

THIRD WORLD

RESURGENCE

ISSUE No. 247

KDN PP6738/01/2012 (026876)

www.twinside.org.sg



Surging FOOD prices add FUEL to fire

Roll back
enhanced prices
of petrol, Diesel
and Gas
-CPI(M)



ISSN 0128-357X



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Editor's Note

ONCE again, global food prices are soaring and the danger of a threat to food security looms large. When a food crisis last erupted in 2008, much was said both nationally and internationally on the need to take effective measures to prevent the recurrence of such a crisis. Yet barely three years on, the world is confronted with the same problem.

According to the latest brief issued by the United Nations Food and Agriculture Organisation (FAO) on global cereal supply and demand, 'international cereal prices have increased sharply with export prices of major grains up at least 70 percent from this time last year'. The grim situation in human terms can be gauged from a report in the World Bank's *Food Price Watch* that rising global food prices since last June have resulted in an estimated 44 million people falling into extreme poverty (under \$1.25 a day) in low- and middle-income countries.

When one turns to the causes of the current crisis, they sound depressingly familiar. The common explanation offered is wholly one of supply and demand. However, while there is no denying that the global supply of wheat, for example, has fallen, the diminution of supply cannot afford the whole explanation. While weather-related factors have played a primary role in reducing food supplies, the resulting price increases are clearly disproportionate to the supply decrease.

The explanation has to be found in the dramatic growth of financial speculation in commodity futures such as wheat and corn. Financial speculators, increasingly attracted by the high returns, have been funnelling their funds into these markets. This pattern of speculation was a key factor in generating the 2008 food crisis. Despite much talk about financial market reform to curb such speculative practices, no real reform has been forthcoming. What is disturbing now is how widespread such speculation has become. Recent reports in the Chinese media indicate that the rich in China, flush with cash seeking ever more profitable outlets, are also turning to such food speculation, putting the lives of millions in jeopardy.

What makes this food crisis more ominous is that it has come in conjunction with a fuel crisis. As a result of unrest in the Arab region, oil prices have begun to soar, not merely from a fear of diminished supplies from the turmoil-hit Middle East (especially Libya), but principally because of the activities of speculators on the oil futures market.

Thus the benchmark Brent crude oil price, which was \$90 a barrel in December last year, rose to about \$115 per barrel in March. And while the Japanese earthquake initially helped to depress oil prices a little (in anticipation of Japan's reduced demand arising from the disruption to industrial production caused by the earthquake and tsunami), there has since been a sharp resumption of the upward trend in prices on the news of the breakdown of the country's Fukushima nuclear power plant. Market speculators, sensing that Japan will have to import more oil to make up for the increased shortfall caused by the nuclear reactor breakdown, have

been hard at work in the oil markets again.

The point to note is the relationship between food prices and oil prices. Soaring oil prices impact adversely on food prices in a number of ways. Since food has to be transported, it will inevitably be impacted by higher transporting costs caused by a surge in fuel costs. Rising oil prices are also an inducement to the diversion of food crops to the production of ethanol and other alternative biofuels. Such diversion reduces the total supply of food available for distribution and thus pushes up food prices. And since the world's food production is still largely dependent on chemical fertilisers and pesticides, higher oil prices quickly translate into higher production costs.

The current food and fuel crisis has exposed once again the unsustainable bases of our international social and economic order. The production of food has been transformed into an industry dominated by huge corporations. The emphasis on the issue of increasing production is focused almost exclusively on the greater application of industrial, chemical and bio-technologies. Despite continued rural poverty and huge food import bills, Third World governments have continued to neglect agriculture. If they have devoted any resources to the agrarian sector, it has mostly been in the introduction of the same discredited industrial models and technologies which continue to create more rural distress than ever. If no real efforts are made to genuinely revive agriculture based on the small farmer and agroecological methods of farming, food crises will continue to plague the South.

The need to address the fundamental issues raised by the fuel crisis is equally imperative. A social and economic order based on fossil fuels is clearly not sustainable. This is not only because oil is a depleting resource, but also because it contributes to global warming. And judging by the fact that the recent drop in food production had weather-related causes, the continued use of fossil fuels is already exacerbating the food crisis. Hence there is an urgent need to reconsider some of the basic foundations on which our existing social order rests.

Our cover story for this issue of *Third World Resurgence* explores some facets of the current food and fuel crisis. While a number of articles analyse the causes of the food crisis, others draw attention to threats to food security posed by trade policies, biofuel production and financial speculation. We also publish a couple of articles which focus on the measures taken by some countries to safeguard and improve food production. We conclude with an article which questions the viability of the current oil order.

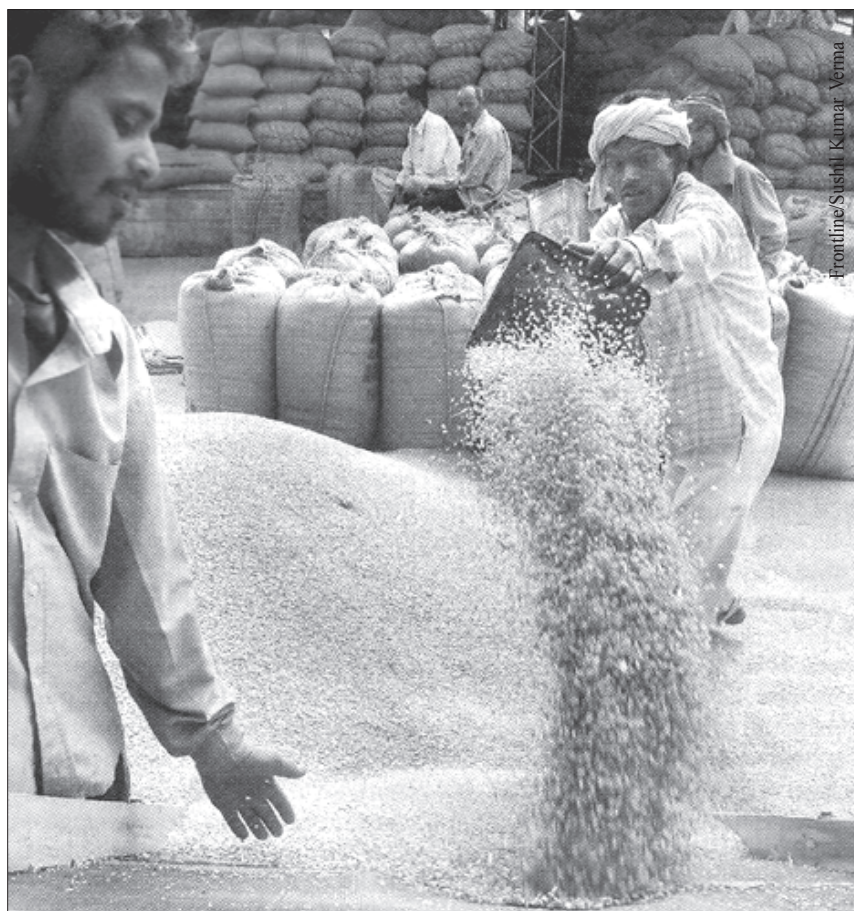
— The Editors

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No 247 Mar 11 ISSN 0128-357X



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THIRD WORLD RESURGENCE is published by the Third World Network, an international network of groups and individuals involved in efforts to bring about a greater articulation of the needs and rights of peoples in the Third World; a fair distribution of world resources; and forms of development which are ecologically sustainable and fulfil human needs.

THIRD WORLD RESURGENCE is published monthly by Third World Network, 131 Jalan Macalister, 10400 Penang, Malaysia. Tel: 60-4-2266728 Fax: 60-4-2264505. Email: twnet@po.jaring.my
Printed by Jutaprint, No. 2, Solok Sungai Pinang 3, 11600 Penang, Malaysia.
Cover Design: Lim Jee Yuan
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The stillborn 'nuclear renaissance'

Efforts by powerful international lobbies to revive the nuclear power industry have suffered a major setback with the disaster of Japan's Fukushima nuclear power plant.

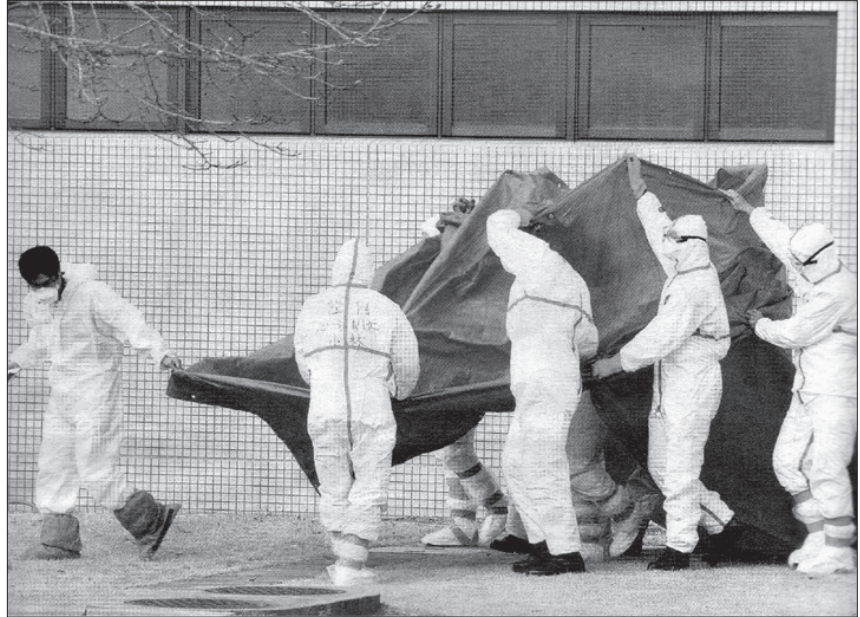
Julio Godoy

FOR several years, a handful of international institutions, such as the OECD Nuclear Energy Agency (NEA), some governments and state-owned enterprises specialising in the construction of nuclear power plants, have been publicising the view that atomic power is experiencing a renaissance.

In 2006, for instance, the NEA in its *Uranium 2005* report argued that nuclear power was set to play a significant role in the next 40 years, given the expected rise in worldwide demand for electricity. The NEA also advanced then the now well-known argument that nuclear power is a clean energy source, indispensable to fighting global warming. It argued that 'the extent to which nuclear energy is seen as beneficial in meeting greenhouse gas reduction targets could potentially increase the role of nuclear energy in future electrical generation.'

This campaign was part of the effort of an international lobby to counter the global awareness of the perils of nuclear power, which has been rising steadily particularly since the most tragic March 1979 Three Mile Island and April 1986 Chernobyl accidents.

Since 1979, and especially during the 1990s, numerous industrialised countries, conscious of the health and environmental risks, decided to phase out nuclear power. As a consequence, and as recently as September 2009, the European Nuclear Society listed new nuclear power plants under construction in only six European countries. The list, however, included 19 projects in Russia, which have been under construction for decades, and which are therefore considered stillborn monsters. (<http://www.euronuclear.org/info/>



Japan Self-Defence Forces officers in radiation protection suits holding a sheet over workers exposed to high levels of radiation at the Fukushima nuclear power plant. The Fukushima catastrophe shows that even a country with state-of-the-art technology cannot properly deal with the hazards of nuclear energy.

maps.htm).

The campaign by the international lobby found its way into the mass media, under the catchy phrase of the 'renaissance of nuclear power'. Typical of this media resonance was a story by the German weekly *Der Spiegel*, published in July 2008, which claimed, quite inexactly, that 'Dozens of new reactors (were) under construction.' *Der Spiegel* revises the claim later in the article, stating that 'after decades of hesitancy, more and more countries are turning back toward the atom with well over 100 reactors either already under construction or in the planning stages'. Both claims were far from true. (<http://www.spiegel.de/international/world/0,1518,druck-565363,00.html>)

For, while it is true that several governments have announced plans to construct new nuclear power plants, most of these remain projects which, according to numerous experts and scientists, hardly will overcome the

tough economic and technical obstacles nuclear power has to face.

And those nuclear power plants actually under construction serve, at best, as examples of follies.

'The Finnish grave'

Take the case of the Finnish Olkiluoto Nuclear Power Plant 3, probably the one reactor under construction most referred to as proof of the so-called renaissance of nuclear energy. Authorised in December 2000, the facility, which uses the European Pressurised Reactor (EPR) technology, was set to start functioning in May 2009.

However, numerous construction setbacks forced the French constructor Areva in December 2007 to postpone delivery to the summer of 2011. When the setbacks continued, Areva had to announce a further delay: In October 2008, Areva announced that the Olkiluoto nuclear power plant



Numerous construction setbacks have delayed the commencement of operations of the Olkiluoto 3 nuclear power plant in Finland.

could only be delivered in June 2012.

By early September 2009, drastic construction budget excesses – the construction costs, initially estimated at three billion euros, have jumped to well over five billion, for a preliminary cost surplus of at least 55% – and legal quarrels between Areva and the Finnish Teollisuuden Voima Oyj (TVO), which owns and operates the Olkiluoto complex, were threatening the completion of the plant. Now, the plant may actually start operations only in 2014.

In late 2009, after several years of troubled cooperation with TVO, Areva threatened to lodge a legal complaint against the Finnish operator, to obtain compensation for the 2.3 billion euros in losses incurred during the reactor's construction. If no compensation were to be agreed, Areva would stop the construction of the plant, Anne Lauvergeon, head of the French group, told French journalists.

In an interview with the French economic daily *Les Echos*, TVO deputy CEO Timo Rajala dismissed the claim as 'a message addressed to the French', and accused Areva of lacking professionalism. 'Areva sold us the EPR and only afterwards

started the engineering works for the plant,' Rajala said. (<http://www.lesechos.fr/info/energie/020146990147.htm>)

Steve Thomas, professor of energy policy at the Public Services International Research Unit, University of Greenwich, Britain, summed up the quarrels in an interview with the *International Herald Tribune* in 2008: 'Olkiluoto has become an example of all that can go wrong in economic terms with new reactors.' (Curiously, the link to Thomas' interview with the *IHT* is no longer available at the paper's online site. French anti-nuclear activists claim that the interview was erased from the server under pressure by Areva.)

Rajala's apparent coolness in the face of Areva's threats is understandable: While Finland may renounce one nuclear reactor, Areva cannot afford to stop the construction of the EPR of Olkiluoto, for it considers the model the company's key to the world.

That pressure led Areva to offer Finland the EPR under generous conditions. As the *World Nuclear Industry Status Report 2009*, written by several nuclear energy experts for the German environment ministry, put it,

'AREVA needed a "shop window" for EPR technology and Olkiluoto-3 would serve as a reference plant for other orders.'

As an additional incentive and at the request of the client, Areva offered the plant on 'turnkey' terms, that is, fixed price. It also took responsibility for the management of the site and for the architect engineering, not just the supply of the 'nuclear island'.

Olkiluoto 3 is the prototype of the EPR technology. A second model is under construction on the French Atlantic coast; other EPR plants, at home and abroad, shall come. For instance, Areva has offered the construction of four EPR reactors in Britain.

However, the chances that Areva will build the reactors in Britain have all but vanished, after the British Nuclear Installations Inspectorate (NII) warned that the French EPR technology suffered from serious safety deficiencies in its control and instrumentation (C&I) systems.

In June 2009, in a letter to Areva, leaked to the British press, the NII expressed concerns that 'the C&I architecture [is] overly complex'. The C&I is considered the 'cerebral cortex' of a nuclear power station, for it



A temporary nuclear waste storage facility in Gorleben, Germany. The proper disposal of nuclear waste is one of the many problems posed by atomic energy.

manages the computers monitoring and controlling the reactor's temperature, pressure and power output levels.

'It is our regulatory judgment that the C&I architecture appears overly complex,' the NII letter said. 'We have serious reservations about [Areva's] proposal which allows lower safety class systems to have write access (permissives etc.) to higher safety class systems.'

