcredit has indeed allowed many poor women to roll back pervasive poverty. However, it is mainly the moderately poor rather than the very poor who benefit, and not very many can claim they have permanently left the instability of poverty. Likewise, not many would claim that the degree of self- sufficiency and the ability to send children to school afforded by microcredit are indicators of their graduating to middle-class prosperity. As economic journalist Gina Neff notes, "after 8 years of borrowing, 55% of Grameen households still aren't able to meet their basic nutritional needs - so many women are using their loans to buy food rather than invest in business."

Indeed, one of those who have thoroughly studied the phenomenon, Thomas Dichter, says that the idea that microfinance allows its recipients to graduate from poverty to entrepreneurship is inflated. He sketches out the dynamics of microcredit: "It emerges that the clients with the most experience got started using their own resources, and though they have not progressed very far--they cannot because the market is just too limited--they have enough turnover to keep buying and selling, and probably would have with or without the microcredit. For them the loans are often diverted to consumption since they can use the relatively large lump sum of the loan, a luxury they do not come by in their daily turnover." He concludes: "Definitely, microcredit has not done what the majority of microcredit enthusiasts claim it can do -- function as capital aimed at increasing the returns to a business activity."

And so the great microcredit paradox that, as Dichter puts it, "the poorest people can do little productive with the credit, and the ones who can do the most with it are those who don't really need microcredit, but larger amounts with different (often longer) credit terms."

In other words, microcredit is a great tool as a survival strategy, but it is not the key to development, which involves not only massive capital-intensive, state-directed investments to build industries but also an assault on the structures of inequality such as concentrated land ownership that systematically deprive the poor of resources to escape poverty. Microcredit schemes end up coexisting with these entrenched structures, serving as a safety net for people excluded and marginalized by them, but not transforming them. No, Paul Wolfowitz, microcredit is not the key to ending poverty among the 75 million people in Andhra Pradesh. Dream on.

Perhaps one of the reasons there is such enthusiasm for microcredit in establishment circles these days is that it is a market-based mechanism that has enjoyed some success where other market-based programs have crashed. Structural-adjustment programs promoting trade liberalization, deregulation and privatization have brought greater poverty and inequality to most parts of the developing world over the last quarter century, and have made economic stagnation a permanent condition. Many of the same institutions that pushed and are continuing to push these failed macro programs (sometimes under new labels like "Poverty Reduction Strategy Papers"), like the World Bank, are often the same institutions pushing microcredit programs. Viewed broadly, microcredit can be seen as the safety net for millions of people destabilized by the large-scale macro- failures engendered by structural adjustment.

There have been gains in poverty reduction in a few places--like China, where, contrary to the myth, state-directed macro policies, not microcredit, have been central to lifting an estimated 120 million Chinese from poverty.

So probably the best way we can honor Muhammad Yunus is to say, Yes, he deserves the Nobel Prize for helping so many women cope with poverty. His boosters discredit this great honor and engage in hyperbole when they claim he has invented a new compassionate form of capitalism -- social capitalism or "social entrepreneurship" -- that will be the magic bullet to end poverty and promote development.

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TWELVE THINGS THE ADB DOES NOT WANT YOU TO KNOW BY PEOPLES FORUM AGAINST ADB

Peoples Forum Against ADB*, May 1, 2006

1. Project Failures

According to the ADB's own Operations Evaluation Department, 78% of ADB projects in Sri Lanka and 70% of ADB projects in Indonesia and Pakistan are "unsuccessful." Unsuccessful in this sense means economically non-viable or unable to generate socioeconomic benefits commensurate with costs incurred over the long term.

Source: "The Asian Development Bank In Its Own Words: An Analysis of Project Audit Reports for Indonesia, Pakistan, and Sri Lanka", Fried and Lawrence, Environmental Defense, July 2003.

2. Rates of Return

ADB projects are often a drain on the national treasury. The ADB says that projects should return the entire investment plus at least 10% to the government. But many projects give negative rates of return, losing as much as 70% of the initial investment. Even projects that the ADB considers "generally successful" have rates of return as bad as negative 40%. In spite of these failures, the governments must repay the ADB the full cost of the loan plus interest.

Source: "ADB Wherefore Art Thou (Reflections of a Board Member who spent three interesting years with the Bank), Stephen Baker, 2001.

3. Debt Burden

Much of the debt that countries owe to the ADB is for failed projects. The figures are

Country	Debt to ADB	Debt incurred by unsuccessful projects	Percentage of debt due to unsuccessful projects
Indonesia	*$16 billion*	*$11 billion*	69%
Pakistan	*$6.5 billion*	*$2.6 billion*	40%
Sri Lanka	*$1.2 billion*	*$1.5 billion*	80%

Figures are in US dollars, as of 2002.

Source: "The Asian Development Bank In Its Own Words: An Analysis of Project Audit Reports for Indonesia, Pakistan, and Sri Lanka", Fried and Lawrence, Environmental Defense, July 2003.

4. Corruption

The ADB's top five borrowers are among the most corrupt countries on earth. They are:

Country	Cumulative borrowings from ADB in 2003	Country ranking (1-133) ; 133 most corupt)
Indonesia	*$19 billion*	*122*
China	*$13.3 billion*	*66*
Pakistan	*$13.6 billion*	*92*
Indian	*$13.3 billion*	*83*
Bangladesh	*$7.3 billion*	*133*

Sources: Cumulative borrowings: ADB Corruption: Transparency International's Corruption Perceptions Index, 2003. http://www.transparency.org/policy_research/surveys_indices/cpi/2003

5. Accountability Under Law

The ADB is not accountable to any country's legal system. Its charter clearly states that it is immune from all lawsuits and criminal proceedings. So if the ADB breaks the law or causes harm, it cannot be held responsible. The only exception, written into the charter, allows investors who own ADB bonds to sue the ADB. But poor people negatively affected by the ADB's projects have no such right. ADB is accountable only to itself!

Source: Agreement Establishing the Asian Development Bank

6. Internal Accountability Mechanisms

In place of external legal accountability, in 1995 the ADB created an internal accountability mechanism called the Inspection Facility. Finding that this had failed, the ADB replaced it with the Accountability Mechanism in 2003, which has no power to stop or order changes in projects. Since 1995, the two mechanisms together have heard only eight complaints. Of those eight, only one has resulted in a settlement that affected people were willing to sign.

Source: www.adb.org

7. Transparency

The ADB's internal documents and its communications with governments are considered secret and "inviolable". It makes available only the documents it wishes to disclose. Even its financial records are secret and are not subject to external audit, making it near impossible to discover fraud, corruption, and waste. Since it is not accountable to any legal system, normal laws regarding banking, accounting, and disclosure of information do not apply.

Source: Agreement Establishing the Asian Development Bank

8. Presidents

The president of the ADB is always Japanese. This is not a legal requirement but the result of a "gentlemen's agreement" that ensures that the president of the World Bank is always an American and the president of the IMF is always a European. Borrowing countries are not represented at this level of leadership.

9. Voting

Unlike the United Nations, the ADB functions on a "one dollar, one vote" system. The wealthy, donor countries own the largest number of shares at the Bank and control 55% of the votes on its board. Borrowing countries, where the Bank actually operates, control a minority of the votes.

Country	Votes (rounded)
United States	*12.9 %*
Japan	*12.9%*
China	*5.5%*
India	*5.4%*
Indonesia	*4.7%*
Pakistan	*2.1%*
Bangladesh	*1.1%*
Burma	*0.8%*
Sri Lanka	*0.8%*
Nepal	*0.4%*
Afghanistan	*0.3%*

Source: Annual Report of the Asian Development Bank, 2004.

10. Taxes

The ADB pays no taxes. Even the salaries it pays to its employees are tax-exempt.

Source: Agreement Establishing the Asian Development Bank

11. Political Interference

The charter of the ADB states that it "shall not interfere in the political affairs of any member [nation]." Nevertheless, it routinely demands that countries change their laws and policies as a condition of making loans.

Source: Agreement Establishing the Asian Development Bank

12. Parliamentary Oversight
In all the South Asian countries, governments take loans and sign legally-binding agreements with the ADB without any approval from parliament. In 76 countries, governments require some degree of prior approval from parliament.

Source: Environmental Defense www.edf.org/factsheet

** The Peoples Forum Against ADB is an alliance of various social movements and civil society groups from across Asia. For more information www.asianpeoplesforum.net*

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FUELLING DISCONTENT : THE WORLD BANK AND INTERNATIONAL MONETARY FUND IN SINGAPORE

By Shalmali Guttal

The discontent of the world's invisible majority with the Bank and Fund is growing and becoming more visible. Many developing country governments are adding their voices to growing global citizens' movements for a fundamental rehaul of the ideology, politics and operations of the Bretton Woods twins. Despite the fact that many of these governments are not necessarily champions of democracy themselves, they cannot continue to ignore the voices of their own citizens for much longer.

Despite attempts by the World Bank (Bank) and the International Monetary Fund (Fund) to spin their 2006 Annual Meetings (19-20 September) in Singapore as a success, events before and during the Meetings show that the two institutions have been unable to deflect doubts among civil society and developing countries about their credibility, legitimacy and relevance.

On the 'official' front, the Bank and Fund were unable to make convincing arguments in support of the only two new initiatives they trotted out: a proposal by the Fund for reform of quotas, and the Bank's anti-corruption framework. On the civil society front, the Bank and Fund proved their hypocrisy once again through their reluctance to push the Singapore Government to allow full and free participation of civil society representatives in the Annual Meetings.

TRYING TO FOOL GOVERNMENTS
The Fund's big news was that they brought a proposal to the Meetings for reform of quotas or equity shares within the Fund by increasing the quotas of Turkey, Mexico, China and South Korea. Although the stated aim of this increase was to increase the participation of developing countries in decision making within the Fund, the proposal did not seek to alter the dominance of developed countries over Fund policy and operations. The proposal on the table did not offer significant increases in the shares of the four countries: China went from 2.98% to 3.72%; Mexico from 1.21% to 1.45%; Korea from 0.77% to 1.35%; and Turkey from 0.45% to 0.55%. But at the same time, the voting shares of some other developing countries decreased.

The proposal passed by 90% of votes, but 23 of the 184 member countries voted against the

proposal. Many developing country members who voted in favour of the proposal did so on a tacit understanding that more comprehensive reforms of the entire decision making structure in the Fund will follow within the next couple of years. Developing countries called for reforms to be formulated through a simple and transparent formula that accurately reflects the position of member countries in the global economy and does not decrease the relative shares of low income countries rather than “ad hocism”, in reference to the proposal on the table.

The proposal was also criticised by many low income countries, civil society representatives and independent analysts. The increase in quotas for the above four countries does not change the balance of power in the Fund. Even worse, low income countries that usually have to undertake the most egregious structural adjustment reforms in order to access development capital have practically no voice within the institution. Further, the so called “second phase” of reforms to be completed within the next two years is likely to be based on Fund preferred economic indicators such as GDP and “openness” to trade and investment, which means that low income countries will be exhorted to liberalise even further and chase economic growth targets more aggressively than before if they want to have a say in decision making within the Fund.

The Fund certainly lost points on democracy, commitment to poverty reduction and even creative reform on the quotas issues.

The Bank did not fare particularly well either. The product it showcased in the Annual Meetings was the Wolfowitz inspired anti-corruption framework. At the centerpiece of the Bank's anti-corruption strategy is a Voluntary Disclosure Programme (VDP) under which contractors on Bank projects are encouraged to perform their own internal investigations and report corrupt acts in Bank projects for the last five years, and commit to follow Bank rules on future projects. They are then subject to a three-year monitoring program managed by the Bank's Department of Institutional Integrity but in exchange, they secure confidentiality and the right to continue bidding on Bank-funded projects. Although the VDP was praised by some civil society organisations (CSOs), many others pointed out that the programme not only protects corrupt companies and individuals from debarments, but also, allows the Bank to cover up its own complicity or negligence.

Although the Bank has made some high profile moves in the past months by canceling projects identified as corrupt in Cambodia, India and other countries, there is little indication that the Bank intends to apply the transparency and anti-corruption standards it demands from governments consistently across the board to all Bank financed projects, and to its own operations. Government officials bristle at charges of corruption but the truth is that many are indeed corrupt and resistant to checks on how they handle project budgets from any source. At the same time, many officials also point out that Bank projects and programmes continue to be formulated and implemented without independent third party oversight. Particularly problematic are large infrastructure projects where bidding, procurement and awards of contracts are conducted in small closed groups in order to ensure commercial confidentiality. Democratically elected bodies at local and national levels have little or no oversight in how such projects are designed, nor in how project contractors are selected. The Bank has yet to heed civil society calls for independent audits of its large infrastructure projects.

Another drawback in the Bank's anti-corruption strategy is that it undermines national anti-corruption laws by initiating parallel processes of investigation and resolution. This is evident in projects such as the Lesotho Highlands Water Project, the Bujagali dam, and numerous mining and oil/gas projects. The Bank's International Finance Corporation (IFC) holds shares in some of the mining corporations that get IFC financing. IFC also supports corporations that have been known to make payments to national officials in order to garner support for projects. The Bank's International Centre for Settlement of Investor Disputes (ICSID) operates outside the jurisdiction of domestic legal processes and can even initiate legal action against national governments. At the same time, all institutions in the World Bank Group have immunity against national and international legal proceedings by virtue of their founding charter.

Nowhere in the Bank's anticorruption framework is there any mention of Bank complicity in creating odious debt. Given the Bank's proven inclination to support dictatorial regimes, a transparent and independent audit of Bank operations in several countries is likely to yield huge amounts of evidence of odious debt created by Bank lending for corrupt and unaccountable purposes. But then again, what else can one expect from an anti-corruption framework under the leadership of Paul Wolfowitz?

TRYING TO FOOL CIVIL SOCIETY

Possibly, the grand award for double speak in this year's Annual Meetings should go to Bank-Fund cries of "foul" when the Singapore Government flexed its sovereign muscles and refused entry to many civil society representatives into Singapore. Although the paranoid actions of the Singapore Government must be condemned in the strongest possible terms, the Bank and Fund cannot escape their own role and culpability in bringing about this situation.