The NII further called attention to other concerns, especially the lack of safety display systems or manual controls that would allow the reactor to be shut down, either in the station's control room or at an emergency remote shutdown station. (http://business.timesonline.co.uk/tol/business/industry_sectors/natural_resources/article6613960.ece)

Add to the technical warnings against the EPR the financial constraints imposed by competition and those forced upon states and other investors by the international economic crisis.

A September 2009 editorial comment in *Les Echos* pointed out that 'a gas-fuelled power plant of 800 megawatts (MW) costs 550 million euros, and is constructed in four years. The construction of a nuclear power plant of 1,600 MW takes eight years, and costs up to six billion euros.'

An investor putting money into a new nuclear power plant has to wait at least eight years to end the invest-

ment – if he gets to put the money together at all. In the comment, the newspaper quoted Yves Giraud, chief economist at the French energy provider EdF as saying that, in the best of cases, an investor has to wait 25 years after the investment decision was taken to start covering the costs.

Here arises a first question on the financial feasibility of nuclear power plants: Who, in these tight fiscal and financial times, will put such amounts of money together, for an investment that promises insecure returns in 25 years?

It's also the technique

The sheer insurmountable financial obstacles the so-called nuclear renaissance faces are one problem. The others, by far much more important, are the technical, environmental, and health risks associated with nuclear power.

The catastrophe of Fukushima and Onagawa in Japan shows that even a country with state-of-the-art technology cannot properly deal with what some euphemistically call the 'residual risk' of nuclear power – an euphemism, for this 'residual risk' becomes the main feature of nuclear power when the radioactive meltdown sets in, as in Fukushima, Chernobyl and Three Mile Island.

The 'residual risk' is the central data even in cases where a meltdown does not happen, as in the accident at

the nuclear power plant in Civaux, France, in May 1998. One would rather not think of the 'residual risk' in a nuclear catastrophe in a country like China, where even schools crumble down like sand castles after the first tide.

But even apart from a nuclear meltdown, atomic energy represents an enormous collective danger, which should make it simply indefensible. An exhaustive list of examples of environmental and health catastrophes caused by nuclear power, from the extraction of uranium to the disposal of nuclear waste, could not be presented here.

Suffice it to say: In France, according to official documents leaked recently, 34 of the 57 nuclear power plants presently in operation suffer from a serial construction defect that in the worst case would paralyse the cooling system. That is, a nuclear meltdown in most of the French nuclear reactors is possible, due to construction errors.

In Germany, the irresponsibility of the operators of nuclear power plants is such that nuclear waste has been routing for decades in search of an appropriate final storage. In Japan, the mendacity of nuclear operators is legendary. They have been lying to the public for years, to conceal the numerous accidents in their nuclear facilities.

In a nutshell: The evidence on the health and environmental risks of nuclear power is enormous and should be most convincing. However, the international nuclear lobby has so far been impervious to it. Will it remain so, after the worst conceivable nuclear catastrophes, such as the one now happening in Japan? Let's hope not, and finally accept that the renaissance of nuclear power which the atomic lobby has been heralding is just the stillbirth of a monster. – *IDN-InDepthNews* ♦

Julio Godoy is a freelance journalist. This article appeared in his regular column 'Stray Thoughts' in the March 2011 issue of Global Perspectives (www.global-perspectives.info), a monthly magazine for international cooperation produced by Global Cooperation Council – a non-governmental organisation campaigning for genuine cooperation and fair globalisation – in partnership with IDN-InDepthNews.

Dangers of the boom in capital flows

The present boom in capital flows to developing countries is having destabilising effects on currencies and asset bubbles and it will also end in a damaging bust, warns a new study.

Martin Khor

HUGE funds at near-zero interest made available by the United States and other developed countries to boost their flagging economies are instead fuelling booms in capital flows to developing countries and in commodity prices.

Both booms are already having destabilising effects on many developing countries. And they will also end in a bust, as has happened with previous booms, and this will have an even more damaging impact.

Therefore international regulation as well as national policy measures are urgently needed to control this boom-bust cycle.

These are the key conclusions of a new South Centre research paper, 'Capital Flows to Developing Countries in a Historical Perspective: Will the Current Boom End in a Bust?'

It is authored by the Centre's Chief Economist Dr Yilmaz Akyüz, who made a presentation on its key points at a launching ceremony at the United Nations in Geneva in the week of 14 March. Dr Supachai Panitchpakdi, Secretary-General of the UN Conference on Trade and Development (UNCTAD), also made extensive comments on the paper at the meeting, which was attended by diplomats and UN staff.

Akyüz said that as part of the policy intervention applied by advanced economies, the US in particular, large amounts of liquidity have been made available at near-zero interest by the governments or central banks. The current \$600 billion 'quantitative easing' by the US Federal Reserve is an important example.

However, these monetary expansion



The US Federal Reserve building in Washington. The Fed's \$600 billion 'quantitative easing' policy has made available large amounts of liquidity which have flowed into developing economies.

measures have been unable to establish stable and vigorous growth in the advanced economies. Instead, the funds have been channelled mainly as speculative capital flows in search of higher yield to emerging economies and to the commodity markets.

This is transmitting destabilising impulses to developing countries through their impact on exchange rates and on the markets for assets, credit and commodities, threatening their growth and stability.

Moreover, the capital flows are likely to be reversed, with significant damage to the developing countries. Thus the effective management of these capital flows is essential for developing countries to survive the global economic turmoil.

The paper traces the postwar boom-bust cycles in capital flows, pointing out the first cycle starting in the late 1970s and ending with the debt crisis in the 1980s in Latin America; the second boom starting in

the early 1990s and ending with the East Asian crisis; and the third boom starting in the early 2000s that ended with the Lehman Brothers collapse in September 2008.

However, this last bust was shortlived and a fourth boom started in the second half of 2009 and is now continuing with full force.

Although these cycles differ in nature and destination, they also share some common features. The booms are characterised by rapid liquidity expansion and low interest rates in the main reserve-issuing countries, especially the US. The busts are catalysed by tighter credit conditions, rising dollar interest rates and a strengthening of the dollar; and in recipient countries, there is a deterioration in macroeconomic conditions, mostly due to the effects of the capital inflows themselves.

In the current boom, starting in mid-2009, the quantitative easing (pumping of government funds into the banking system) in the US and



As a result of the capital surge into developing countries, their currencies, like the Brazilian real (pic), have appreciated significantly.

Europe was not mainly translated into domestic credit expansion but instead spilled over to the developing countries through investors seeking higher yield. This is because of higher interest rates in developing countries, which thus encourage the 'carry trade' (borrowing in a currency with low interest and investing in a currency with higher interest); a shift in risk perception against advanced economies; and better growth prospects in developing countries.

There have been three adverse effects of the surge of capital inflows into developing countries:

- Their exchange rates have appreciated significantly, thus making their exports less competitive and affecting their balance of payments.

Ironically those countries with current-account deficits like India, Brazil, South Africa and Turkey have had the sharpest currency appreciation.

- There is a buildup in short-term private debt in some countries, which will increase corporate default if the currency appreciation is reversed.

- The creation of asset market bubbles, with equity prices rising in tandem with capital flows. There is the risk of a hard landing when flows are reversed.

The paper also shows that there is a cycle in commodity prices which is associated with capital flows. This commodity cycle is similarly influenced by the liquidity provided by advanced economies and the investors' search for higher yield.

The paper points to the financialisation of commodity markets, with investment in index trading rising from \$13 billion to \$320 billion between 2003 and 2010. The paper shows a close correlation between the fluctuations in private capital flows and in commodity prices, and an inverse relation between the value of the dollar and commodity

prices.

Looking at the historical record of previous cycles, the paper predicts that both the booms in capital flows and commodities will end with a bust. This could happen through one of three scenarios: an abrupt monetary tightening in the US; monetary tightening and slower growth in China; and a balance-of-payments or financial crisis in a major emerging economy.

The paper examines three policy options for developing countries in managing surges in capital flows: currency market intervention and 'sterilisation'; liberalising and encouraging capital outflows by residents; and capital controls.

Pointing to the limitations and drawbacks of the first two options, the paper elaborates on the need for capital controls. Measures taken by some countries have not worked because they have been inadequate; for example, low taxes on capital inflows are not enough to discourage them when interest differentials are large and the currency is appreciating. There is thus the need for direct restrictions over private borrowing from abroad and on the entry of non-residents into domestic securities markets.

The paper concludes that capital controls can be sufficiently effective to make a difference, if done vigorously. There is a need for determined action by developing countries to control capital flows, both inward and outward. They should not allow their currency and current-account situations to get out of hand.

Meanwhile, there is also the need to reform the international financial architecture to reduce systemic instability. The reforms include regulation of international capital flows (including in the source countries), regulation of trading in commodity futures, and reforms in the currency reserves system and the exchange rate system. ♦

Martin Khor is Executive Director of the South Centre, an intergovernmental policy think-tank of developing countries, and former Director of the Third World Network. 'Capital Flows to Developing Countries in a Historical Perspective: Will the Current Boom End in a Bust?' is available on the South Centre website, www.southcentre.org.



People walking out of the Lehman Brothers building in New York with their belongings after the investment bank's bankruptcy in September 2008. The Lehman Brothers collapse marked the end of the previous boom in capital flows, which had started in the early 2000s.

Social unrest an opportunity to reshape economic policies

The continuing revolts in the Arab world have discredited not only the region's existing political leadership but also the trade and development policies pursued by them. A policy brief by a UN body says that this is an opportune moment to embark on a new sustainable model of development which ensures that the gains from productivity growth are distributed equitably between capital and labour.

THE current upheaval in North Africa and West Asia represents a day of reckoning for the trade and economic policy choices made in the region over the past decades, and this is an opportune moment for these countries (and others facing similar pressures) to rebuild neglected public institutions so they can lead the process of reshaping economic and labour governance.

This recommendation by the United Nations Conference on Trade and Development (UNCTAD) is voiced in its Policy Brief No. 21 (dated February 2011) titled 'Social unrest paves the way: A fresh start for economic growth with social equity'.

According to UNCTAD, this situation can provide a platform for 'a re-assignment of macroeconomic policies for sustained growth in ways that trigger a virtuous circle of investment, productivity growth, income growth and employment creation so that the income gains from productivity growth are distributed equitably between labour and capital'.

The UNCTAD paper notes that the downside of rapid and poorly sequenced liberalisation, sweeping privatisation programmes, restrictive macroeconomic policies and export-led growth strategies has manifested itself vividly in the first weeks of the second decade of this third millennium.

'Vulnerable countries in North Africa and West Asia, especially non-oil exporters, face significant social and political pressures though the economic policy space necessary for appropriate response has been shrinking over the last decades.'

More often than not, says the paper, liberalisation has not been able

Kanaga Raja

to prevent income concentration and the emergence of legions of educated, unemployed urban youth whose job prospects are dim. One of the defining features of the globalisation process in the last three decades has been to create growth in economies ill-prepared to absorb burgeoning urban and rural labour forces in productive and decent employment.

While policy 'reforms' proceeded apace, and even generated GDP growth, this was accompanied by bubbles of wealth and skewed, unsustainable income distribution, which has improved only marginally in many such countries, the paper adds.

For today's developed countries, UNCTAD stresses, the creation of strong labour market and social security institutions was an important element in the structural transformation that accompanied their industrialisation. The participation of labour in productivity gains was a necessary condition for the advancement of this process. But in developing countries, the link between growth and formal employment is weaker than in developed countries partly due to the fact that changes in informal employment and self-employment dampen cyclical growth effects.

'Having pursued export-growth strategies to their limits, at best many developing countries have witnessed jobless growth episodes whereby workers laid off in the formal sector in bad times often tend to move into the informal economy because of the lack of social safety nets,' says UNCTAD.

The paper notes that in more open

economies, strengthening a country's international competitiveness has often resulted in downward pressure on wages, a dynamic strengthened by the move of surplus rural labour into the urban or formal sectors.

However, wage competition can only be sustained for a limited period of time in some, but not all, countries; the lack of adequate domestic demand generation would eventually affect economic and employment growth and could fuel social unrest. Moreover, in such a situation, it becomes more difficult to achieve the right balance between external and domestic sources of growth and foster resilience to cope with external demand shocks, it adds.

'This is the new policy challenge facing developing countries whose export markets have been hit by global recession and exchange rate fluctuations and where tolerance to wage compression has been stretched to the limit.'

The UNCTAD paper finds that policy reforms in developing countries since the 1980s involved reorientation of macroeconomic policies, with priority given to combating inflation, attracting foreign direct investment, and greater openness to trade and capital flows. With market liberalisation, the economic role of governments was reduced, and the goals of full employment and equitable income distribution lost their former pre-eminence.

'According to the structural adjustment paradigm that has since been widely advocated, the leading role in development hitherto accorded to industrialisation was de-emphasised and prominence was accorded to whichever sector was seen as reflect-

ing a country's comparative advantage. In this view of what best promotes development, liberalisation was expected to permit a reallocation of productive resources from protected, inefficient industries to export-oriented competitive sectors that were supposedly more employment-intensive.'

However, points out UNCTAD, more than 20 years of policy reform have had a limited impact on strengthening the potential for rapid and sustainable growth in Africa. 'Indeed, they may even have reduced that potential by hindering crucial investments in physical and social infrastructure.'

The paper underlines that financial liberalisation since the 1990s altered growth trajectories in ways that were inimical to employment generation by preoccupying central bankers with exchange rate stabilisation instead of investment promotion and promoting full employment.

Furthermore, says UNCTAD, when governments in the region opened up to foreign capital, the investment they attracted was concentrated in capital-intensive sectors (telecom, energy, etc.), which is the opposite of what neo-classical trade theory and comparative advantage predict.

'Typically, recessionary episodes with high unemployment weakened the bargaining power of organised workers and lowered their share in national income. This also encouraged greater labour market flexibility and aggravated wage compression.'

The paper explains that what has taken place recently in Tunisia, Egypt and other countries in the region is thus symptomatic of a wider policy malaise that has inspired a rapidly evolving social transformation agenda.

'Even though acceleration of GDP growth in the 2000s has been accompanied by higher labour productivity and declining incidence of vulnerable employment and of the working poor, labour market characteristics in North Africa have remained largely unchanged since the 1990s.'

The UNCTAD paper finds that participation rates increased margin-

ally, and in the late 2000s were at about 44% of the labour force. Registered unemployment has shrunk from around 15% in the late 1990s, although, at close to 10% during the past decade for Africa and at between 10-13% in countries of North Africa, it remains high relative to other developing regions.

According to UNCTAD, the limited available data on the evolution of the share of wages in national income suggests that it has been, with some exceptions, on a declining trend over the past three decades in both developed and developing countries.

For the group of three North African non-oil-producing countries for which data is available (Egypt, Tunisia and Morocco), despite sustained GDP growth and labour productivity gains, the wage share has not tracked that path. Rather, the share of wages for this group of countries hovered around 33% of national income since the mid-1990s, with some shortlived improvement until 2005, after which it has declined. In Egypt, the wage share has fallen recently below a quarter of national income, notes the paper.

This trend is explained partly by greater labour market flexibility and export orientation, which tended to limit increases in wages to boost international competitiveness. But the decline in real wages and in the wage share in most developing countries in the 1980s and the 1990s was mostly due to wage compression, with workers bearing the burden of export-oriented industries losing competitiveness in international markets, the paper notes.

'At the root of the problem was restrictive monetary policy involving high interest rates to attract foreign capital, which led to weakened competitiveness by fostering real exchange rate appreciation and at the same time discouraged domestic investment by raising the cost of credit to producers.'

UNCTAD points out that its Trade and Development Report of last year had emphasised that employment growth critically depends on the expansion of aggregate demand, and much less – if at all – on the price of labour relative to that of capital.

The conventional wisdom about

'export-led growth' has focused policymakers' attention on lowering unit labour costs to improve a country's global competitive position, sometimes to the detriment of economic growth prerequisites and social justice goals, the paper stresses.