The inappropriateness of Singapore as a venue for the Bank-Fund Annual Meetings was repeatedly pointed out by numerous CSOs ever since Singapore won the bid to host the Annual Meetings. Singapore is well known for its tight control over freedom of speech and association within its territory, and laws that prohibit the expression of dissent in any manner or form, including street protests. Warning signs started to emerge early in the year when the Singapore Governmentshaken by the outpouring of mass protests during the World Trade Organisation's (WTO) Sixth Ministerial Conference in Hong Kong in December 2005announced that anyone caught breaking the law during the Annual Meetings would be caned. By March, news started to filter out from the island state about the extensive surveillance and security measures that the Singapore Government had started to put into place to ensure the safety of the delegates to the Annual Meetings. The Government refused to give permission to CSOs to organise a parallel civil society forum for debate and discussion under the banner of the International Peoples' Forum vs. the IMF and World Bank (IPF). Instead, it earmarked a ten by four-metre space in the Suntec Singapore International Convention and Exhibition Centrethe Annual Meetings venue---as the only place where protest actions would be permitted. Any gathering held outside this area would be against Singapore law and therefore subject to punishment according to Singapore law, for example, caning.

Bank-Fund Management brushed away civil society concerns about the ability of CSOs to freely participate in the Annual Meetings claiming that it had signed a Memorandum of Understanding

with the Singapore Government which gave the Bank and Fund the right to accredit civil society participants and required the Singapore Government to "assure expeditious entry procedures" to accredited individuals. By early September, the Singapore Government had objected to the participation of 19 individuals who had been accredited to the Annual Meetings based on "security and law and order considerations." Soon, the blacklist expanded to include 27 individuals. The message from the Government was clear: these individuals would not be allowed entry into Singapore despite the fact that they had official accreditation and valid Singapore visas.

Although the external relations departments of the Bank and Fund objected to the Singapore Government's blacklist, they made little attempt to exert pressure on the Government to withdraw its decision. CSOs demanded that if the blacklist was not withdrawn, the Bank and Fund move the Annual Meetings out of Singapore, but these demands fell on deaf ears. The IPF organisers moved the Forum to Batam in neighbouring Indonesia and more than 160 CSOs issued a call to boycott the official programme of the Annual Meetings. The situation further deteriorated when the Singapore Government started to block the entry of individuals who were not on any known blacklist. More than 60 individuals were detained at Singapore's Changi airportsome for as long as 18 hourssubjected to custodial interrogation, and not permitted to make any phone calls, eat, drink or sleep. Many were deported back to their countries. No reasons were given by the Government for these actions.

Bank-Fund objections to this mistreatment and harassment were weak and ineffective. A much publicised statement by Paul Wolfowitz in which he called Singapore "authoritarian" and claimed that it had done great damage to its reputation left many Singaporeans bristling. Singapore-based media reported that many of their readers had written letters complaining that the Bank and Fund were using Singapore as a scapegoat for what was actually their own doing. After all, many Singaporeans claimed, Singapore put in all these security measures and was wary of letting people through its borders because of the Annual Meetings. The ensuing situation was as much Bank-Fund responsibility as it was the Singapore Government's. But instead of admitting to this, the Bank and Fund were deflecting all criticism away from themselves and towards the Singapore Government.

HAPPY BEDFELLOWS

For Singapore, the main attraction for hosting the Annual Meetings was clearly commercial. Over the past several years, Singapore has been aggressively competing with its neighbors to sell itself as a high-end services, financial, recreation and convention centre. Maintaining tight control over the conduct of its citizens and all civil society activity has been a key measure by which the island state has attracted capital that might drift to other more democratic locations in the region. In press and media interviews, the Singapore Government acknowledged that allowing outdoor protests by visitors would land them in political trouble with their own citizens who are not permitted to demonstrate. Apparently the last police license for a demonstration was issued in the late 1980s.

The Bank-Fund Annual Meeting was the largest convention to be held to date in Singapore and the Government went to extraordinary lengths to ensure that nothing would tarnish Singapore's reputation for efficiency and security, or hamper its opportunities for future business. News reports indicate that staff in retail, hospitality and services industries underwent special training to raise service standards for the Annual Meetings to combine efficiency with “warmth.” Even the Singapore cab drivers were not spared and were given a 66 page handbook that outlined dos and don'ts including appropriate dress and behaviour, dealing with body odour and acting as tour guides.

The Singapore Government is estimated to have spent about $100 million in arrangements for the Annual Meetings and it is likely that a similar amount may well have been spent by approximately 16,000 delegates on hotels, entertainment, shopping, food and medical care. There were also expectations that Singaporean companies would sign lucrative business deals with the executives of global finance and logistics companies, who are regulars at Bank-Fund Annual Meetings.

But what was the reasoning of the Bank and the Fund to proceed with Singapore as the venue for its 2006 Annual Meetings? It is not as though the Bank and Fund did not know about the Singapore State's abhorrence of dissent and protests. The Bank has an office in Singapore that is the centre for its regional communications andironicallycivil society work. Surely, the Bank could have foreseen the Singapore Government's reaction to the possibility of Bank-Fund critics gathering in Singapore.

Well, authoritarianism serves the purposes of the Bank and Fund as much as it serves those of Singapore. The Bank and Fund have a long history of courting dictatorial regimes in Asia, Africa and Latin America in order to impose their pro-corporate and anti-people policies and programmes. The World Bank recently gave Singapore top ranking for “ease of doing business” in its Doing Business Economy Rankings. Many Singaporeans think that Bank-Fund's choice for Singapore as the venue for its Annual Meetings was a reward for Singapore's economic policies that have embraced free trade and investment and provided a home for multi-national corporate operations without cumbersome regulations and opposition from local groups.

The Singaporean private sector has close links with the World Bank Group. Between 2002-2004, Singapore joined the list of Trust Fund donors and launched the Singapore Consultant Trust Fund through which Singaporean consultants secure contracts with the Bank for projects in developing countries. In 2005, the Singaporean private sector appointed a special liaison officer at the International Enterprise (IE) Singapore to facilitate easy access to the World Bank Group. In the same year, the International Organisations Business Association (INTOBA) -- a grouping of Singapore based businesses that “partner” with the World Bank, the Asian Development Bank and the United Nationswas formed. IE and INTOBA jointly organise seminars on procurement and business outreach with the Bank.

The truth of the matter is that the Bank and Fund do not want their annual meetings dogged by protests and demonstrations, however peaceful. This is especially so at a time such as now, when both organizations are floundering under increasing evidence of their irrelevance and lack of competence in the world of development and finance, and their inability to deflect charges that they serve the interests of Washington DC more than the needs any of their other members.

DISCONTENT GROWS

The Bank and Fund are not in the same positions of comfort as they were during in the last century. As it is, social movements, local communities displaced or otherwise injured by Bank-Fund programmes, civil society organizations, academics and independent analysts have long called for the closure of the Bank and the Fund. But today, after years of structural adjustment, debt repayments, austerity measures, poverty reduction strategies, policy based lending, economic and governance “reforms,” trade openness and unending conditionalities, most developing country governments have also had enough of Bank-Fund trickery. They see clearly that they are paying more to the Bank and Fund than they ever borrowed and that it is they, the Bank Fund “clients,” not its richer members, who actually finance the institutions but have little say in their operations.

The Bank and Fund continue to demonstrate that they are high on costs and rhetoric, but low on competence and achievements. Their “policy advice” is ideological, prescriptive, and completely unsuited to local and national realities. In fact, most Bank - Fund staff do not have the range and depth of policy experience required to reshape national policy environments as they currently do. Bank-Fund staff complain about the drag that national politics place on creating “sound economic policy,” but as Ngaire Woods points out, “Politics has always influenced the advice offered by the IMF and World Bank…. World Bank projects are sometimes covertly shaped by pre-existing agreements for contracts between large companies backed by powerful governments and borrowers”. At a more fundamental level, selections of the World Bank President and IMF Executive Director are political appointments in which developing countries have no say.