'But there are still alternatives that policymakers can consider even in a period of crisis and institutional transformation,' says UNCTAD. To begin with, it suggests that a more sustainable macroeconomic strategy would rely more on investment and new capacity creation for absorbing surplus labour and on domestic demand expansion based on wage increases in line with aggregate labour productivity increases.

'For all countries, the ability to achieve sustained growth of income and employment on the basis of productivity growth depends critically on how the resulting gains are distributed within the economy, in particular how much goes to consumption of domestically produced goods and services and for investment in activities that create more employment.'

For countries facing severe social pressures, such strategic criteria are central to a successful recovery and reconstruction strategy and to maintaining the 'social contract' between the state and labour.

'Sustainable growth can be enhanced based on seeking synergies between employment and wage growth in line with productivity and output growth. For a virtuous circle of investment, productivity growth, income growth and employment creation to occur, policies need to be oriented towards ensuring that the income gains from productivity growth are distributed appropriately between labour and capital,' says the paper.

This means that over time, there should not be a decline in the share of wages in national income; for developing countries, this includes incomes from self-employment in agriculture and non-agricultural informal activities.

This is not enough, UNCTAD however points out, stressing that an improving share of wages in national income does not in itself imply improved income distribution. This social equity goal calls for complementary policies to avoid declines in rela-

tive and absolute real incomes of the vast majority of the population, and to empower public institutions to lead the private sector along a new national development path.

From this perspective, it is not greater wage flexibility that leads to faster employment growth, but rather the orientation of changes in the general wage level along the path of average productivity growth in the economy.

This will not only create additional jobs that produce additional value added, but also allow for the emergence of profit differentials and an incentive structure that strengthens innovation, the dynamic forces in the economy and, thus, investment in productive capacity, adds UNCTAD.

‘Moreover, linking wage increases to productivity growth would tame cost-push inflationary pressures and thus free central banks to pursue pro-growth and employment-friendly monetary policy.’

According to the paper, the UNCTAD Trade and Development Report of 2010 has proposed several labour policy instruments that could be considered in the context of such a broad macroeconomic reorientation, especially:

- encouraging collective bargaining involving revitalised labour and employer organisations in support of an incomes policy;
- considering legal minimum wages, especially where responsible tripartite institutions, including labour unions, employers and the government, remain to be created or restructured;
- funding public employment schemes to establish a floor by improving both earnings and conditions of work in all sectors;
- improving incomes of small rural producers through mechanisms that link agricultural producer prices to the overall productivity growth in the economy; and
- finding the right balance in taxation for establishing important linkages between export industries – be they traditional extractive or modern manufacturing industries – and the rest of the economy. ◆

Kanaga Raja is Editor of the South-North Development Monitor (SUNS), which is published by the Third World Network. This article is reproduced from SUNS (No. 7107, 14 March 2011).

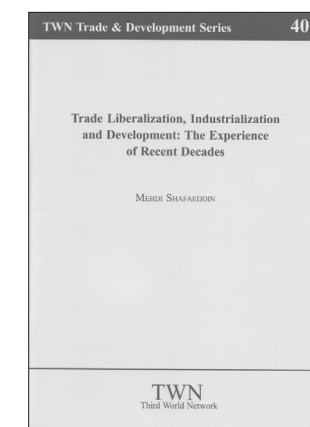
Trade Liberalization, Industrialization and Development: The Experience of Recent Decades

By Mehdi Shafaeddin

In this paper, the author analyzes the experience of countries in trade liberalization in the light of the debate between neoliberals and neo-developmentalists. The latter regard selective and gradual trade liberalization as necessary at a certain level of development and industrialization. The former group advocates universal, across-the-board and rapid liberalization by developing countries, irrespective of the level of development and industrialization of the country concerned.

The historical evidence from the early industrialization period, the author finds, does not support the claims of the advocates of universal and across-the-board free trade. More recent experience from the last quarter-century also bears this out, with developing countries which had undertaken full-blown trade liberalization facing de-industrialization or becoming locked in low-value-added manufacturing based on natural resources and assembly operations.

The paper also specifically compares the recent performance of China and Mexico, two economies which share similarities but which have followed different approaches to trade liberalization and industrialization. Mexico has been following policies recommended by the neoliberals, while the Chinese government has pursued an experimental and developmentalist approach, implementing policies for building the capabilities of domestic firms while also gradually liberalizing



Trade & Development series no. 40
ISBN: 978-967-5412-49-3 48pp

international trade. Their contrasting experiences, it is argued, point to developing countries' need for a dynamic and flexible trade policy that not only eschews premature liberalization but also operates in tandem with a development-oriented industrial policy.

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The art of not paying taxes

The equity of a tax system can be estimated by analysing who has to bear the heaviest burden. The tax systems in the Latin American countries characteristically exert low tax pressure and are highly regressive. These countries do not collect much, and the contribution of population sectors that have less is greater.

Carlos Bedoya

LATIN America is the most unequal region in the world. Some governments, like those in Bolivia and Ecuador, have started to change how they deal with big enterprises so as to increase their tax income and finance the process of widening coverage and improving public services, but most people still have much lower incomes than the top strata of society.

The Latindadd network of social organisations reports that the poorest 20% of the population in Latin America receive only 3.5% of the income while the richest 20% take 56.9%.

Tax policy is a powerful tool to reduce inequity, and according to the Peruvian tax expert Luis Alberto Arias, although this debate has not really got under way in this part of the world, in Europe tax adjustment has been used effectively to bring countries' Gini ratings (which measure inequality in societies) down by several points.

In Latin America, tax pressure is approximately 20% of Gross Domestic Product (GDP) but in Europe the figure is double this. That is to say, for every 100 dollars produced in our region only 20 go into taxes, while in Europe 40 of the dollars created go to the coffers of the state.

This shows how powerful taxation policy can be as an instrument to reduce poverty. This is the logic of imposing higher taxes on those who have higher incomes or more property, and spending more on state services for the whole population, with an emphasis on the most vulnerable sectors. This is how a policy to promote equity works.

It is true that Europe is passing through a period of severe economic difficulty due to the global crisis that has hit the continent extremely hard, but still its taxation systems are among the most progressive in the world. No one would dispute that the crisis has more to do with speculation and bad management in the financial field than with tax systems.

Regressive taxation

According to Luis Moreno, an economist in the Latindadd technical team, the Latin American countries prefer to levy more taxes on consumption than on income, partly because indirect taxes are easier to collect and partly to save on the monitoring costs involved in taxing the profits of big enterprises and investors. Thus the people who actually pay more are those with middle and low incomes. This kind of system is called regressive.

On the other side of the coin are taxes on wealth and property, direct taxes, which yield relatively less than indirect taxes.

In Latin America, direct taxation accounts for only 17% of total tax in-



Begging on the streets of Sao Paulo, Brazil. Regressive tax regimes are one of the causes of the huge inequalities prevailing in Latin America.

come, whereas what we all have to pay when we buy something amounts to some 40% of total income from taxation.

With this in mind, it is clear that tax policy in the region is 'pro-rich' and not 'pro-poor'. In other words it is regressive, not progressive. This is one of the main causes of the huge inequalities prevailing in this part of



Swiss ex-banker Rudolf Elmer (right) with WikiLeaks founder Julian Assange. Elmer has given WikiLeaks details of some 2,000 individuals and firms in various countries that have used banking secrecy to evade taxes.

the world.

The notion that ‘investment and exports’ is the only option for a country to develop is still the guiding ideology when it comes to levying taxes. And with this philosophy underlying state policies, it is no surprise that the transnational enterprises are regularly granted advantages that range from tax stability contracts to tax evasion mechanisms such as ‘transfer pricing’ and ‘tax havens’.

Avoiding tax

There are many ways in which the big enterprises can evade the taxes they should pay. This is called taxation planning, and it normally requires the expertise of lawyers who know the ins and outs of the tax regulations in each country. However, when it comes to international trade, not only do the transnational enterprises evade certain taxes by using tricks to get round the legal regulations, they also manipulate prices and buy from and sell to their own subsidiaries in other countries, thus making a mockery of tax systems and lining their own pockets.

This is called ‘transfer pricing’. According to Rodolfo Bejarano, an economist with links to Latindadd, this is how, at the present time, some 60% of world trade is carried out: it consists of transactions between enterprises involved in the same matrix.

Bejarano explains that when a transnational group controls enterprises that are on both sides of a commercial transaction, it is easy for them to avoid paying taxes, and the countries in question can do nothing about it. This is why there is a close connection between price manipulation by transnationals and the developing countries losing tax income.

By using this mechanism these enterprises can transfer their profits under cover. They assign unreal prices to their transactions involving goods or services, understating the value of sales or overstating purchases to suit their needs. Or they simply invent fictitious business operations.

How much are we losing?

The British NGO Christian Aid has estimated that the developing countries lose approximately \$160 billion per year as a result of these bad practices. By the same calculation, Latin America is losing \$50 billion a year in the same way. According to a study by Global Financial Integrity, Peru is losing \$275 million a year as a direct result of these manoeuvres.

There is no easy way out. The transnationals would have to provide timely information about all their operations and this would necessarily have to pass through an international tax control system with global ac-

counting standards that could check the big enterprises’ trade operations to ensure they are legitimate. In other words, what is needed is global political will.

Tax havens

The dynamic of transfer pricing makes no sense unless the system is underpinned with tax havens. In the world today there are more than 70 places where tax opacity makes it possible for the big fish to hide their ill-gotten gains from whatever organisation is investigating them. That is to say, places that not only have low taxes or none at all, but where persons or legal entities enjoy strict banking, professional or commercial secrecy, and where this is guaranteed by the law.

Alberto Croce of the SES Foundation in Argentina says these havens ought to be called ‘tax sewers’. They also serve to hide the losses of banks and large enterprises with classified investment accounts, which are very profitable. We were given a glimpse of these kinds of arrangements when the dirt on the world financial crisis, or some of it, came out.

The first tax haven was Switzerland: in 1934 the Swiss decreed banking secrecy for their foreign clients. Since then these havens have been proliferating. There are some in the Latin American region, but without doubt the most efficient are the United States and five European countries.

It was not for nothing that the Swiss ex-banker Rudolf Elmer gave WikiLeaks lists with the details of 2,000 people, financial institutions and multinationals in various countries that use banking secrecy to evade taxes. He said that the world should be aware of what he himself has always known in his day-to-day work. In the near future some very revealing information is going to emerge. ♦

Carlos Bedoya is a Peruvian lawyer and journalist. He is a member of the central Latindadd team. This article originally appeared in Spanish in Agenda Global (20 January 2011).

The frenzy in the global food markets

As food prices continue to soar two years after a similar crisis, the same tired old reasons are being trotted out again, even though they are far off the mark now as they were then.

Jayati Ghosh

CLEARLY, we are back in another phase of sharply rising global food prices, which is wreaking further devastation on populations in developing countries that have already been ravaged for several years of rising prices and falling employment chances. The food price index of the United Nations Food and Agriculture Organisation (FAO) in December 2010 surpassed its previous peak of June 2008, the month that is still thought of as the extreme peak of the world food crisis.

Some of the biggest increases have come in the prices of sugar and edible oils. But even staple prices have shown sharp increases, with the biggest increase in wheat prices, which doubled in the second half of 2010 and have been increasing since then. Rice prices have been relatively stable in global trade over the past year in comparison, but are still much higher (by around 48%) than they were at the start of 2008 (see Charts 1 and 2).

No one can claim that we could not see this coming. In fact, ever since the severe price crunch of mid-2008, there have been those who argued that unless major changes were made in national policies towards agriculture and the way in which we manage the global trade in both agricultural commodities and their futures markets, such a repeat would be almost inevitable.

But the world is a curious place nowadays, with public memory so short as to be almost non-existent and media analysis (as well as public policy) still dominated by those who



The prices of staple food crops have shown sharp increases, with wheat prices doubling in the second half of 2010.

have comprehensively messed it up but have no sense of either shame or rectitude. So the same tired old reasons for the current food price increase are being trotted out once again, even though they were completely wrong two years ago and are wrong again today.

Wrong reason number 1: Global food prices are increasing because of increased demand from developing countries, especially the rapidly growing large populations of China and India. In fact, FAO data tell the real story, which is quite the opposite. The total consumption of major food grains increased only slightly in the world as a whole (less than 2%) and for several crops it even fell. The total amount of food grain traded in global markets has actually fallen.

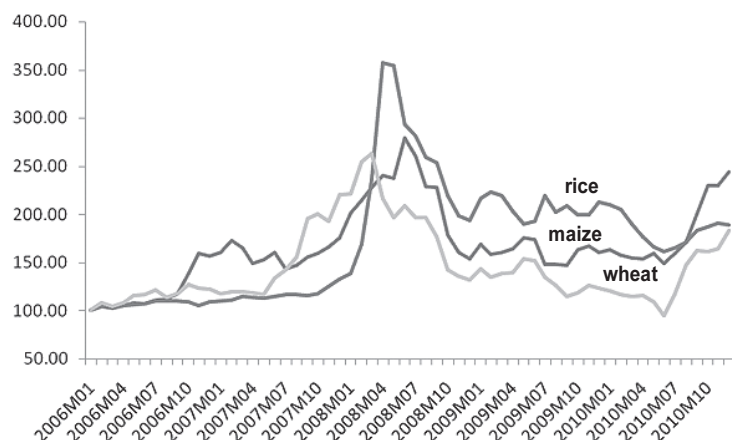
Consider the case of wheat, which has seen such a dramatic increase in price over the past year. Total global 'utilisation', or consump-

tion, is estimated to have increased by only 1.2% over the previous year. But global wheat production fell, quite sharply, by 4.3%, so it is the supply shortfall that affected prices. Of course, even this real imbalance is not enough to explain the significant price shift – but more on that later.

In annual terms, the really big increase has come in maize (or corn) prices. The US f.o.b. corn export price increased by around 53% in the year to December 2010. But global utilisation of all coarse grains (in which corn dominates) increased by only 1.8%. The problem for corn was that production fell by 1.1%, and the effects of La Nina and other weather-related phenomena suggest that there may be further adverse effects on supply. In early January the US government cut its forecast for corn stocks by as much as 30%, creating a new and even more intense spiral in corn

Chart 1: Index of major food grain prices in world trade

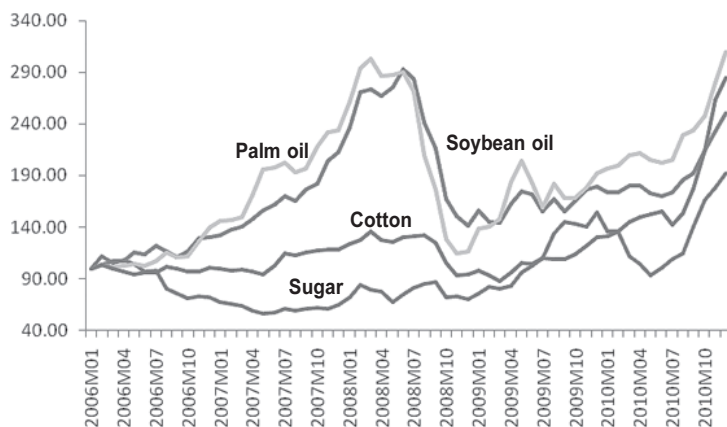
(Jan 2006 = 100)



Source: FAO GIEWS accessed on 19 March 2011

Chart 2: Index of major cash crop prices in world trade

(Jan 2006 = 100)



Source: FAO GIEWS accessed on 19 March 2011

prices.

And of course corn use is significantly affected by the obscene subsidies that are still provided for biofuels. Last year these subsidies – which ironically are not even really ‘green’ – meant record ethanol production that accounted for nearly 40% of US corn production.

Clearly, therefore, the recent problem relates much more to supply than to demand – and that too, supply from the major large exporters among developed countries. Production in most developing regions was actually significantly higher in 2010 than it was in the previous year, and indeed has generally kept pace with utilisation in some developing countries.

But various weather and other shocks have meant that large exporters have seen their production and exports drop, thereby affecting global markets.

So does that mean that supply shocks have caused the recent problem? Certainly to a significant extent – and that brings back the crucial issues of reviving agriculture and making it more viable, especially for small cultivators in the developing world. But it cannot explain the entire increase. And that raises the second common – and wrong – reason that is presented for the current price hike.

Wrong reason number 2: The price hike is entirely because of real demand and supply imbalances. This

is simply not possible given the volatility and sharp movements of prices that can be seen from the charts. Once again, it is likely that a combination of panic buying and speculative financial activity is playing a role in driving world food prices up well beyond anything that is warranted by real quantity movements.

The most recent data on financial activity in commodity futures markets from the US Commodity Futures Trading Commission suggest that until the end of November the net long positions of index investors had increased dramatically in commodities like wheat and corn. This is likely to have increased even more in the past few weeks, given the announcements about lower levels of public stocks.

Similar trends are evident in the petroleum market, which has driven oil prices up to around \$100 a barrel. Higher oil prices also feed into higher food prices, creating another source of price spiral.

Once again we are also seeing contango in these commodity markets, with futures prices higher than spot prices. This is all a repeat of 2007 and the first half of 2008, when prices of these commodities nearly tripled. And it is not surprising, because the regulations that could prevent or at least limit such speculative financial activity are not yet in place, and there are even concerns about whether they will be effective or toothless in the implementation.

Of course the effects of speculation need not (and should not) translate directly into prices faced by consumers in poor developing countries. Certainly, given the much lower per capita incomes in such countries and therefore lower purchasing power of the people, it should be expected that there would be some public mediation of the relationship between global prices and domestic food prices. This is all the more desirable, if not essential, in periods of high price volatility in global trade, such as has been marked in the past four years. Otherwise, poor consumers in the developing world would be sharply affected by such price movements in countries where basic food grains still

account for around 40-50% of the consumption basket of the poor.

As it happens, the period of dramatic increases in price volatility in global markets has also been one in which there has been very high transmission of international price changes to domestic prices in many developing countries. This is evident from a quick perusal of retail price changes in wheat and rice markets in some developing countries.

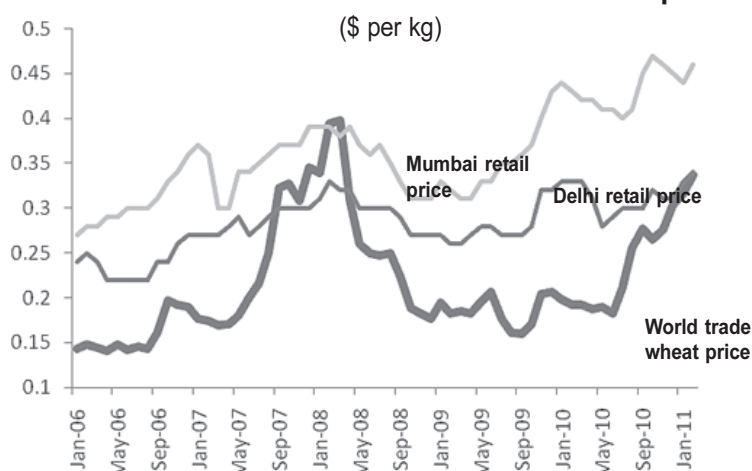
Consider India, a country which currently has the largest number of hungry people in the world and very poor nutrition indicators in general, despite nearly two decades of rapid income growth. Chart 3 shows the behaviour of retail wheat prices in two major cities – Delhi and Mumbai – in relation to the global trade price of wheat (relating to US wheat in the Chicago Board of Trade).

Two important features are immediately evident from this chart. First, the substantial variation in retail prices across the two Indian cities (which would be reinforced by other data showing the variation in retail prices across other towns and cities), which suggests that there is still absence of a national market for essential food items, even those that can be transported and stored easily. Second, the degree to which price changes have tracked international prices.

Many analysts have argued that the Indian food grain market is insulated from the international market because of the system of domestic public food procurement and distribution. Indeed, until the early part of the last decade, this has been generally true. However, the opening of agricultural items to international trade without quantitative restrictions has clearly allowed for greater impact of global prices on domestic prices.

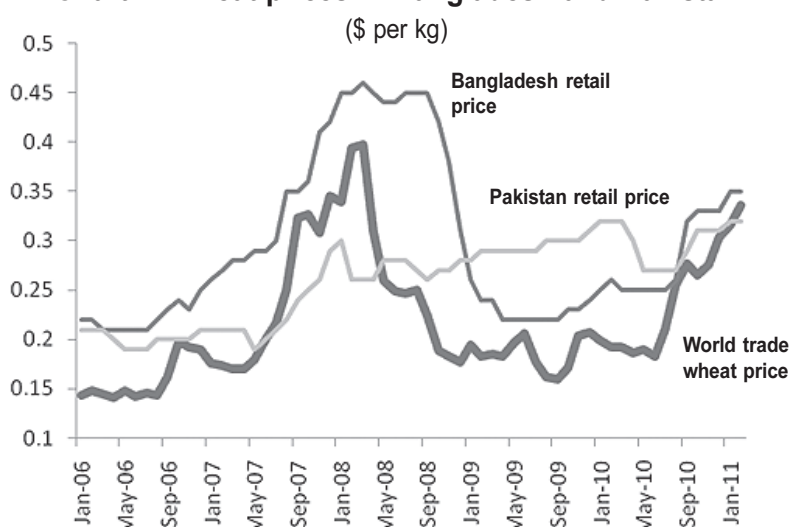
Further, the public distribution system itself has been increasingly run down in the past two decades. Recently it has been further complicated by the insistence of the central government on raising procurement prices and procuring more, but not distributing the increased procurement to states to allow them to pro-

Chart 3: Wheat: Global trade and Indian retail prices



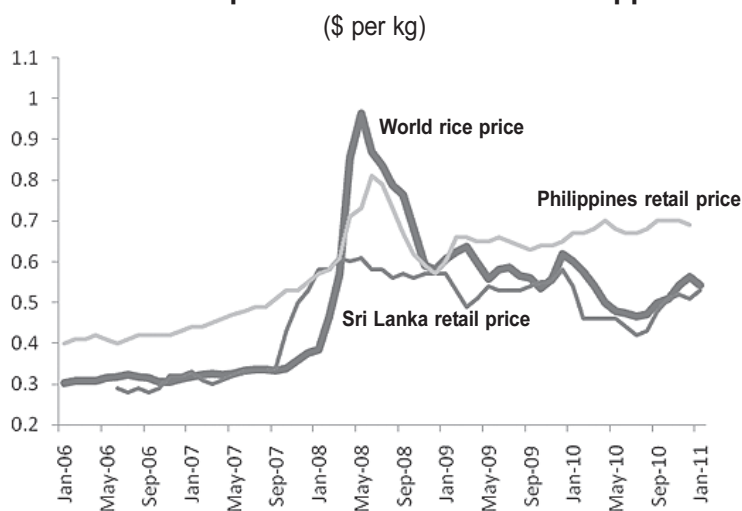
Source: FAO GIEWS accessed on 19 March 2011

Chart 4: Wheat prices in Bangladesh and Pakistan



Source: FAO GIEWS accessed on 19 March 2011

Chart 5: Rice prices in Sri Lanka and Philippines



Source: FAO GIEWS accessed on 19 March 2011

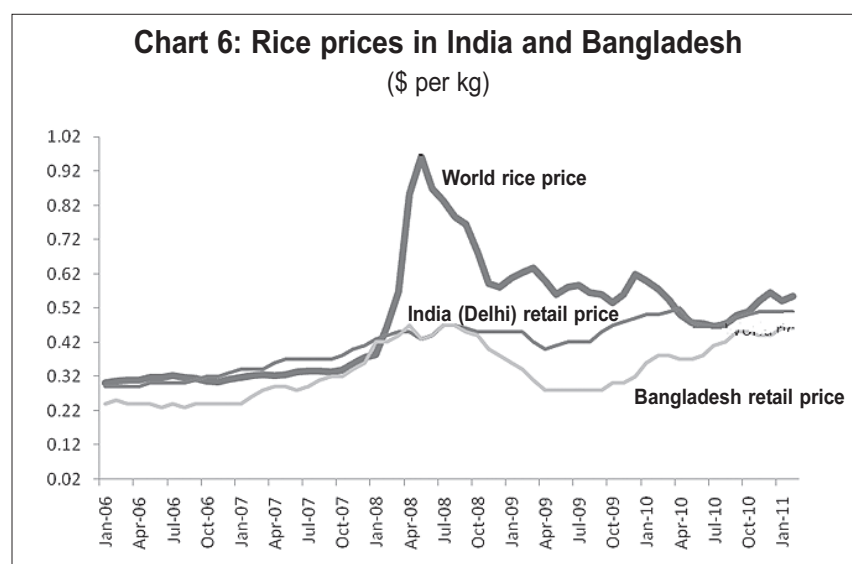
vide wheat to the defined 'non-poor' population in a manner that would restrain prices. Instead, the focus has been on building central stocks, which has even turned out to be somewhat counterproductive because of the lack of adequate storage facilities. As a result, Indian retail wheat prices have been higher than global prices in both these urban centres. They rose by about 30% in the year to October 2010 as global prices also increased.

Bangladeshi retail prices have closely tracked global trade prices, always remaining higher (Chart 4). This in itself is significant given the low purchasing power of most Bangladeshi consumers. It indicates that there is little to no mediation between import prices and prices faced by consumers in Bangladesh, and that the latter are subject to the fierce fluctuations and rising tendencies that have characterised the global market.

What is surprising is that the same is broadly true of Pakistan (the retail price here relates to Lahore city). What is of interest in this case is that while periods of rising prices appear to be marked by rapid transmission to Lahore retail prices, the period of global price reduction shows no such tendency. In fact, Lahore retail prices kept rising even as global prices came down, such that even after the latest global price surge, global prices are still at around the same level as the Pakistan retail price.

The food grain commodity that is most important for most Asian consumers is rice, which remains the grain that is dominantly consumed by large parts of the population in most of the region. Chart 5 indicates the behaviour of rice prices in Sri Lanka and the Philippines, in relation to the global price.

Note that the two are rather different countries: while Sri Lanka exports cash crops, it is close to self-sufficient in rice in recent times, thanks to major efforts to promote domestic rice cultivation. Rice is of course by far the dominant food crop, accounting for around 60% of dietary requirements. The Philippines, on the other hand, is a rice producer but also depends on imports for between 15



Source: FAO GIEWS accessed on 19 March 2011

and 20% of domestic consumption, so it is likely to be far more affected by international prices. Rice accounts for around 46% of dietary requirements.

Retail rice prices in Sri Lanka (referring to Colombo in Chart 5) very closely track international prices. Other than the extreme peak of June 2008, retail prices have been close to identical to global trade prices, despite the lack of reliance on imports. So the global price volatility has been reflected even in a country that is largely self-sufficient in rice. In the Philippines the story is even more worrying. Rice prices (referring here to retail prices in Metro Manila) rose dramatically in response to global price movements, almost to the same level as the peak in June 2008, came down as global prices fell in the second half of 2008, but since then have actually been higher in the Philippines than in international trade. Further, they have continued to rise even as rice prices have stabilised in the global market.

Chart 6 describes retail price movements of rice in India (Delhi) and Bangladesh (national average). It is worth remembering the retail prices vary quite significantly across towns and cities in India; even so, this provides an important indication of recent patterns.

According to FAO data, India is completely self-sufficient in rice whereas Bangladesh currently is only 97% sufficient, importing around 3%

of its requirement (possibly more if cross-border smuggling is taken into account). While retail rice prices did not peak in June 2008, they have risen steadily in India and increased by around 26% in the second half of 2010 alone. In Bangladesh there has been much greater volatility, with prices rising sharply following the global surge in 2007-08, then falling and then rising again. In the past two years retail rice prices in Bangladesh have increased by more than 35%.

These trends in different Asian countries point to a broader trend whereby prices in domestic food markets are more and more strongly affected by and related to international price changes. This is a matter of some concern, especially in the context of the ongoing extreme volatility in global prices.

We now have direct recent experience of how financial speculation in commodity markets can not only create unprecedented volatility, but also affect prices in developing countries, with extreme effects on hunger and nutrition for at least half of humanity. The case for moving swiftly to ensure effective regulation in this area – and for dealing with supply issues in a serious and sustainable way – has never been more compelling. ♦

Jayati Ghosh is a Professor at the Centre for Economic Studies and Planning, Jawaharlal Nehru University, New Delhi.

Caught in the food pirates' trap

In this critique of the food and agrarian policies pursued by the current Indian administration, *Devinder Sharma* laments its failure to draw the lessons from the social unrest in recent years caused by the debacle of similar development models elsewhere.



Jordanian women hold up placards with bread taped on, in protest against the hike in food costs. Rising food prices have contributed to the unrest in the Middle East.

ON 17 December, Mohammed Bouazizi, a 24-year-old vegetable seller in Tunisia, set himself on fire. Within weeks that fire spread fast, forcing Tunisian President Zine El Abidine Ben Ali to flee the country, deposing Egypt's long-ruling autocrat Hosni Mubarak and threatening to overthrow Libya's Muammar Qadhafi in a bloody uprising.

The tremors have still not died down in the rest of the Middle East. Yemen, Jordan, Bahrain, Morocco, Qatar, Kuwait and Saudi Arabia are simmering with discontent. The heat from the fire that began from Tunisia several weeks back is still warm enough to cause political upheavals. The Middle East fire is still smouldering.

The revolt in the Arab world is the outcome of a mix of combustibles. But high unemployment and rising food prices have surely added fuel to the fire. Low investment in education, job creation and domestic food production had rendered these countries ruled by long-serving corrupt and dictatorial regimes highly vulnerable to

political turmoil. With food prices spiralling in the past few months and with lack of employment opportunities, the bubble went bust.

Political tsunami

Unlike the 2008 global food crisis, when 37 countries faced food riots, ousting the Haitian president in the process, spiralling fuel and food prices, especially since September 2010, have been even more piercing this time, resulting in a strong political tsunami. It all began when Russia, faced with extended drought and widespread wildfires, brought in an export ban till the next year's wheat harvest, thereby propelling global prices to an unreasonable hike.

Deadly food riots were witnessed in September in Mozambique, killing at least seven people. According to news reports, anger was then building up in Pakistan, Egypt and Serbia over rising prices. In the first week of January, Algeria faced food riots. A few days later, Tunisia sounded the first bugle, ousting its president, and

Egypt followed.

As early as in September, the *Financial Times* had reported that wheat futures had taken advantage, and that wheat prices internationally had gone up by 70% since January 2010. This happened at a time when there was neither a shortfall in production nor any appreciable rise in demand. Egypt, which imports nearly 50% of its food requirement, was hit badly when Russia decided to ban wheat exports. Many believe that the Switzerland-based commodities trading firm Glencore actually forced the Russian government, which had enough wheat reserves, to impose a ban on exports, thereby sparking a killing in the futures market.

Grave crisis

The social and political unrest that has swept the Arab hinterland is a pointer to a grave crisis ahead. Although Dominique Strauss-Kahn, the head of the International Monetary Fund (IMF), agrees that the rising food and fuel prices in recent months are the major factors behind the massive anti-government protests, he suggests more of the same prescription: 'As tensions between countries increase, we could see rising protectionism – of trade and of finance.'

Not drawing any lesson from the debacle of the dominant economic model of growth, business leaders from 17 private companies announced at the World Economic Forum at Davos in the last week of January the launch of a global initiative – New Vision for Agriculture – that sets ambitious targets for increasing food pro-

duction by 20%, decreasing greenhouse gas emissions per ton by 20%, and reducing rural poverty by 20% every decade.

The 17 agribusiness giants include Archer Daniels Midland, BASF, Bunge Ltd, Cargill, Coca-Cola, DuPont, General Mills, Kraft Foods, Metro AG, Monsanto, Nestlé, PepsiCo, SABMiller, Syngenta, Unilever, Wal-Mart and Yara International.