The discontent of the world's invisible majority with the Bank and Fund is growing and becoming more visible. Many developing country governments are adding their voices to growing global citizens' movements for a fundamental rehaul of the ideology, politics and operations of the Bretton Woods twins. Despite the fact that many of these governments are not necessarily champions of democracy themselves, they cannot continue to ignore the voices of their own citizens for much longer. And unlike the Bank and Fund, most governments are (at least hypothetically) constitutionally accountable to their citizens.

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THE IMF: SHRINK IT OR SINK IT - A CONSENSUS DECLARATION AND STRATEGY PAPER

July 24, 2006

The following document was collectively drafted over a period of two months by representatives of organizations that attended the "Strategy Session on the International Monetary Fund" at the Institute for Policy Studies in Washington, DC, on the occasion of the IMF-World Bank Spring meeting during the third week of April 2006. It is being circulated globally for endorsement in advance of the critical Fall meeting of the Bretton Woods institutions that will be held in Singapore on Sept. 13-20, 2006. The document, with its list of endorsers, will be presented to governments attending the meeting. It is meant as the opening salvo of a global campaign, the other elements of which are a conference on the future of the Fund in Singapore on Sept. 17 and alternative events in nearby Batam, Indonesia, on Sept. 15-19.

(Initial endorsers: Institute for Policy Studies; Sisters of the Holy Cross Congregation Justice Committee; Focus on the Global South; Jubilee South; 50 Years is Enough; Gender Action; Nicaragua-US Friendship Office; Solidarity Africa Network; Development Gap; Citizens' Action for Essential Services; Intercultural Resources-Lokayan; Tebtebba (Indigenous Peoples' International Center for Policy Research and Education); Asian Indigenous Women's Network (AIWN); Jerry Mander, co-director, International Forum on Globalization.)

The International Monetary Fund is perhaps at its most vulnerable state in years. It is suffering a triple crisis--a crisis of legitimacy, a budget crisis, and a role crisis--that is unparalleled in its 62 years of existence. These circumstances provide critics of the Fund with an opportunity to radically shrink, disempower, if not decommission it altogether. If not seized, this opportunity can slip by, and circumstances might come together to reinvigorate and save the Fund. Ten years ago, the Fund was flying high, arrogant in its belief that it knew what was best for developing countries. Today, the Fund is an institution under siege, hiding behind its four walls in Washington, DC, unable to mount an effective response to its growing numbers of critics.

CRISIS OF LEGITIMACY

The Fund's reversal of fortune stems mainly from the Asian financial crisis, which brought down the famed tiger economies in the summer and fall of 1997. The Asian crisis was the "Stalingrad" of the IMF, and it never really recovered from it. As Dennis de Tray, a former IMF official who was serving with the World Bank in Jakarta at the time of the crisis, put it, "Fund lost its legitimacy then, and it never recovered it." The Fund suffered three devastating hits during the crisis. First, it was seen as being responsible for the policy of eliminating capital controls that many of the governments of East Asia followed in the years preceding the crisis. This policy of capital account liberalization did attract billions of dollars of speculative capital in the years from 1993 to 1997, but it also ensured that there would be no barriers to the outflow of capital during the panic in the summer of 1997, when about $100 billion left the economies of Indonesia, Philippines, Thailand, Malaysia, and South Korea in a few short weeks.

The second hit was the widespread perception that the multibillion rescue packages assembled by the IMF for the afflicted countries did not actually go to rescuing the economies but to pay off foreign creditors and speculative investors. Citibank, for instance, though heavily overexposed in Asia, did not lose a cent in the crisis. This scandalous development led to strong criticism of the IMF, even from free-market partisans such as George Shultz, former Secretary of State under Richard Nixon, who said that the Fund was encouraging "moral hazard" and should therefore be abolished.

The third blow to the Fund sprang from the results of the stabilization programs it pushed on the crisis economies. With their wrongheaded emphasis on cutting back on government spending in order to fight inflation, these programs actually accelerated the descent of these economies into recession. The Asian financial debacle gave impetus to an ongoing review of the structural adjustment programs that the Fund, along with the World Bank, had imposed on over 90 developing and transition economies since 1980. Few of these had succeeded in bringing about the growth, reduction in inequality, and decrease in poverty that the countries undertaking these programs had been promised. Indeed, IMF "shock therapy" programs in Russia and Eastern Europe added millions of people to the poverty rolls in the 1990s So dismal were the results that the Fund's extended structural adjustment program had to be renamed the "poverty reduction and growth facility."

Then, in 2002, with the Fund still reeling from the Asian financial crisis, Argentina collapsed, defaulting on $100 billion of its $140 billion foreign debt. Perhaps more than any other country in the world, Argentina had followed to a "t" the neoliberal prescriptions of the IMF, including radical deregulation, radical tariff liberalization, and financial liberalization. The Fund was also the strongest supporter of Argentina's currency board, which tied the supply of pesos, Argentina's currency, to the dollars in circulation in the country. When this mix of policies unraveled in 2001 and 2002, so did the IMF's credibility since it had thrown in billions of dollars in stabilization loans in support of them.

The aftermath of the crisis was even more damaging. When Nestor Kirchner was elected president of Argentina in 2003, he declared that his government would repay its debt to private creditors, but only at 25 cents to the dollar. Enraged creditors told the IMF to discipline Kirchner, but, with its reputation in tatters and its leverage eroded, the Fund backed off from confronting the Argentine president, who got away with the radical write-down of Argentina's debt to the international private sector

With another set of actors - developing country governments - Argentina's next move, along with Brazil, shattered the Fund's image of being an indispensable lender of last resort: Both governments paid off their all their debts to the Fund, enabling them to declare independence from an institution that is much hated in Latin America.

BUDGET CRISIS

The crisis of legitimacy has had financial consequences. In 2003, the Thai government declared it had paid off most of its debt from the IMF and said it would soon be financially independent of the organization. Indonesia ended its loan agreement with the Fund in 2003 and recently announced its intention to repay its multibillion dollar debt in two years. A number of other big borrowers in Asia, mindful of the devastating consequences of IMF-imposed policies, have refrained from new borrowings from the Fund. These include the Philippines, India, and China. Now, this trend has been reinforced by the recent moves of Brazil and Argentina, which, in paying off all their debts and declaring financial sovereignty, have implicitly asserted that they do not want to borrow again.

What is, in effect, a boycott on the part of its biggest borrowers is translating into a budget crisis since over the last two decades the IMF's operations have been increasingly funded from loan repayments by its developing country clients rather than from the contributions of wealthy Northern governments, which deliberately shifted the burden of sustaining the institution to the borrowers. The upshot of these developments is that payments of charges and interests, according to Fund projections, will be cut by more than half, from $3.19 billion in 2005 to $1.39 billion, in 2006 and again by half, to $635 million in 2009, creating what Ngaire Woods, an Oxford University specialist on the Fund, described as "a huge squeeze on the budget of the organization".

ROLE CRISIS

The erosion of the Fund's role as a disciplinarian of debt-ridden countries and an enforcer of structural adjustment has been accompanied by a futile search to find a new role. An attempt by the Group of Seven to make the Fund a central piece of a new "global financial architecture" by putting it in charge of a "contingency credit line" to which countries about to enter a financial crisis would have access if they fulfilled IMF-approved macroeconomic conditions fizzled out when it was pointed out that the spectacle of a government seeking access to the credit line could itself trigger the financial panic that the government sought to avert.

A proposal to set up an IMF-managed "Sovereign Debt Restructuring Mechanism"an international version of a Chapter 11 bankruptcy mechanism that would provide countries protection from creditors while they came out with a restructuring plancollapsed owing to objections from South countries that it was too weak and opposition from the US, which feared it would curtail US banks' freedom of operations.

At the recent 2006 spring meeting of the IMF, the Fund was tasked to monitor relations among countries associated with global macroeconomic imbalancesthat is massive trade surpluses or trade deficitsbut the mandate was extremely vague. If anything, this reflected the desperation of the G 8 countries in searching for a role for an international economic bureaucracy that had become obsolete and irrelevant.

WHY WE MUST ACT NOW

The current moment, when the IMF is most vulnerable owing to its triple crisis, is the most opportune time to launch a campaign to disempower itto "shrink," if not decommission it.

Three factors are present which could work in favor of success in this campaign.

First, as noted above, the Fund's major developing country clients are fed up and with it and want out.

Second, the US elite is, more than ever, divided on the Fund, with a significant number of conservatives wanting to shut it down. The last time the Fund's financial resources came up for replenishment at the US Congress in 1998, the measure barely squeaked through. It is doubtful that a replenishment measure would pass today.

Third, the US and key European countries have had major differences in their policies towards the IMF. Key European governments, for instance, wanted to use the IMF to get Argentina to pay off the mainly European bondholders. The Bush administration, on the other hand, was cool to the idea, anxious to prevent Fund resources from bailing out European speculators. In another recent expression of divergence, the European governments were positive towards setting up the IMF-managed Sovereign Debt Restructuring Mechanism; the US torpedoed it.

In short, the three pillars on which the Fund stood for over sixty yearsa belief in its indispensability on the part of developing countries, an "internationalist consensus" among the US elite, and the "transatlantic consensus" among the European and US eliteshave been eroded significantly, opening up real possibilities for a global civil society campaign to disempower or decommission the Fund.

AN INDISPENSABLE LENDER OF LAST RESORT?

While an increasing number of individuals and groups working on the IMF agree on its increasing dysfunctionality, there are some that are hesitant to call for putting it out of business owing to their feeling that there is still a need for a "lender of last resort" for developing countries .

This is no longer a viable role for the IMF.

For many Asian countries, a regional institution, which understands the complexities of a region better than the Fund and which would thus be less indiscriminate in imposing conditionalities, is the answer. The Asian Monetary Fund (AMF) that was vetoed by Washington and the IMF during the Asian financial crisis would have filled this role. Indeed, with the "ASEAN Plus Three" arrangement, the East Asian countries may now be moving in the direction of setting up such a regional financial grouping.

There is also movement in Latin America towards a regional institution that would have as one of its functions serving as a source of capital and as a lender of last resort: the Bolivarian Alternative for the Americas (ALBA), pushed by Venezuela, Bolivia, and Cuba.

But, one objection goes: East Asia and Latin America have significant capital resources to serve as a pool for a regional lender of last resort. But what about capital-poor Africa? This is the concern that has made many African governments reluctant to distance themselves from the Fund.

First of all, the principal need in sub-Saharan Africa, as for most countries of the South, is genuine debt cancellation without external conditionalities, not the bogus HIPC ("highly indebted poor country") laced with IMF style conditionalities. This would include the African countries' debt to the IMF, which the Fund has stubbornly opposed, though it grudgingly agreed recently to cancel the debt owed to it by 19 HIPC countries. As for the issue of who would serve as lender of last resort for Africa, this is important, but the IMF's awful record of bad advice and bad policies in this area hardly qualifies it to continue to serve this role . As one specialist has noted, not only is Africa becoming the refuge of policies that have failed elsewhere, but they are being implemented by Fund staff that are either less experienced or of lower caliber.

Instead of relying on the IMF, African governments could possibly draw on the cooperation of relatively capital-rich developing countries such as China, Venezuela, India, and South Africa to set up a regional institution that would serve as a lender of last resort However, learning from their experience with the North and the IMF, they should insist on equitable, no-strings-attached arrangements with these governments, which will not be easy, since some of them are just as exploitative as Northern interests.

But Africans have no choice but to gain control of the resources of their rich continent through debt cancellation or repudiation, or through alliances with potential sympathetic allies in Venezuela and others who have already cut their ties to the Fund and mobilize these resources for development instead of allowing them to hemorrhage out of Africa in the form of massive debt repayments to the big creditors, the World Bank, and the IMF.

THE CONSEQUENCES OF LETTING THE MOMENT SLIP BY

The IMF is currently down and out, but its capacity to bounce back must not be underestimated. As yet unforeseen circumstances may push the US and the European countries to reconstitute a united front to revive the agency. Or the US may keep it on life-support to serve as de facto arm of Washington's unilateral policies, for instance, to discipline China into revaluing the renminbi to solve the US's balance of trade problem.

In other words, we do not have the luxury of being able to stand by and enjoy the sight of the Fund writhing in agony. We must assist in delivering it to the fate it richly deserves.

CAMPAIGN DEMANDS AND ACTIVITIES

To achieve the strategic goal of disempowering the IMF, the Campaign should urge South country governments not to enter into new loan agreements with the Fund.

The Campaign should also urge governments to unilaterally repudiate debts claimed by the Fund.

We should ask countries on bogus or ineffective debt-relief schemes like HIPC, which are supervised by the IMF and the World Bank, to leave these programs altogether.

Similarly, the Campaign should ask governments on Poverty Reduction Strategy Programs (PRSPs) to dispense with the advisory and management services of the Fund and Bank and review the commitments they have made under these programs, if not abandon them unilaterally. Systematic exposure of the negative impact of Fund and Bank conditionalities on production, jobs, wages, income, gender equality, public health, public services, and the environment will be a critical task. The IMF's Poverty Reduction and Growth Facility seems especially vulnerable at this point, and a focused campaign to shut it down stands a chance of success, which could then build momentum for other initiatives.

Congressional or parliamentary oversight and budgetary provisions and practices should be used to call hearings and conduct audits on the IMF in the US, Europe, Japan, and South countries.

Withdrawal of membership from the IMF might be an issue that can be floated to attract both official and civil society interest. Holding a forum on this issue in a lead country, for instance, Argentina, could trigger similar fora in other countries.

This could be coupled with the holding of civil society referenda on continued membership in the IMF, such as the exemplary one conducted on Brazil's membership in the Free Trade of the Americas in 2002. Indeed, where the possibility of victory is present, we can push for parliaments to take a vote on whether or not to withdraw from the IMF.

A major conference on alternatives to the IMF on the issue of lender of last resort should be organized for 2007, with comprehensive research work undertaken this year in preparation for this event. As a curtain raiser for this conference, the Campaign will sponsor a day-long seminar on alternatives to the Fund in Singapore during the fall meeting of the IMF-World Bank in September of this year.

A central operational principle of the campaign is to provide different participating organizations with the opportunity to join the campaign at their “comfort level.” Some governments and organizations, for instance, may not yet be prepared to endorse a call to withdraw from the IMF but may be willing to withdraw from a PRSP or call for the shutting down of the PRGF.