All such initiatives are, of course, backed by the US Agency for International Development (USAID), the main driving force for promoting an industrial takeover of global agriculture. 'We are witnessing an unparalleled opportunity right now for innovative, large-scale private sector partnerships to achieve significant impact on global hunger and nutrition,' USAID Administrator Rajiv Shah said at Davos. 'USAID is committed to creating new public-private partnerships in Feed the Future focus countries to advance their national investment plans.'

Well, this shouldn't come as a surprise. Every global crisis provides an opportunity for business. Multinational giants are quick to grab it. In the days to come, I am sure political leaderships across the world, with USAID backing, will welcome the initiative, not realising that it is the industrial farming model that has created the global food crisis in the first instance – soil health has been devastated, excessive mining of groundwater has dried aquifers and chemical pesticides have contaminated the food chain.

The Green Revolution has already run out of steam, leaving behind a trail of misery and terrible human suffering. Over the years, an unjust world trade system has pushed farmers out of agriculture. In the past 30 years or so, including the years since the establishment of the World Trade Organisation, 105 of the 149 Third World countries have already



Small farmers may become the casualties of India's move towards a more market-oriented agriculture.

become completely dependent on food imports. With food prices manipulated through commodity trading and the entire food chain gradually slipping into the hands of a handful of agribusiness giants, the North will soon emerge as the world's bread basket. The South is being reduced to a begging bowl.

No place for farmers

How is this related to Indian agriculture? Well, let me begin with the latest pronouncements first. Economist Raghuram Rajan, a professor of finance at the Chicago Booth School of Business, and an honorary economic adviser to the Indian prime minister, said the other day: 'Thinking that India will remain a country where more than 60% of people will remain in agriculture is just a pipe dream. The people dependent on agriculture should be brought down to 5% over the years.' This is in tune with what Prime Minister Manmohan Singh has been asking for a number of years now. At least 70% of farmers

need to be moved out of agriculture.

Read this in consonance with what Planning Commission Deputy Chairman Montek Singh Ahluwalia says. He has invited Omani firms to farm in India for producing crops that can be exported. At a time when food prices have hit the roof, any measure to limit domestic production should raise concerns. Undeterred, a few weeks ago, Ahluwalia also went a step ahead. He supported demands by the Federation of Indian Chambers of Commerce & Industry and the Confederation of Indian Industry for doing away with APMC (Agricultural Produce Marketing Committee) laws for horticultural crops. In other words, with fruits, vegetables and grains (wheat and rice were already taken off the APMC Act through an

amendment in 2005) no longer required to be brought to *mandis* (market yards), the procurement system is all set for a breakdown.

It doesn't stop here. The Planning Commission, economists, scientists and bureaucrats are now clamouring for free markets – commodity exchange, futures trading and food retail – as the way to turn farming economically viable. Coupled with land rental policies that have promoted a surge in land acquisitions, setting up of special economic zones, and the promotion of contract farming and commodity trading, India is now getting ready to hand over agriculture to private companies.

Farmers have therefore become a burden on society, and the government is in a raging hurry to offload the burden. This is being facilitated by tailoring domestic laws on seeds, fertilisers, pesticides, *mandis*, biodiversity, biotechnology, water and land acquisition to the needs of industry. Let us be very clear: the second Green Revolution has no place for farmers.

What is worrying is that instead of drawing any lesson from the debacle of the first Green Revolution, the government is on a fast track to usher in the second Green Revolution, which will only compound the existing agrarian crisis. This is being backed by an Indo-US Initiative in Agriculture Research, Education and Marketing (KIA), an agreement signed with the Bush administration in 2005, and which is expected to be renewed with the Obama administration. India is committed to the privatisation of agriculture and vertical integration of farming to promote a 'farm-to-fork' model wherein farmers are not required.

This reminds me of what the World Bank had forewarned way back in 1996. By the end of 2020, the Bank estimated, 400 million people – close to double the combined population of the UK, France and Germany – would be migrating from the rural to the urban areas in India alone.

Prime Minister Manmohan Singh has already laid the ground rules for a population shift. The biggest environmental displacement the world will witness will therefore be in agriculture. Ironically, barely 44 years after Mrs Indira Gandhi launched the Wheat Revolution (which later was re-christened the Green Revolution) that pulled India out of the hunger trap, the country is getting ready to return to the days of 'ship-to-mouth' existence when food came directly from the ships into the hungry mouths.

Food self-sufficiency

A high-growth trajectory and rising incomes do not provide any security against social unrest. Let us not forget Egypt attained a 5.6% rate of growth in 2010 and has average income levels of \$5,000 and yet faced political turmoil when food prices went out of reach. For any country, whether rich or poor, food self-sufficiency remains the hallmark of national sovereignty. Mahatma Gandhi had rightly said that what we need is a production system by the masses



Grain traders at the Chicago Board of Trade. Food is now being branded a hot commodity which the futures market will continue to exploit.

and not for the masses.

I thought Manmohan Singh would heed the warning that was sounded by Jawaharlal Nehru just five years after India became a republic. In his 15 August address to the nation, Nehru had said: 'It is very humiliating for any country to import food. So everything else can wait, but not agriculture.' With limited options for absorbing the displaced rural population, the socio-economic and even the political fallout from the deliberate destruction of the farming base is too difficult to fathom. It defies all plausible reasons to find India dismantling the strong foundations of self-sufficiency and resulting food security.

Simultaneous to major economies, including India, removing all the protectionist measures to allow free trade in agriculture, rich countries have already moved in to grab fertile land in the developing world. These 'food pirates' come with a bag full of foreign direct investment and are moving swiftly where land is available, investing in crops that can be shipped back home. Already an area which exceeds the size of France has either been leased out or outrightly purchased. Much of this is in Africa, Latin America and Asia.

We are, therefore, entering a phase when even if you have money food will not be available in the international market. This is primarily the reason why companies from rich countries have invested in developing countries to meet the domestic requirement back home. Add to this the fact that food is now being branded as a hot commodity, which the futures market will continue to exploit. Unregulated commodity trading has already multiplied from a mere \$0.77 trillion in 2002 to over \$7 trillion in 2007.

While people die from hunger or storm into the cities expressing anger against the political leadership (not knowing that the real culprit is Wall Street), the investment banks and hedge funds quietly make a killing from speculation. With the major economies, the IMF and the World Bank turning a blind eye to food speculation, Hosni Mubarak may not be the last political head to roll. If only Egypt had invested in attaining food self-sufficiency, history probably wouldn't have witnessed the march of a million. ♦

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EU free trade agreement puts in peril food self-sufficiency and livelihoods in India

At a time of global food crisis, India is proposing to enter into a free trade agreement with the European Union (EU) which is likely to adversely impact its agricultural sector.

WHEN the European Union (EU) and India launched talks on a bilateral free trade agreement (FTA) in 2007, the negotiations were expected to be long and complex. But since then its development implications have been of increasing concern to stakeholders, policy analysts and civil society in India and Europe. Agriculture remains a significant area of concern to all, not only because European subsidies make it the most unbalanced segment of the negotiations, but also for further threatening India's food self-sufficiency and livelihoods in a time of global food crisis.

The proposed FTA includes several chapters that affect agriculture and food systems in India. Apart from chapters on goods that target reduction of tariffs and other trade barriers like rules of origin, standards and technical barriers, 'WTO-plus' (i.e., going beyond commitments set by the World Trade Organisation) chapters on services, intellectual property, investment and public procurement are included. This is a departure from India's other FTAs even with Japan, South Korea or the Association of South-East Asian Nations (ASEAN). The interlinked chapters can have a combined and cumulative impact not only on the way India trades but also on its entire food production and distribution systems. This framework can also limit the policy space at the gov-

Ranja Sengupta

ernment's disposal to ensure domestic supply of food at times of food price inflation and/or food supply shortage.

In the talks, differences remain over some sensitive segments like dairy, poultry, wines and spirits. It is obvious that in spite of the small initial value of agricultural trade, the EU sees this segment as critical to the conclusion of the agreement.

Agriculture remains a sensitive issue in India, with almost 70% of its population still directly dependent on it. Indian agriculture, unlike big capital-based European agriculture, revolves around numerous small farmers who earn their livelihoods from cultivating small plots of land, and

with limited access to resources like water, seed and fertiliser. Over 83 million marginal farmers (those who own less than one hectare of land), who represent 65% of farmers in India, own only 20% of total land, with an average holding size of 0.38 hectares.¹ Only 46.13% of the area under such holdings receives any form of irrigation.² Rural poverty estimates vary between 28.3% and 87%.³ The agriculture sector also has a higher proportion of women workers compared to other sectors. Tribal, indigenous communities also form a sizeable chunk. All these are constituencies with low education, low skills and low productive resources.

India's agriculture sector has also suffered from low investment and policy neglect, and farmers' productive ability is constrained by grossly inadequate infrastructural facilities



The removal of the EU's trade-distorting agricultural subsidies is not on the cards under the proposed EU-India free trade agreement.

like road and transport systems, marketing and storage facilities. The institutional credit system, technology development and extension services are still weak. Unlike their European counterparts, Indian farmers enjoy very little direct subsidy on agriculture. The Indian farmer is still largely left to fend for himself and to eke out a living by producing food both for his own consumption as well as for the market. Most small producers sell some produce and retain the rest for own consumption, so their ability to feed themselves is intrinsically linked to their ability to sell, and therefore, to produce. Given the lack of skill and resources, they are also unable to shift very easily or gainfully to other formal sectors, and buy all of their required food needs.

It is not surprising, therefore, that agriculture and food security emerge as critical issues in India's trade agreements, be it the WTO or free trade agreements. At the WTO, India has often taken strong positions to safeguard its farmers' livelihoods, be it from import surges or from Western subsidies or on development and food security considerations. Considering that the FTAs in general and North-South FTAs (i.e., FTAs between developed- and developing-country parties) in particular move towards a WTO-plus framework for agriculture, the impact of such liberalisation on this sector remains critical.

There are several features of the proposed EU-India FTA that must be looked at in detail in order to have an understanding of the possible consequences on Indian agriculture and its food economy.

The provisions in the EU-India FTA and the impact on agriculture

India's current agricultural trade is low and accounts for only 2.9% of



Strict intellectual property provisions in the EU-India FTA could prevent Indian farmers from saving, using and freely exchanging seeds.

its merchandise imports. But that is also because India still imposes quite a high applied tariff (duty) at a simple average of 31.8% (2009) on agricultural products while its notified bound or maximum duty is 113.1%. On the other hand, Indian agricultural products face a much lower duty of 13.8% in EU markets. India offers duty-free access only for fruits, vegetables and plants (21.7%) and vegetable oils (72.9%) while 60% of India's agricultural products can already technically enter the EU duty-free.

However, even though the EU has low tariffs, it gives high subsidies to its agricultural producers which work both as a protective instrument in its domestic market, as well as a competitiveness-enhancing instrument for its exporters. Indian products also face high non-tariff barriers (NTBs) like food and other standards as well as technical barriers in the EU, making exports difficult. On the other hand, NTBs are lower in India.

Given their different tariff and NTB structures, the EU obviously has much more to gain in terms of tariff reduction while India's gains lie in getting NTBs reduced, simplified and

harmonised and in the removal of EU subsidies, a much-discussed issue in the trade talks even at the WTO.

But what does the FTA contain? Tariff reduction to zero is included on at least 90% of tariff lines. Export taxes have to be totally removed, threatening the government's control over domestic food supply even in times of a crisis. There may even be a standstill on the exempted tariff lines, i.e. duties cannot be raised from current MFN levels. Non-tariff barriers in the form of standards, sanitary and phytosanitary measures and technical barriers (TBTs) are also being discussed. However, most EU FTAs show that affirmation of at least WTO standards has been followed. Accord-

ing to unverified information, there are no Special Products (SP).⁴ The Special Safeguard Mechanism (SSM), over which India took a strong stand in the WTO, is also much diluted. Apparently, the EU has allowed only a volume trigger⁵ but not a price trigger.⁶

Moreover, removal of the EU's agricultural subsidies is not on the cards. Under the Common Agricultural Policy (CAP) which still takes up 32% of the EU budget, the EU still gives huge amounts of subsidy to its farmers on dairy, poultry and cereals. Enough literature exists (for example, UNCTAD 2007⁷) to show that domestic subsidies are very much trade-distorting and affect global prices, thus reducing competitiveness of smaller producers in developing countries. However, subsidies cannot be negotiated under any free trade agreement as it is a multilateral issue and can therefore be negotiated only at the WTO level. Therefore, with regard to agriculture, the EU-India FTA harps on the reduction of tariffs but is silent or hazy on the removal of non-tariff measures like subsidies, standards and TBTs.

What is likely to happen?: Some projections

Impact assessment studies of the FTA suggest very little gain for India in commodity trade, especially in agriculture. The trade surplus in agriculture will turn into a trade deficit and a long-run fall in agricultural employment is predicted.⁸ A small increase in agricultural exports will be countered by a larger increase in agricultural imports.

While India's share in the EU's markets in cereals, other crops, agro-food and products from animal origin will remain constant (at 1.2, 0.6, 1.1/1.3 and 0.1% respectively), the EU will increase its share in all these markets in India as a result of the FTA.⁹ For example, in primary products the EU's share increases from 4.9% to 16.7% by 2020, and from 17.6% to 23.5% in cereals. In products of animal origin, the EU's share is projected to increase from 7.5% to 10.4% by 2020 and from 2.9% to 5.3% in agro-food. Another study points out that in both agricultural trade as well as trade in agro processed products, India will see a deficit increase by \$50 million each as imports will outstrip exports.¹⁰

The asymmetric nature of this agreement is expected to hurt commodity producers in agriculture and industry, including dairy, poultry, wheat, sugar and confectionery, oilseeds, plantation products and fisheries. Apart from the EU's subsidised competitiveness in dairy and poultry products, the EU's global trade patterns show increasing exports in commodities such as wheat, oilseeds and plantation products – commodities which still enjoy high applied tariffs in India. The EU is also interested in selling wines and spirits to India, where the current applied tariff is a high 70.8% (on beverages and tobacco).

Once protections are removed, EU products are likely to flood Indian markets in these segments. European exports can also destroy value-added agro processing in India, as well as basic crops, by destroying the link-

age with the local processing industry.

'TRIPS-plus' intellectual property rights

The EU has been quite insistent on its requirement for 'TRIPS-plus' intellectual property (IP) protection which exceeds the standards imposed by the WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). This affects not only issues like access to cheap medicines by threatening India's production of generic drugs, but agriculture and food-related issues as well. For example, ratifying the UPOV 1991 convention on plant-variety protection according to the EU's demands will prevent Indian farmers from saving, using and freely exchanging seeds. In addition, provisions under the present law, such as the registration of extant and farmers' seed varieties and benefit-sharing provisions to compensate farmers for their innovations, will also be threatened. Furthermore, the IP text also includes patent term extension by five years which also refers to plant protection products. Data exclusivity in agrochemicals can also increase input costs for farmers. Such measures can affect Indian farmers' access to seeds and traditional cultivation systems, encourage monoculture, and adversely affect biodiversity.

The EU also wants its agricultural geographical indications of origin (GIs) (highly relevant to wines and spirits) to be recognised in exchange for recognition of India's non-agricultural GIs. This can also be a problem because India's underdeveloped IP system in agriculture cannot compete with the EU's well-advanced system of IP recognition. The EU is threatening to withdraw concessions in other chapters as India has so far refused to yield to this demand.

Strong investment rights threaten access to natural resources

Strong investment provisions in the FTA that allow foreign access to

land, minerals, water and forest products will surely threaten the livelihoods, food security and basic sustenance of small farmers, tribal communities and women, who already have unequal access. It can heighten land grabbing in resource-rich areas, thus taking away critical access to cultivable land and other productive resources from tribal, indigenous and rural communities. Investment provisions and removal of export taxes can even threaten the survival of India's agriculture-based industrial sectors by starving them of raw material.