THE CHALLENGE BEFORE US

In his classic work, The Structure of Scientific Revolutions, Thomas Kuhn showed how paradigms evolve from frameworks that trigger a quantum leap in knowledge to hindrances to further advance in science. Similarly, the IMF transmogrified from a vital institution contributing to global growth and stability in the two decades following the Second World War to an 800-pound gorilla blocking the route to sustainable development for the billions of the world's poor in the last three decades. Had this obsolete institution been terminated during its 50th year in 1994, 22 million Indonesians and one million Thais would have been saved from falling under the poverty line owing to the capital account liberalization policies it had imposed on the East Asian countries; Argentina, the poster boy of IMF-style neoliberalism, would have been saved from the tragedy of having over half of its people unemployed and living in poverty; Thousands of people in Malawi would have been saved from the starvation and malnutrition that stemmed from the IMF's forcing Malawi to “commercialize” its food procurement and stabilization agency, a move that led to its bankruptcy. 100 million people in Russia and Eastern Europe would not have had a free fall into poverty courtesy of IMF shock therapy programs.

Global economic governance is important, but it is a system in which the Fund as it is currently configured no longer has any positive role to play. The Fund's assuming stabilizing functions in a volatile world of unregulated global finance has been consistently torpedoed by its strongest member, the United States, while its serving as a lender of last resort has been systematically undermined by the conditionalities it imposes on its borrowers, which have exacerbated poverty and inequality and institutionalized economic stagnation.

Disempowering the Fund will not lead to global financial and fiscal chaos, as Wall Street would have us believe. On the contrary, disempowering the Fund is a conditio sine qua non for the creation of a truly just, rational and effective system of global financial governance. IMF conditionalities doom developing countries to crises and deeper poverty. IMF "rescue" programs do nothing except rescue the big creditors while saddling people with recessionary stabilization programs. The IMF, indeed, has no interest in curbing the power of the global speculators, and so long as it remains in a position of power, blocking genuine global financial reform at the behest of Wall Street, there will be more financial crises, more insecurity for people, and less accountability on the part of finance capital.

Like old nuclear reactors, the IMF is dangerous and, many argue, must be retired. The optimum solution to the problems posed by such Jurassic institutions is to decommission them. But if this is not yet possible at this point in the case of the Fund, then its power to do harm and its reach must be drastically curtailed.

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ii United Nations Development Program (UNDP), Human Development Report (New York: Oxford University Press, 2003), pp. 33-65.

iii Kirchner, however, continued to pay Argentina's debt to the Fund in full.

iv "President Says IMF Debt to be Repaid in Two Years," Jakarta Post, May 26, 2006.

v Ngaire Woods, "The Globalizers in Search of a Future: Four Reasons why the IMF and World Bank Must Change, and Four Ways they can," CDG (Center for Global Development) Brief, April 2006, 2.

vi See Walden Bello, "Synthesis Report on the E Forum on International Regulation," Focus on the Global South and Pacific Action Research Center, Hong Kong, December 2005.

vii See George Soros, On Globalization (New York: Public Affairs, 2002).

viii See Ngaire Woods, The Globalizers: the IMF, the World Bank, and their Borrowers (Ithaca: Cornell University Press, 2006), pp. 141-178.

ix Woods, comments at lunch seminar on the IMF and the World Bank, Carnegie Endowment for International Peace, Washington, DC, April 21, 2006.

THE BUSH-MANMOHAN NUCLEAR COMPACT: HEIGHTENING INSECURITIES IN SOUTH ASIA AND BEYOND

By Varsha Rajan Berry

The so-called security deal between India and US has created a great sense of insecurity in South Asia since it gives legitimacy to the dictates of the big boy "India" in this Region. However the Indo-US closeness has resulted in tremendous fissures among members of the ruling UPA coalition.

UNITED States President George W. Bush's visit to India and Pakistan (1-4 March) came at a time when he is dogged by domestic controversies, his stock back home is crashing and there is wide spread resistance to his policies not only in the US but across the world. An important element of the Bush administrations agenda to win legitimacy for its policies is to bring more allies on board and this is where a more-than-willing India makes its entry. The Manmohan Singh Government keen to get into the US scheme, with little regard for the traditional principles of non-alignment on which India's foreign policy has hitherto been based. This deal has wide-ranging ramifications; in the realm of geo-politics, third world solidarity and trade and development.

This article attempts an analysis of the implications of the first aspect. The fallacies of the Bush administration and its hegemonistic agenda are well known. Little is known, though, about India's perceptible shift towards the US.

Both major political parties, the Indian National Congress (INC) and the Bhartiya Janata Party (BJP), seem to believe that the Bush administration's policies coincide with India's long-term interests. Prime Minster Manmohan Singh calls it 'enlightened self-interest'. After the United Progressive Alliance (UPA) government assumed office in May 2004, there were expectations that the foreign policy would undergo some major shifts, and it did, only for the worse. The Indian vote at the International Atomic Energy Agency (IAEA) Board of Governors meeting in November 2005 is an illustration.

Faced with sanctions, Iran was counting on active support from the non-aligned bloc. India, which used to consider Iran a 'strategic partner', voted with the US and the European Union. Only Egypt demanded the whole of West Asia be declared a 'nuclear weapons free zone'. Indian officials, on the other hand, echoed American concerns, stating that they do not want "another nuclear power in the neighbourhood".

The BJP has now come out in full support of the India-US nuclear agreement and the vote against Iran at the IAEA meeting in the first week of February. The India National Congress party (know commonly as Congress) finds the pro-US shift in foreign policy beneficial for some short-term gains! According to reports, the Bush administration has offered close bilateral strategic ties in the short term. In the medium term, the two countries will be partners in the 'war on terror' and in the long term, according to US officials, India will be given the 'privilege' of being a part of the proposed anti-China coalition.

It is important to understand Bush's visit, the protests and the joint statement in this political context. The Joint US-India statement issued after the meeting between President Bush and Prime Minister Singh on 2 March clearly reflects the Indian approval of the principles on which the US hegemony is established globally.

The five sections, in which the statement is divided, are:

- "For economic prosperity and trade" (commitment to corporate interests).
- "For energy security and a clean environment" (code for an energy alliance).
- "For innovation and the knowledge economy" (code for sustaining scarcity).
- "For global safety and security" (that is, global interventionism).
- "Deepening democracy" (that is, financing regime change).

THE UNCLEAR (NUCLEAR) DEAL

George W. Bush arrived in India on the 1 March, but much had preceded him. For example, the hype created by the media over the "historic visit". And the whole retinue of US officials, including under secretary of state for political affairs Nicholas Burns, all at pains to prepare ground for a safe and successful visit.

More notable than this, however, was the shadow of a nuclear militarism preceding the presidential visit. The Bush mission bodes ill indeed for South Asia and particularly for India and Pakistan, and our fears have come true. The so called historic deal has been signed and now India will proceed on its separation plan and implement the commitments in the 18 July, 2005 statement on nuclear cooperation leading to full civil nuclear cooperation between India and US.

The deal should be analysed from three angles:

(a) The sanctity it gives to arsenals and undermines disarmament. It will lead to an arms race in the region, making South Asia even more insecure (the US has already made the offer for the sale of F16s to India). There is also talk that a defence deal has been inked, which is neither being discussed in Parliament nor being made open to the media. This deal will, down the line, have a more frightening nuclear dimension to say nothing of the effect of it on the peace process between India and Pakistan. The government does not appear to care what this means for the impoverished millions of the region but the people do care and this was evident from the nation wide protests to the Bush visit. The agreement will increase worldwide resentment of US' and India's double standards and encourage future proliferation in Iran, Pakistan, Syria and North Korea. We are not convinced that the deal will encourage "responsible" behaviour on India's part because once it gets imported nuclear technology and material it might direct its own scarce domestic uranium to military use.