Services and public procurement

The liberalisation of retail services under the FTA can also put pressure on small farmers' livelihoods. Not only do big supermarkets ask for very high standards and reject produce on grounds of not meeting that quality, they can gradually take away farmers' access to local markets. Sometimes farmers are initially offered high prices but with increasing dependence on big buyers from the retail chains, the prices have often come down.

In addition, if government procurement is liberalised in India, then special acquisition from farmers for the Public Distribution System (PDS) may also become difficult and European producers will have to be given equal treatment in relation to this mechanism which essentially provides price support to Indian farmers.

Implications of the FTA for India's food economy in the context of the food crisis

Given the multiple chapters in this FTA that can impact on agriculture, what this does to India's food economy and food security is an urgent question. This FTA will open up the Indian market to subsidised products from the EU, both in products like cereals, as well as in agro processing. And it may strengthen this exposure through its provisions on IP, services, investment and public procurement. It is clear from projections that

India will be importing food products from the EU much more than it will be able to export. There are three processes that will result here.

First, Indian farmers and agro processors will lose their livelihoods as their legitimate access to a growing market within India gets blocked by subsidised European products. Agro processing is also linked to basic agricultural production which supplies the raw material, and a threat to either thus hurts both. As discussed earlier, this threat to livelihoods is a threat to food self-sufficiency as farmers also meet their family food consumption needs from their production. Their inability to shift to other formal jobs and earn decent incomes aggravates the problem.

Second, will consumers be able to finally get cheaper food from imports even if Indian farmers do not produce them? In a situation of supply shocks in a volatile global market aggravated by large-scale speculation in agricultural commodities, food prices have skyrocketed. The food crisis of 2008 is far from gone. The FAO food price index of 236 for February 2011 exceeds even the peak value of 200 in 2008. The indices of February 2011 exceed the 2008 values for cereals (254 compared to 238), meat (170 compared to 153), and dairy (230 compared to 220). This is in spite of the gradual opening up of world agricultural trade. Both small producers and consumers are hurt by the volatility in global prices. The increase in speculation in food trade as well as inadequate storage and marketing facilities in India also imply that Indian farmers cannot actually gain even in the presence of rising food prices as speculators absorb the margins.

Finally and most importantly, in a situation of still-persisting food crisis, depending on imported food and curtailing the ability of domestic producers to produce their own food may not be a prudent option. If the EU increases restrictions on food exports during a crisis, as India often has in the past, food for India's population may become inaccessible. As is evi-

dent from the recent galloping food inflation in India, the Indian government has neither the ability nor the will to subsidise Indian consumption by buying from international markets in times of a food crisis. Given the persistence of the crisis, it will be wiser to look inward and invest in the domestic supply of food rather than give up food self-sufficiency for illusory gains in non-food sectors like services. A long-run perspective is urgently required as such food crises are likely to recur, with increasing threats to agricultural land and output posed by diverse factors such as climate change, biofuel production and industrialisation, to name just a few.

In conclusion, the EU-India FTA is expected to have a significant impact on livelihoods, access to food and productive resources in Indian agriculture, especially for the poor and marginalised. The lack of transparency and adequate consultation with all stakeholders, especially vulnerable groups like farmers, indigenous groups, women, patients' groups, and micro, small and medium enterprises, during the FTA negotiation process has been a consistent worry to civil society organisations and development policy analysts. In India, neither the draft text nor the impact assessment studies have been shared with stakeholders, state governments or with civil society, and nor is there any form of parliamentary oversight. That such an important policy measure can be introduced without transparent and extensive consultations with stakeholders undermines Indian democracy.

In terms of the EU's trade policy, a joint perusal of CAP and the demands made in its FTAs with developing countries will throw into serious doubt its claims of being supportive of sustainable development in the Third World. The EU's insistence on including agriculture belies the European Commission's claims that agriculture is not a major issue in the negotiation. It is clear that the EU recognises that it is a hugely sensitive sector for India in terms of its liveli-

hood and food security implications, but is still continuing with aggressive demands in this sector.

Whether the Indian government will give up its policy of pursuing self-sufficiency in agriculture and food, even in the presence of a rapidly exploding food crisis which is bound to recur more often than before, remains to be seen. ♦

Ranjan Sengupta is a senior researcher with the Third World Network. This article draws heavily from an article entitled 'Ambitious Trade Liberalisation and Indian Agriculture: The Case of the Proposed EU-India Free Trade Agreement' written by the author for the EcoFair Trade Dialogue run by the Heinrich Boell Foundation, Misereor and Glöpolis.

Endnotes

- 1 Data refers to 2005-06, Indian Agricultural Census, Government of India.
- 2 Data refers to 2000-01, Indian Agricultural Census, Government of India.
- 3 There are five alternative estimates of rural poverty: 28% (Planning Commission), 42% (Tendulkar Committee Report), 50% (NC Saxena Committee Report), 77% (National Commission for Enterprises in the Unorganised Sector Report), 87% (Utsa Patnaik).
- 4 Special Products are those products that enjoy protection on the grounds of protecting farmers' livelihoods, food security and rural development.
- 5 Under a volume trigger, tariffs can be raised when the volume of imports crosses a certain threshold.
- 6 Under a price trigger, tariffs can be raised when import prices fall below a certain percentage of a referral period price.
- 7 UNCTAD India (2007) 'Green Box Subsidies: A Theoretical and Empirical Assessment'.
- 8 ECORYS, CUTS, CENTAD (2009) *Trade Sustainability Impact Assessment of the EU-India FTA*.
- 9 CEPII-CIREM (2007) *Economic Impact of a Potential Free Trade Agreement (FTA) between the European Union and India*.
- 10 Polaski et al (2008) 'India's Trade Policy Choices: Managing Diverse Challenges', Carnegie Endowment for International Peace, IDS, IGIDR.

Securing grain

New policies address grain concerns in China and allow the country to remain grain self-sufficient.

Lan Xinzheng

THE current drought that has depleted water resources in many parts of China is the worst in nearly 60 years. However, the Chinese government has launched new measures to fight the natural disaster.

The State Council unveiled 10 measures to support grain production at an executive meeting presided over by Premier Wen Jiabao on 9 February (see box). The following day, the Chinese premier held a conference to address national grain production, drawing universal concern about China's food security.

Ding Shengjun, a professor at the Academy of State Administration of Grain, said this reflects China's concerns about worldwide price hikes in grain and future increases in grain production.

In early February, the Food and Agriculture Organisation of the United Nations (FAO) issued a report warning of grain production decreases in many countries as a result of extreme weather conditions. On 15 February, the World Bank said an additional 44 million people may have fallen into dire poverty in low- and middle-income countries due to rising food prices since June 2010.

China has suffered a long spell of drought since October 2010. According to figures from the Ministry of Agriculture (MOA), by 9 February, drought had affected 7.73 million hectares of winter wheat farmland in eight provinces, accounting for 42.4% of the total planting area in these provinces.

The State Council's 10 new measures to boost grain production show the government's commitment to addressing this problem and will help reduce the negative influence of natural disasters upon grain production, Ding said.



A farmer walks across a cracked wheat field in drought-hit Shandong Province. The drought has sparked concerns over China's food security.

Ensured food security

Despite droughts and floods, China was still able to produce 546.4 million tons of grain in 2010, an increase of 2.9% year on year. While keeping an increase in grain production for seven consecutive years, China is able to maintain a small surplus after achieving grain self-sufficiency.

According to the State Administration of Grain (SAG), at present China has sufficient grain supplies, with a balance kept between demand and supply, and with inventory hovering at a comfortable level. In 2010, local grain and edible oil reserves increased by 26% and 208% respectively compared with those of 2005.

China has 13 primary grain-producing regions, Heilongjiang, Jilin, Liaoning, Inner Mongolia, Hebei, Henan, Shandong, Jiangsu, Anhui, Jiangxi, Hubei, Hunan and Sichuan, contributing almost 80% of the country's total grain output. The grain production in these regions features a large scale and the use of advanced production techniques. The SAG figures show that with vigorous government support, significant progress has been made in creating priority industrial belts of grain crops. So far nine

such belts for wheat, rice, corn and soybean production have been set up in China.

Since China is self-sufficient in rice, wheat and corn, according to MOA figures, it is less dependent on the international market for these products. Excluding soybean, the proportion of imported grain among the country's total grain output has been kept below 5%.

MOA information released on 17 February showed that after vigorous irrigation efforts and precipitation earlier that month, the spreading drought had been curbed and even eased in a few areas.

'Even if wheat output decreases this year, the reduction won't be that big,' said Li Guoxiang, a researcher with the Rural Development Institute of the Chinese Academy of Social Sciences. 'China can cope with the reduction by using inventory and won't need to increase its imports of wheat.'

Lurking dangers

'For China, which has a population of 1.3 billion, the bowl for our people must be in our own hands,' said Ding. 'Right now, the mainstay of Chinese food security is not at all

solid, and actually it's likely to weaken.'

Ding said there are six points of concern for Chinese food security that need attention.

First, some local governments do not put enough stress on food security. Although the central government has set national food security as an important strategic task, some local governments are still advancing industrialisation, commercialisation and urbanisation at the price of sacrificing agriculture and grain production.

Second, grain consumption will soon surpass available supplies. With population growth, improved food structure, as well as development of modern food industries and expansion of the feedstuff industry, the country's total grain demand will show rigid growth, Ding said. It's estimated that by 2020 China's total grain demand will top 600 million tons, which will surpass the country's total grain supply at the same time.

Third, grain production is more restricted by agricultural resources, such as declining per capita cultivated land and water resources, deteriorating land quality, and environment pollution for grain production. MOA figures show that at present the per capita cultivated land in China is less than 953 square metres and per capita water resource is about 2,070 cubic metres, both much lower than the world average level.

Fourth, the resource allocation and structure for grain production are increasingly unbalanced. South China used to be the main wheat- and rice-growing region, but has now become a major grain consumer. North China, which lacks water resources, now contributes more to the grain output, but faces more serious shortages in water resources for irrigation.

Fifth, China lacks a quality industrial force for modern grain production. Chinese agricultural production now mainly depends on small-scale family operations. Women and the elderly now constitute the main labour force in rural areas that lack young, strong hands and talent well versed in science and technology.

'For a country that relies so heavily

on grain, it's worrisome that a quality contingent of agricultural workers is lacking in rural areas,' Ding said.

Sixth, foreign grain merchants look to nibble away at China's food industry. The weak US dollar has further driven up international grain prices denominated in dollars, stimulating and driving international speculative capital to flow into bulk farm produce markets. Now the four biggest transnational grain merchants – Archer Daniels Midland Co., Bunge

Ltd., Cargill, Incorporated and Louis Dreyfus SAS – monopolise 80% of the world's grain transactions and control absolute grain-pricing power. China has almost no say in the international grain market.

'There are lurking risks or hidden troubles for China's sustainable food security, so we must be careful to cope with it,' Ding said. ◆

This article is reproduced from Beijing Review (Vol. 54, No. 9, March 3, 2011).

The 10 measures to boost grain production

- Enlarge the subsidy scope for winter wheat irrigation, keeping the subsidy standard at 150 yuan (\$22.8) per hectare.
- Grant joint subsidies for winter wheat of 150 yuan (\$22.8) per hectare.
- The central budget arranges 1.2 billion yuan (\$182.37 million) in subsidies to purchase irrigation machinery in main winter wheat-growing areas.
- Grant subsidies for pest control to 800 counties in main grain-growing regions of wheat, rice and corn, as well as 200 counties in pest origin areas, and give financial support worth 250,000 yuan (\$38,000) each to 2,000 large-scale professional service organisations.
- The central budget arranges 500 million yuan (\$75.99 million) to construct 200,000 rice seedling hothouses in northeast China.
- Grant subsidies worth 150 yuan (\$22.8) per hectare for film planting of corn in southwest China, covering an area of 3.33 million hectares.
- Expand the scope of subsidies for county-level anti-drought service teams. Provide subsidies for anti-drought equipment for an extra 200 counties, or 2 million yuan (\$303,951) per county.
- Strengthen infrastructure construction against drought. The government will spend at least 6.7 billion yuan (\$1.02 billion) to divert water to affected areas and construct emergency wells and other irrigation facilities.
- Increase the minimum purchasing prices of wheat and rice. The purchasing prices for early and middle-late indica rice as well as japonica rice produced in 2011 will rise 9 yuan (\$1.37), 10 yuan (\$1.52) and 23 yuan (\$3.5), respectively, to 102 yuan (\$15.5), 107 yuan (\$16.26) and 128 yuan (\$19.45) per 50 kg.
- Launch a national campaign to increase grain production, improve rewarding policies for major grain-producing counties, increase the amount of rewarding capital and intensify the effort to increase grain output. ◆

Farmers storing grain is not the fear, hot money speculation is

Haiying Zhang

FROM late last year, an uncommonly prolonged drought has struck northern China and the Yellow River and Huai River basins. This has caused a gradual rise in grain prices, which are said to be the most fundamental of all

prices. Despite the fact that the current purchase price is significantly higher than that of last year, some journalists discovered in Shandong Province that little grain can be procured. Many farmers have grains in hand, but still prefer holding on to selling off. Some of the middlemen

who purchase directly from farmers have also been storing up grains and some processors even experienced supply cut-offs.

Due to droughts, severe cold and other extreme weather events, domestic grain prices have been on the rise since the latter half of last year. Also, the international grain price index reached a record high in January after successive increases in the previous seven months. Given the rising international as well as domestic grain prices and the expansion of the areas hit by drought in China, it is not difficult to see why farmers are not selling, middlemen are storing up and processors are deprived of supplies.

Threat of hot money

In response, the State Council recently announced 10 measures to promote grain production and to stabilise grain prices. These measures are rather comprehensive and powerful. However, I believe that one important element is lacking – measures to crack down on grain speculation by hot money. It is widely known that last year the hot money phenomenon added new terms to the popular vocabulary, such as ‘*Suan ni hen*’¹, ‘*Dou ni wan*’² and ‘*Jiang ni jun*’³. Thus the public is already aware of the dangers of hot money speculation. Now as grain prices are expected to increase further, one has to be alert to hot money grain speculation.

Some might think that, in contrast to speculation on garlic and other crops, grain speculation requires large amounts of financial capital, and that national grain reserves can stabilise the prices. Therefore there is seen to be little possibility of grain speculation. In fact, however, as long as it is profitable, hot money will still swarm into the grain market and drive up the prices just as in the case of garlic. The fact that the middlemen in Shandong Province are storing up is a precursor to hot money speculation.

China’s monetary policy has sought to reduce liquidity in the economy by raising interest rates, the

deposit reserve ratio, and so on. However, one has to be aware that there is still a great deal of idle money with nowhere to go due to a lack of investment channels. New government policies restricting real estate speculation and the stock market downturn have only made the situation worse in this regard. In addition, extreme weather and increasing grain prices domestically and internationally have created conducive conditions for grain speculation. Thus, it is not impossible that hot money might stir up the grain market.

What is worrisome is not only the domestic hot money that created the garlic crisis, but also the international hot money trying to corner the Chinese grain market. In 2008, the transition period allowed under World Trade Organisation (WTO) rules for China to limit the entry of foreign investors into the grain distribution sector ended. According to some sources, the foreign grain businesses that already control 60% of the soya processing capacity in China are now targeting other grain industries in the country. How to avoid foreign investors’ monopolisation in the grain market has thus become a crucial issue.

Supply chain tensions

Any link along the grain supply chain, from the farmers and middlemen to the processors, wholesalers and retailers, can drive up the price. For example, farmers may not be willing to sell when they see that the price is on the rise, thereby worsening tension in the supply chain. The middlemen can take in and store large amounts of grains in order to make profits, which further hikes up the price. In addition, mark-ups at the wholesale and retail levels may also increase the price.