(b) Another predictable consequence is a close India-US partnership on the Iran question. The IAEA is meeting again right now in Vienna and we have not got a clear idea of India's stand at the time of writing. Another possible fall out will be on the Iran-Pakistan-India oil pipeline. This offer of nuclear cooperation, especially for power production, will throw the entire Indian geo strategic planning into disarray with an uncertain future for gas pipelines from Iran and Burma/Myanmar.

It is no coincidence that Mani Shankar Aiyar the erstwhile Petroleum Minister was stripped off his portfolio a few weeks before the Bush visit. Aiyar was not only determined to go ahead with the Iran-Pakistan-India gas pipeline but also proposed a pan-Asian oil grid.

(c) The pan-Asian oil grid was an attempt to connect the oil and gas fields of Kazakhstan in Central Asia and Indonesia in South East Asia to the energy consuming economies of India and China. Aiyar was recently in China and signed historic Sino-Indian agreements not only related to energy requirements but also on no competition, joint bids in production and transportation. All of this will probably be put on the back burner now, as the new petroleum minister, Murli Deora, has been carefully ambivalent on the future of his predecessor's ventures. The US could not have asked for more as a pan-Asian energy grid would dramatically shift the balance of economic power from the US and Europe to Asia. . This is an opportunity lost for forging a new progressive geo-political front to counter US designs in the region.

The so-called security deal between India and US has created a great sense of insecurity in South Asia since it gives legitimacy to the dictates of the big boy "India" in this region However the Indo-US closeness has resulted in tremendous fissures among members of the ruling UPA coalition. Embarrassingly for Manmohan Singh, the Left parties, who provide outside support to his Congress-led government, coordinated massive protests, ranging from 50,000 to 200,000 thousand people in almost every corner of the country. Muslim organisations, farmers, workers and various people's organizations and movements joined the protests. The issues highlighted during the rally and speeches were the nuclear agenda, Iran-Pakistan-India oil pipeline, calling on the government to rethink its policies on the alignment with the US and build a major alternative to the power centres of the US and Europe. The rally also condemned the content and the publication of the Danish cartoons.

This is the fallout not only from the Indo-US deal but also on the issue of India's voting against Iran in IAEA, the pro-free trade reformist economic policy of the government and the betrayal of the developing world by India at the WTO's Hong Kong Ministerial.

The UPA government was elected to power on a progressive agenda to reverse the policies of the previous right wing BJP government. In the last 21 months it has fast-tracked its predecessors most regressive policies. As the UPAs crisis of legitimacy deepens on the social, political, economic and foreign policy front, it remains to be seen if progressive political forces will align and attempt to forge an independent trajectory for the country that re-aligns India to the developing world.

Resistance to the UPA government is growing, not only from the mainstream left but also from sections as diverse as the Muslims, farmers, and workers. The rallies against Bush saw a rare unity across all these sections. The US attempts to gain more influence in South Asian affairs will probably have a paradoxical effect: it will create new divisions and set off more violence in the name of terror and counter terror, but it will also strengthen a more diverse unity in the country and across the region.

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IN BEIRUT, JUBILATION AND TREPIDATION

By Herbert Docena

In Lebanon, an unarmed and armed resistance (a few thousand strong) humbled the fifth-most powerful army in the world, supplied and backed by the US. While most Lebanese acknowledge Hezbollah's leading role in fighting Israel, what many Lebanese consistently refer to as the "national resistance" is a broad coalition that includes virtually all of Lebanon's most important political forces.

Hussein Choumer hangs around one corner in the district of Haret Hreik in the southern suburbs of Beirut. Around him are mountains of rubble; the remains of over 100 mostly 10-storey residential buildings flattened by Israeli missiles now turned monuments to destruction. Books, towels, washing machines, and mattresses are strewn on the streets, covered with a thick film of dust. The last page in a calendar shows the day it all started: July 12; the hands of the clock in one shop is stuck at 12:25. The air is thick with the strange mix of filth and gunpowder.

Hussein, his wife, and three children used to live here. His house is gone. And yet, "I consider my loss as nothing," Hussein says. "What matters is that our brothers are fighting in southern Lebanon fighting. And as they fight, they're giving me back my home." Two hours later, a volley of Israeli bunker-buster bombs once again hit the neighborhood.

Sixty of the thousands of families who lost their homes in these suburbs have camped out in a school in central Beirut. Outside, a large picture of Hezbollah's leader Sheik Hassan Nasrallah hangs at the center of a clothesline over the narrow street. The atmosphere inside is anything but despondent. Over a hundred children are running around the small courtyard playing. In a little while, they burst into a chant "We love Nasrallah!" The adults follow. These families have just lost everything. They're having the time of their lives.

With over 1,400 dead and over 3,000 wounded, and entire districts and villages in ruins, Lebanese today marked the "cessation of hostilities" with a heady mix of awe and anxiety, lamentation and celebration.

Hussein's and the displaced families' steadfastness is perhaps among the most visible manifestation of how Israel failed to achieve the military objectives behind this war. If the point of the massive thirty-day aerial bombardment and leveling of villages was meant to strike fear in people, as many Lebanese believe, then the result may have been the opposite.

In the south, site of the most intense fighting and devastation, the sound of explosion came from firecrackers and celebratory gunfire instead of from artillery and bombs. Beginning at 8:15 in the morning, or barely fifteen minutes into the ceasefire, thousands of families began streaming back to their emptied towns. If the aim of Israel was to conduct ethnic cleansing in the south, then the effort seems to have failed for now.

"The Hezbollah offers its victory to the Lebanese people," says Dr Ali Fayyad, a member of the political bureau of the Hezbollah. It has been an offer that many in Lebanon seem to have readily accepted. At night, at exactly the same time that US President George Bush was on TV calling the Hezbollah "terrorists who want to deprive the Lebanese freedom," convoys with young people were driving around Beirut's streets, blowing their horns, cheering wildly, and waving Hezbollah's and Lebanon's flags. In street corners, young and old alike gathered in small crowds to hand out Nasrallah's pictures to passing motorists.

Despite persistent attempts to cast the Hezbollah as an isolated "terrorist organization" of Shia Muslims, majority of the Lebanese population -- including Christians and Sunni Muslims -- have thrown their support behind the group. In one recent local survey, 87% of the population was reported to be supporting the Hezbollah, including four out every five Christians and Druze and nine out of every ten Sunni Muslims.

But while most Lebanese acknowledge Hezbollah's leading role in fighting is Israel, what many Lebanese consistently refer to as the "national resistance" is a broad coalition that includes virtually all of Lebanon's most important political forces, including Amal, the other main Shia movement, the Lebanese Communist Party (LCP), other left groups and liberal democrats -- and even the right-wing Free Patriotic Movement of General Michel Aoun.

"We have a joke that, in the average Lebanese family with seven children, four will children be with the Hezbollah, two will be with the communist, and one will be with Amal -- all of them with the resistance," shares Khaled Hadadeh, secretary-general of the LCP.

The LCP, a leftist secular party whose memberships cuts across the confessional lines, has itself been very close to the Hezbollah and fought alongside them in the frontlines in the south. According to Hadadeh, at least 12 LCP members and supporters died in the fighting.

The war was not, as was frequently reported, just between Israel and Hezbollah. Contrary to Bush's claim that the Hezbollah actions have been in defiance of Lebanon's government, the Lebanese government, since the outbreak of war, has consistently supported the Hezbollah's positions and demands. Hezbollah for its part has vowed to abide by the Lebanese government's concessions.

Most Lebanese believe that it is this unity among the otherwise divided Lebanese groups that ultimately inflicted defeat on Israel. "This unity is especially significant because Lebanon has been a country that's been at war with itself," points out Anwar Al-Khalil, a member of parliament from Amal. The groups who now comprise the "national resistance" were at opposing sides of Beirut's dividing lines during Lebanon's civil war in the 80s and 90s.

Lebanese President Emile Lahoud, a Maronite Christian said: "We have come out of this stronger, more united than ever before. Israel would now think twice before coming to attack us again." If Israel's aim was to foment Lebanon's sectarian and religious divisions in the hope of pitting the Christians and the Sunnis against the Hezbollah, then the strategy may have backfired.

Despite the celebrations, however, the Lebanese are not even done counting their dead. "This victory came with a heavy price," says Hadadeh. "Now we're still calculating how much we have paid."

Ayoub Hmaied from Bint Jabeil, one of the towns at the heart of the clashes in the south, rattled off a list of villages where Israel's missiles led to a massacre of civilians: Bekaa, Brital, Haissa, Srifa, Qana, Ashaiya... At 6 AM, just two hours before the "cessation of hostilities" took effect, Israel bombed Israel's southern suburbs in what seemed like a coup de grace for this phase of the war.

"We are now in a cloudy time," says Al-Khalil. "We cannot say we have arrived at the end."

For now, though, the Lebanese are still in awe at what they have achieved. As many Lebanese like to reminder their guests these days, in 1967, it took only six days for Israel to defeat all of the Arab armies combined. Now, even after thirty-three days of massive and unrelenting bombardment, what they call their "national resistance" is still standing.

Considering that Israel is said to be the world's most powerful military and the recipient of billions of dollars in cutting-edge military technology, points out Hezbollah's Fayyad, that is no mean feat.

And this, believes Nahla Chahal, a half-Iraqi, half-Lebanese activist, is why Hezbollah is so threatening to Israel and the United States. "They show not only that it's possible to resist but that it's possible to resist and win."

The Mission members were:

Kjeld Jakobsen, CUT Brazil and Hemispheric Social Alliance
Gerard Durand, Confederation Paysanne, France, La Via Campesina
Kari Kobberoed Brustad, Norsk Bonde - Og Smabrukarlag, Norway, La Via Campesina
Mujiv Hataman, Member of Parliament, Anak Mindanao, Philippines
Walden Bello, Focus on the Global South
Seema Mustafa, Resident Editor, Asian Age
Feroze Mithiborwala, Forum Against War and Terror, Mumbai
Kamal Chenoy, All India Peace and Solidarity Organisation, Coalition for Nuclear Disarmament and Peace (CNDP), India
Herbert Docena, Focus on the Global South
Mohammed Salim, Member of Parliament, Communist Party of India (Marxist), India
Vijaya Chauhan, Rashtra Seva Dal, India (Youth Organization)
German Guillot, interpreter (French/Spanish/English/Arabic)

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Save the Date!!
International Conference to Abolish Foreign Military Bases
5-9 March 2007 in Ecuador

On behalf of the International and Ecuadoran Organizing Committees for the Inaugural Conference of the Network for the Abolition of Foreign Military Bases, we invite you to participate in this important global conference, which will take place in Quito and Manta, Ecuador, from March 5-9, 2007.

The conference aims both to highlight the political, social, environmental and economic impacts of foreign military bases and the grassroots movements that oppose them, as well as to formally construct the network, its strategies, structure and action plans.

We have seen how foreign military bases and other forms of military presence are used to secure the interests of a few at the cost of democracy, justice, sovereignty and self determination. But these bases and their destructive impacts are meeting with strong grassroots opposition, in Vieques, Korea, Okinawa, United Kingdom, Guam, the United States itself, and many other countries. It is these movements we wish to highlight and bring together for mutual support and strategies.

Over the past two years, movements for peace and justice have been building an international network that works for the abolition of foreign military bases around the world. The next step in consolidating this Network is the International Conference for the Abolition of All Foreign military Bases. We hope that this will be the biggest gathering of anti-bases activists to date. The main objectives of the Conference are:

- Analyze the role of Foreign Military Bases and other forms of military presence in the strategy of global domination and its impacts on the population and the environment.
- Highlight, share experiences, and solidarity with resistance struggles against foreign military bases in the world.
- Reach consensus on objectives, action plans, coordination, communication and decision-making mechanisms for a global network for the abolition of all foreign military bases and other forms of military presence.
- Establish global struggles and action plans that strengthen local and national struggles and the coordination among them.

The conference takes place over five days. On the first day, Monday, March 5, presentations and workshops will explore the geo-strategic context of foreign military bases and other foreign military presence, their role in the empire's goals, the diverse impacts of military bases, and the movements to close them.

On the second and third days, the conference will run on two tracks. The first, open to as many participants as register, will consist of presentations, workshops and films to deepen participants' knowledge of military bases and anti-base movements; some of these will be self-organized, others put together by the conference organizers. A second track will work to formally establish the anti-base network.

The fourth day of the conference is International Women's Day, and, led by Ecuadoran women's groups also opposed to military bases, we will travel by caravan from Quito to the port city of Manta, stopping in communities along the way. The fifth day of the conference will represent joint action by international and Ecuadoran participants, with a focus on the US military base in Manta.

In addition, there will be cultural events during conference evenings, when we hope to share expressions not only of Ecuadoran culture, but that of other cultures present. Activists will bring back from the conference joint plans, ideas, contacts, solidarity, and inspiration to support your critical struggle at home against military bases.

During October we will announce on-line registration for the conference, at http://www.no-bases.net. Meanwhile, you can sign-up at the site to receive conference updates. For now, we urge you to make plans to participate in this critical gathering. We look forward to seeing you in Ecuador.

Asociación Cristiana de Jovenes (Ecuador)
Fundación Regional de Derechos Humanos (Ecuador)
Servicio Paz y Justicia (SERPAJ-E) (Ecuador)
Confederación de Nacionalidades Indígenas del Ecuador (Ecuador)
Movimiento Tohallí (Ecuador)
Paulina Ponce Comisión Ecuménica de Derechos Humanos (Ecuador)
Grupo de Objetores de Conciencia (Ecuador)
ALTERCOM (Ecuador)
Clínica de Derechos Humanos PUCE (Ecuador)
American Friends Service Committee
US Peace Council (US)
Nonviolence International (US)
American Friends Service Committee (US)
Gathering for Peace (Filipinas)
Centro Memorial Martin Luther King Jr (Cuba)
Cuban Movement for Peace and and People's Sovereignty (Cuba)
Campaign for Demilitarisation of Americas (Latin America)
Focus on the Global South (Thailand, Philippines, India)
Fellowship of Reconciliation (US)
LALIT (Diego Garcia / Mauritius)
Transnational Institute (Netherlands)
Asian Peace Alliance - Japan
Japan Peace Committee (Japan)
For Mother Earth (Belgium)
Pakistan Peace Coalition (Pakistan)
Campaign for Nuclear Disarmament (UK)
World Peace Council