Of all these factors, I think the farmers are not the most problematic. The reason farmers hold on to their goods is simple – to get a better price. As soon as the government increases the purchase price, the farmers may sell. By contrast, the goal of middlemen who store up large amounts of

grain is very different – to gain huge profits. And then there is hot money speculation. Such speculation, which involves only short-term trading, is a fundamentally different issue. It can by no means promote grain production, but only push up prices and exacerbate inflation.

Therefore, one need not be concerned about the farmers, but about the middlemen who are storing up stock and about hot money speculation, in case major grains are subjected to the price spikes that hit garlic and mung beans. In particular, one has to be alert to large amounts of hot money and middlemen conspiring together in driving up prices.

Some scholars have pointed out that the current regulations on grain distribution passed in 2004 are littered with loopholes which allow hot money to legally trade large amounts of grain. In addition, the agriculture law aimed at establishing a national agricultural security system is already outdated and cannot adapt to the current situation, and thus needs revision. It is clear that there exist institutional loopholes for hot money grain speculation. In order to stabilise grain and all commodity prices, we need not only to crack down on grain speculation and control hot money, but also to revise the relevant laws and regulations. ♦

The above is translated from the Chinese by Xu Chengcheng, a researcher with the Third World Network. The original article appeared in China’s National Business Daily (16 February 2011).

Endnotes

- 1 This phrase usually means ‘fine, you win’. But *suan* is also how garlic is pronounced in Chinese, so with a change in the character, the phrase comes to refer to the surprisingly high price of garlic.
- 2 The usual meaning of the phrase is ‘to make fun of you’. But *dou* here alludes to mung bean that experienced an unusual price hike last year.
- 3 This is originally a term in Chinese chess meaning ‘to win’. As *jiang* is also the pronunciation of ginger, it refers here to the hike in ginger prices.

Biofuels and world hunger

A damning report confirms critics' charge that industrial biofuels are responsible for the world's food and hunger crisis.

Mae-Wan Ho

BIOFUELS are conservatively estimated to have been responsible for at least 30% of the global food price spike in 2008 that pushed 100 million people into poverty and drove some 30 million more into hunger, according to the report, *Meals per gallon*, released by the UK charity ActionAid in February 2010.¹ The number of chronically hungry people now exceeds one billion.

The report blames the biofuels targets set by the European Union (EU), and concomitantly, the huge financial incentives given to the biofuels industry, which together provide a powerful driver for industrial biofuels. In 2006, the EU biofuel industry was already supported by tax exemptions and agricultural subsidies to the sum of €4.4 billion. In 2008, EU member states committed themselves to a target of 10% of transport fuels from renewable sources (i.e., biofuels) by 2020. If the same level of subsidies continues, the industry would receive €13.7 billion per year.

If all global biofuels targets are to be met, food prices could rise by up to an additional 76% by 2020 and starve an extra 600 million people.

Fuel vs food

The main agricultural crops used for industrial biofuels are vegetable and seed oils such as palm, soy, sunflower, rapeseed and jatropha for biodiesel, and maize, wheat and sugars for ethanol. Except for jatropha (see later), the feedstock are all food crops. The most immediate effect of the push for industrial biofuels is to compete with food for feedstock, thereby inflating food prices. The UN Food and Agriculture Organisation estimates that in 2008/9, 125 million tonnes of cereals were diverted into



An ethanol plant in Iowa state in the US. The production of biofuels like ethanol is diverting crop yields from meeting food needs.

biofuel production. In 2010, more cereal (1,107 million tonnes) was diverted into animal feed and industrial uses than for feeding people (1,013 million tonnes). Overall, world food prices increased by 75% from 2006 to the middle of 2008, but the price for staple food grains (such as wheat, rice and maize) went up by 126%. For the 82 low-income food-deficient countries, import bills shot up. Each 10% increase in the price of cereals adds nearly \$4.5 billion to the total cereals import cost of developing countries that are net importers. Independent analysts have concluded that industrial biofuels have been responsible for 30 to 75% of the global food price increase in 2008.

To make matters much worse, huge tracts of land have been taken out of food production, exacerbating landlessness everywhere.² ActionAid reports that in just five African countries 1.1 million hectares have been given over to industrial biofuels for export, while 1.4 million ha were taken over simultaneously to produce food for export. As biofuels displace

food from agricultural land in developed countries, and as rich countries run out of water for agriculture, food production is increasingly outsourced to cheap land available in poor countries.

Food and fuel are competing everywhere for land. EU companies have already acquired or requested at least five million hectares of land for industrial biofuels in developing countries. Just to meet the EU's 10% target would require 17.5 million hectares for growing biofuels in developing countries.

Landlessness and hunger

While driving up food prices can create hunger, driving people off the land that they have traditionally cultivated deprives them of the last resort of growing their own food. This is happening all over the developing world.

In Mozambique, farms are destroyed for industrial biofuels. Elisa Alimone Mongue, mother and farmer, said: 'I don't have a farm, I don't have

a garden, ... the only land I have has been destroyed. We are just suffering with hunger, ... even if I go to look for another farm, they will just destroy it again.'

'They actually took the land when it was already tilled... They haven't paid us anything... What we want is to get our farms back because that is what our livelihood is dependent on... we are dying of hunger and there is nothing we have that is actually our own,' said Matilde Ngoene, another mother and farmer.

Julio Ngoene is fighting to save his community and its way of life. He is the village chief of approximately 100 households of more than 1,000 people. A biofuel company is setting up a project near his village and has taken over 80% of the village farmland without permission, and destroyed the crops. At the beginning of the project, the company promised to resettle the village, but two years later, Julio and the villagers have still heard nothing, and no one in the village has received compensation.

Land expropriation is sometimes violent, and often by false promises and trickery.

In Indonesia, in the village of Aruk, people have come into direct confrontation with oil palm plantations. Twenty-five plots were cleared without permission. One villager lost his 10-acre plot. 'I went to my land one morning, and found it had been cleared. All my rubber trees, my plants had been destroyed... Now I have to work as a builder in Malaysia, so I can feed my three children.'

In Tanzania, where ActionAid has conducted interviews, 175 villagers have been displaced. Farmer Rashidi Omary Goboreni said: 'We deeply regret we agreed on letting [the biofuel company] operate on our land. Now we think the employment and the possibility to use their tractors was only their strategy to get the agreement... We realised we did not know if we had agreed on selling our land or leasing it for 50 or 99 years. A neighbour told us he had leased his land for 99 years and we got worried. What is hiding behind the 6,000 schilling [about €3 as an initial pay-



Jatropa has been hyped as a miracle non-food biofuel crop, but it has so far failed to deliver on its promise.

ment], we wondered? If we do not get employed then how will we make our living? Without land we will not be able to farm and our children will have nowhere to settle down when they grow up. I've heard stories about other villages who have leased their land and the villagers there are now not even allowed to pass their land. If they pick up firewood, someone from the company will tell them to put it back.'

The Chair of the UN Forum on Indigenous Issues estimated that 60 million indigenous people are globally at risk of displacement because of industrial biofuels.

The jatropa scam

There have been warnings against jatropa biodiesel going back several years.³ Jatropa has been hyped as a miracle non-food biofuel crop that would simply grow in marginal areas not suitable for food crops. But there was clear evidence that it would only deliver anywhere near the promised 1,300 litres of oil per ha when grown in fertile land with plenty of water, and that's what companies have set their eyes on.

In Tanzania, jatropa is being grown in areas with good rainfall and fertile soils. In the Sahel regions of Senegal, jatropa will only survive with irrigation; and it's a similar story in Swaziland, which is suffering persistent drought.

Jatropa is also promoted as of-

fering employment and livelihoods. But the evidence indicates otherwise. Employment is often sporadic, being labour-intensive during planting and very little until harvesting. In India, where jatropa is becoming well established, the promise of high yields has remained unproven regardless of whether it is grown on fertile or poor soils. The initial forecast was that it would only be cost-competitive if yields reached 3-6 tonnes of seeds per ha per year. Private companies have now had to revise projections down to 1.8-2 tonnes per ha, but even that remains to be achieved.

And worse has come from reports on the ground.

'Until now I haven't got any seeds from this jatropa. I feel bad. Now it is almost four years and I am not getting any income. There is no improvement,' said Wanjang Agitok Sangma, in India.

In northeast India, local farmers and communities were being enticed to experiment with jatropa. Raju Sona grew jatropa for one year on land he used to grow vegetables for his family. 'No one will buy jatropa. People said if you have a plantation then surely you have a good market, but we didn't see such a good market. When I got the message that there was no market, I got discouraged. I was very upset. I felt very bad. I expected profit. I threw it [the seeds] away.' He went back to growing food, adding, 'If we plant jatropa we will have a problem because [it means] we

have to buy food from outside.... Vegetables are very expensive [so] we can save money with all the things we grow – we are cultivating potatoes and cabbages. If the land is planted professionally, it could grow 4,000 to 6,000 cabbages in six months to sell in the market. This is good land for growing ginger, onions and garlic.’

Another farmer in India, Parindra Gohain (alias), said: ‘Until now we have had no income from the jatropha plantation. They told me it would be two years before we would have income, but it is already three years. People are a little down now because the whole project is already four years running and there is no income. I still hope that I will get profit otherwise I will pull up the plants.’

Compromised food security and labour conditions

Some farmers were tempted to sell their land in return for employment, only to find that the promised level of pay failed to materialise, and the low earnings left them unable to buy sufficient food. One farmer in Senegal, Mamadou Bah (alias), said: ‘I and the community expected to increase our cash income and revenues by working on the plantation. Our food is insufficient because we gave away our land. We have to fight for our rights and find alternatives to fill the gap in food and livelihoods.’

‘Instead of farming their land, people go to work for the [biofuel] company... There are now fewer farmers involved in farming their own land. Food is becoming a problem...

‘The price of food has been increasing every now and then. The increasing food prices have to do with food shortages within the village due to lower production on the farms,’ said Tanzanian farmer Aailyah Nyondo (alias).

In Ghana, Sanatu Yaw told ActionAid: ‘The shea nuts I am able to pick during the year help me to have my children in school, to buy cloth and also to supplement the household’s food needs when the harvest from my husband’s farm runs out.

But this year I could not get much because of the trees that have been cut. Now they have destroyed the trees so we have lost a good source of income forever, yet we have not been paid anything in compensation. That is why I confronted the white man at the meeting.’

Brazil is the largest industrial biofuel producer in the developing world, where the sugar cane (ethanol) plantation industry is well established. However, working conditions are often poor. Of the one million cane workers, about half are employed as cutters, mostly done by hand, in intense heat for long hours; and a number of deaths have been reported. The government’s own investigations uncovered virtual slave labour conditions, exploitative subcontracting systems, poor sanitation and food, unfit drinking water and overcrowded living conditions. In one investigation, the team rescued 11,000 labourers working in unacceptable conditions.

Policy got ahead of science

More and more scientists are providing evidence that most biofuels currently used actually release more greenhouse gases compared to fossil fuels, and use more fossil fuels to produce.⁴

Unfortunately, all of the figures currently used in EU legislation in the recently agreed Renewable Energy Directive (RED) are out of date, and over-optimistic about the carbon emissions and energy savings of the biofuels. I have dealt elsewhere with the scientific evidence on the false accounting on carbon and energy savings on biofuels that conceals their huge contributions to global warming.^{5,6}

Moratorium on industrial biofuels

It is clear that biofuels are socially unsustainable in competing for land that should be growing food, increasing food prices and landlessness, causing widespread hunger, and depriving millions of the poorest of their

livelihood. Meanwhile, evidence from real production data and new analyses bear out what many scientists have been saying: most if not all biofuels offer no savings in energy or carbon emissions, especially when indirect emissions from deforestation and other land use changes are taken into account, as they should be.

ActionAid has reiterated the call for a global moratorium in its recommendations:

- Moratorium on further expansion of industrial biofuel production and investment
- Ensure EU member states do not lock into industrial biofuels in their 2010 national action plans
- Reduce transport and energy consumption
- End targets and financial incentives for industrial biofuels
- Support small-scale sustainable biofuels in the EU and abroad. ♦

Dr Mae-Wan Ho is Director and co-founder of the UK-based Institute of Science in Society (ISIS), and Editor of the ISIS magazine Science in Society, from which this article is reproduced (No. 49, Spring 2011).

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Closing the gender gap in agriculture

If women in rural areas had the same access to land, technology, financial services, education and markets as men, agricultural production could be increased and the number of hungry people reduced by 100-150 million, says FAO.

YIELDS on plots managed by women are lower than those managed by men, says a recently released UN Food and Agriculture Organisation (FAO) report. But this is not because women are worse farmers than men. They simply do not have the same access to inputs. If they did, their yields would go up, they would produce more and overall agricultural production would increase, says FAO in its 2010-11 edition of *The State of Food and Agriculture* report.

‘The report makes a powerful business case for promoting gender equality in agriculture,’ said FAO Director-General Jacques Diouf, in launching the report on 7 March, the eve of International Women’s Day.

‘Gender equality is not just a lofty ideal, it is also crucial for agricultural development and food security. We must promote gender equality and empower women in agriculture to win, sustainably, the fight against hunger and extreme poverty,’ he added.

Closing yield gaps reaps gains for all

Just giving women the same access as men to agricultural resources could increase production on women’s farms in developing countries by 20 to 30%. This could raise total agricultural production in developing countries by 2.5 to 4%, which could in turn reduce the number of hungry people in the world by 12 to 17%, or 100 to 150 million people. An estimated 925 million people in the world were undernourished in 2010, of which 906 million live in developing countries.

‘We must eliminate all forms of discrimination against women, ensure

that access to resources is more equal and that agricultural policies and programmes are gender-aware, and make women’s voices heard in decision-making at all levels. Women must be seen as equal partners in sustainable development,’ Diouf said.

Women’s work

Women make up on average 43% of the agricultural labour force in developing countries, ranging from 20% in Latin America to almost 50% in East and South-East Asia and sub-Saharan Africa. The share is higher in some countries and varies greatly within countries.

Where rural women are employed, they tend to be segregated into lower-paid occupations and are more likely to be in less secure forms of employment, such as seasonal, part-time or low-wage jobs.

New jobs in high-value export-oriented agro-industries offer better opportunities for women than traditional agriculture, the report says.

Mind the gap

The report documents gender gaps in the access to a wide range of agricultural resources, including land, livestock, farm labour, education, extension services, credit, fertilisers and mechanical equipment.

Women in all regions generally have less access to land than men. For those developing countries for which data are available, between 3 and 20% of all landholders are women. The share of women in the agricultural labour force is much higher and ranges from 20 to 50% in developing-country regions.

‘Women farmers typically achieve lower yields than men, not because they are less skilled, but because they operate smaller farms and use fewer inputs like fertilisers, improved seeds and tools,’ said Terri Raney, editor of the *SOFA* report.

Levelling the ploughing field

‘Evidence from many countries shows that policies can promote gender equality and empower women in agriculture and rural employment. The first priority is to eliminate discrimination under the law,’ Raney said. ‘In many countries women do not have the same rights as men to buy, sell or inherit land, to open a savings account or borrow money, to sign a contract or sell their produce. Where legal rights exist on paper, they often are not honoured in practice.’

Government officials must be held accountable for upholding the law and women must be aware of their rights and empowered to claim them.

Women face multiple constraints in agriculture arising from the complex nature of agricultural production and from competing demands on their time. To be effective, interventions must be ‘bundled’ so they treat these constraints together, the report says.

Policies and institutions often have different impacts on men and women – even when no explicit discrimination is intended. ‘Men and women have different roles in society and face different opportunities and constraints,’ said Raney. ‘We can’t make good agricultural policy unless we consider gender differences.’

Building human capital

In addition to increasing overall agricultural production, closing the gender gap in agriculture would also put more income in the hands of women – a proven strategy for improving health, nutrition and education outcomes for children.

‘One of the best investments we can make is in building the human capital of women and girls – basic education, market information and agricultural extension services are essential building blocks for agricultural productivity and economic growth,’ Raney said. – *FAO Media Centre* ◆

Women farmers show the way forward in eco-friendly farming

Bharat Dogra

THE experience of several efforts to find durable solutions to the farming crisis has revealed that low-cost, environment-friendly, self-reliant and organic farming is extremely important for the success of sustainable farming. When efforts have been made to adopt such farming methods, women farmers have been found to be particularly enthusiastic in these efforts and some of these have given very good results.

In Jalaun district in India's Uttar Pradesh state, farmers' group Laghu Seemaant Krishak Morcha has worked in very close cooperation with voluntary organisation Samarpan to spread such technologies.

While visiting these villages of work here, what is perhaps most remarkable and visible is the increasing assertiveness of the role and identity of women farmers.

Radhekrishna, Director of Samarpan, says that during training programmes in the early years of their work, when women were asked to name three farmers in their village, (despite the ongoing training) they almost never mentioned women farmers (never mentioned themselves) and even among the male members, they generally mentioned the bigger, influential farmers. From this low level of consciousness of their identity as women small farmers, now women have come a long way with a strong sense of their identity as not just farmers but also change-makers capable of exploring various avenues of im-

provements, taking decisions regarding this and overcoming hindrances in the perceived path of betterment.

This was evident from the way women small farmers talked about their 'experiences and aspirations'. In Daangkhajuri, for instance, women dominated the discussion in the presence of male farmers and when we wanted to go around the village to get a better view of their problems and improvements needed, it was again women who led the way. These women, particularly Bitoli, who appeared to be a natural leader, had a clear sense of priorities and how to present these well before outsiders so as to get the required help. The way in which farmers find self-help solutions, like checking wastage of water from overflowing artesian wells, is remarkable. They have calculated that a billion litres of water could be saved in this way in a year in a single village. Several women farmers have overcome serious personal problems to play a more assertive social role. Rekha of Byonaa Raja village is almost blind, yet plays an active important social role.

In areas where Samarpan and Morcha have been active for several years, organic and sustainable farming practices have a good spread. Radhekrishna says, 'Women organic farmers here have taught us some important lessons. In the beginning we were cautious while advocating organic farming practices because we also apprehended that initially there may be some loss of yield. But we were ourselves surprised when sev-

eral organic farmers informed us that they are not only reducing expenses but also increasing yield.'

In fact we met several women organic farmers who claimed to have improved yield apart from minimising expenses. In addition the quality of their produce is better. Not only do they find it more nourishing but they are also able to get a better rate for it. We heard happy anecdotes of traders coming to villages and willingly offering a better rate for organically grown peas (and other crops).

Ranjana Sharma of Jugrajpur village had picked up information about the benefits of organic farming from books and radio and then she was also exposed to the training programmes of Samarpan. She was so convinced about the benefits of organic farming that she prevailed upon her father to set aside 5 bighas out of the farmer's total holding of 25 bighas for organic farming. When Ranjana's 5 bighas gave better yield at lower expense, her father was also convinced of the benefits of organic farming and gradually almost the entire land was converted to organic farming.

Many women farmers who do not learn at training workshops innovate in their own ways. Daangkhajuri village provides an example of how about 35 diverse crops (grains, vegetables, legumes, fruits etc.) are being grown in a relatively small village organically in such a way (using mixed cropping patterns and appropriate rotations) that fields are almost always green and preparations for the next crop are made even as one crop is still maturing. Then at all times farmers keep getting one crop or another, which provides some cash earning as well as meeting nutrition needs. In addition the village makes excellent use of scarce water resources to irrigate as much land as possible. This village has been able to reduce water wastage from artesian wells using makeshift devices and now they are waiting for some help from the government or the voluntary sector to carry this work further. ◆

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Save the climate and double food production with eco-farming

Eco-farming could double food production in entire regions within 10 years while mitigating climate change, according to a new UN report released in March in Geneva.

Stephen Leahy

AN urgent transformation to 'eco-farming' is the only way to end hunger and face the challenges of climate change and rural poverty, said Olivier De Schutter, UN Special Rapporteur on the right to food, following the presentation of his annual report focusing on agro-ecology and the right to food to the UN Human Rights Council.

'Agro-ecology mimics nature, not industrial processes. It replaces the external inputs like fertiliser with knowledge of how a combination of plants, trees and animals can enhance productivity of the land,' De Schutter told Inter Press Service (IPS), stressing that, 'Yields went up 214% in 44 projects in 20 countries in sub-Saharan Africa using agro-ecological farming techniques over a period of 3 to 10 years... far more than any GM [genetically modified] crop has ever done.' Other recent scientific assessments have shown that small farmers in 57 countries using agro-ecological techniques obtained average yield increases of 80%. Africans' average increases were 116%.

'Today's scientific evidence demonstrates that agro-ecological methods outperform the use of chemical fertilisers in boosting food production in regions where the hungry live,' De Schutter said.

Natural factor

Agro-ecology applies ecological science to the design of agricultural systems. It enhances soil productiv-



Agro-ecology enhances soil productivity and protects crops against pests by relying on natural elements.

ity and protects crops against pests by relying on natural elements.

Eco-farming doesn't require expensive inputs of fossil-fuel-based pesticides, fertilisers, machinery or hybrid seeds. It is ideally suited for poor smallholder farmers and herders who are the bulk of the one billion hungry people in the world. Efforts by governments and major donors such as the \$400 million Alliance for a Green Revolution in Africa (AGRA) to subsidise fertiliser and hybrid seeds will produce quick

boosts in yields but are not sustainable in the long term, De Schutter said.

Malawi is touted as an AGRA success story by funders such as the Gates Foundation and the Rockefeller Foundation who have massively subsidised fertiliser and created a corresponding improvement in food production. However, the country simply cannot afford to continue those subsidies and is shifting its strategy to agro-ecology. 'The [Malawi] government now subsidises farmers to plant nitrogen-fixing trees in their fields to ensure sustained growth in maize production,' he said.

De Schutter says AGRA is looking for quick results and is getting them. He has found it difficult to overcome AGRA proponents' suspicions about the effectiveness of agro-ecology, despite the mounting evidence. 'I expect countries to express scepticism towards these solutions because they are not in accord with the dominant paradigm,' De Schutter said.

Climate change impact

The dominant view of agriculture is the industrial approach – of maximising efficiency and yield. However, that system is utterly dependent on cheap fossil fuels and never having to be held accountable for environmental degradation and other impacts. One of the most under-acknowledged but astonishing impacts



UN Special Rapporteur on the right to food, Olivier De Schutter.

is on the global climate. 'It is fair to say that between 45 and 50% of all human emissions of global warming gases come from the current form of food production,' De Schutter says.

Climate-damaging emissions from industrial agriculture are more than just carbon dioxide from burning fossil fuels. They include massive amounts of the super-heating greenhouse gases like methane from animals and nitrous oxide from chemical fertiliser. Add in deforestation – which is mostly done to increase farmland or plantations – and that's around a third of all emissions. Now, add on the emissions from food processing and the long-distance transport of foods around the world and it comes close to half of all human emissions.

More food, less emissions

The food system doesn't have to be a major source of emissions, the problem is just the way we have designed it around cheap fossil fuel energy, De Schutter said. Eco-farming can produce more food for the world's poorest people, while also resulting in a fraction of the emissions. It can even store carbon in the soil.

'The evidence is irrefutable. If we can change the way we farm and the way we produce and distribute food, then we have a powerful solution for combating the climate crisis,' said Henk Hobbelink, coordinator of GRAIN, an international non-governmental organisation that produced a



Industrial agriculture is a major source of climate-disrupting greenhouse gas emissions.



Genetically modified (GM) corn. Agro-ecological farming projects in sub-Saharan Africa have registered higher yield increases than any GM crop.

report in 2009 showing that industrial agriculture was by far the biggest source of climate-disrupting emissions of greenhouse gases.

'There are no technical hurdles to achieving these results, it is only a matter of political will,' Hobbelink told IPS. Trade, economic and agricultural policies are all skewed in favour of the current industrial food production system. And many of those policies are pushing small farmers – the ones who are by far the most efficient in terms of carbon emissions and energy use, according to GRAIN – off the land.

De Schutter says the techniques and benefits of agro-ecology are now

well established, so his role is to push governments to change policies and support the transformation of food production. His report offers policy-relevant recommendations for countries, such as increasing public funding for research and training.

'Private companies will not invest time and money in practices that cannot be rewarded by patents and which don't open markets for chemical products or improved seeds,' De Schutter said. 'If we don't radically transform the direction of the global food system, we will never feed the billion who are hungry,' he warns. 'Nor will we be able to feed ourselves in the future.' – IPS

Cooperatives offer an alternative

Cooperatives have made a comeback in Mexico after years of decline under a regime of neo-liberalism. By facilitating storage and bulk marketing of the produce, they are helping to spur agricultural production.

Emilio Godoy

AFTER years of decline, the cooperative movement in Mexico is reviving as a relatively safe haven from the shocks of the neoliberal free-market model of production and the financial and food crises that have affected the country.

'Cooperatives have had a positive impact on job creation, investment, education and health. They have helped drive community development,' Juan Dominguez, general coordinator of the Cooperative of Advisers for Social Progress (SCAAS), which has worked with non-governmental organisations (NGOs) since 1990, told Inter Press Service (IPS).

Dominguez, a member of the National Network of Researchers and Educators in Cooperativism and Solidarity Economics, is the author of two research publications, the most recent of which is a 2007 book titled *Las cooperativas, polos de desarrollo regional en Mexico* (Cooperatives: Poles of Regional Development in Mexico).

In 2005, a group of bean farmers in the northern state of Zacatecas formed a cooperative called El Granero Nacional (National Granary), a wholesale centre for agricultural supplies and comprehensive services, to facilitate storage and marketing.

'The cooperative has made a real difference; one of the main advantages is bulk marketing,' Jose Villegas, president of the 600-member cooperative, told IPS. 'Farmers store their produce in the warehouses and the cooperative sells it. We also acquire equipment that farmers would not be able to buy on their own.'

Each member of the cooperative farms an average of 20 hectares, with an average yield of one tonne per hectare.

In 2010, the agriculture ministry guaranteed a price of \$0.67 per kilogramme of beans.

There are some 15,000 cooperatives in Mexico, most of them con-

sumer or producer cooperatives, with a total membership of about five million people, according to information from the Social Development Fund of the Mexico City Federal District government.

In this country of 112 million people, the unemployment rate is 5.4% of the economically active population of 46 million people, according to the National Institute of Statistics and Geography (INEGI).

But cooperatives have scant access to public and private financing, which hampers their creation and operation, so the cooperative movement in Mexico is lagging behind that of other Latin American countries.

In the Americas, this particular expression of the social economy has grown from north to south. In the United States, for example, there were 29,000 cooperatives in 2009, with 80 million members, and in Argentina, there were nearly 18,000 cooperatives with some nine million members, according to the International Cooperative Alliance (ICA).

In Mexico, people involved in cooperatives complain of lack of support. 'There are too few resources, there is very little start-up capital and it is difficult to buy supplies and acquire infrastructure,' Alma Ortega told IPS.

Ortega founded two cooperatives in Mexico City in the 1990s, in transportation and marketing of goods. Between them they have 22 members, and they are both now self-supporting.

The law that regulates cooperatives, in force in Mexico since 1994, defines them as organisations based on 'common interests and the principles of solidarity, self-help and mutual aid, in order to meet individual and collective needs, through the economic activities of production, distri-

bution and consumption of goods and services'.

But loopholes in the law have created problems in implementation and enforcement. Senator Jorge Ocejo of the governing right-wing National Action Party (PAN), chair of the Senate committee on economic development, promised in February that a new law would be drafted to correct them.

Ocejo pointed out that, far from being poor or representing a marginalised economy, cooperatives in Mexico have total assets of over \$8.3 billion, and need a law to stimulate them as well as provide them with legal security.

The resurgence of cooperatives was boosted by initiatives adopted since 2006 by the Federal District, governed by the left-wing Party of the Democratic Revolution (PRD).

In 2006, the Federal District approved the Cooperative Development Law, and in 2009, the city government launched a programme to promote the social economy in all its various forms.

PRD Senator Rene Arce said that 15% of the country's economically active population is involved in alternative methods of production. Apart from cooperatives, there are 26,000 *ejidos* or communities where the land is collectively owned, and 600 worker-owned businesses.

'This segment of society practises mutual aid and solidarity, exercising direct democracy and economic practices centred on human development,' Arce said.

'The most difficult, yet the most accessible, scenario is to make headway in the market,' said Dominguez. 'We want to develop the inter-cooperative market, so that buying and selling raw materials and supplies between the cooperatives themselves becomes a priority. It's a fairly untapped area.'

Although there are no exact figures for the share of GDP attributable

to cooperatives, the 2007 study showed that in 17 of Mexico's 32 states, 200 worker-managed businesses played a significant role in regional development.

Fishing cooperatives were the most numerous, and had a large impact on their communities. Many producers' cooperatives have focused on niche markets, such as the one for organic coffee, under fair trade marketing schemes.

A group of NGOs has called for reform of Article 25 of the Mexican constitution with the aim of promoting the social economy.

'We should modernise our cleaning equipment, which is already 20 or 25 years old, and the system for purchasing supplies, so that they will be available for producers when they need them,' said Villegas, of the National Granary cooperative, which has 8,000 tonnes of warehouse capacity. 'We also want to develop contract farming, so that farmers have a guaranteed buyer.'

'Cooperatives are a good way of creating jobs and fighting the food crisis,' said Ortega, who is a member of the independent Mexican Institute for Cooperative Development (IMDECOOP), founded in 1996. 'That's why we are working for the formation of more cooperatives, and for them to have projects with real impact,' she said.

The United Nations has declared 2012 the International Year of Cooperatives, under the slogan 'Cooperative Enterprises Build a Better World'. Cooperatives directly employ more than 100 million people worldwide, according to the UN.

The first Saturday in July is International Day of Cooperatives, adopted by the United Nations in 1992. Its theme this year is 'Youth, the future of cooperative enterprise'. The cooperative movement also has its own domain name for Internet addresses, .coop.

The ICA, founded in 1895 and with a membership of one billion people in 91 countries, will hold its general assembly in November in the southeastern Mexican Caribbean resort of Cancun. – *IPS* ◆

The Food Crisis, Climate Change and the Importance of Sustainable Agriculture

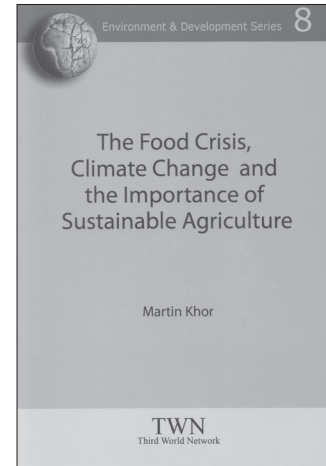
By Martin Khor

The recent crisis of high food prices and the serious problem of climate change point to the grave challenges confronting global agriculture. This paper looks at the difficulties the farming sector faces on these two fronts and how it can respond to them.

The food price crisis has highlighted the importance of strengthening food security. Over the years, domestic food production in developing countries has been undermined often as a result of wrong-headed policy prescriptions from international financial institutions and the inequitable provisions of bilateral and multilateral trade agreements. This paper calls for reform in national and international agricultural policies in order to better safeguard food security and farming livelihoods in the developing world.

Climate change poses another serious threat to the agriculture sector, which both affects and is affected by global warming.

While climate change can adversely affect agricultural output, current farming methods themselves are a major contributor to climate change. However, as this paper points out, agriculture does have great potential for mitigating and adapting to the impacts of climate change – potential that can be realized with a shift from conventional industrial farming to ecologically sound sustainable agriculture practices.



ISBN: 978-983-2729-90-7 24pp

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The collapse of the old oil order

Whatever the outcome of the protests, uprisings and rebellions now sweeping the Middle East, one thing is guaranteed: the world of oil will be permanently transformed. Consider everything that's now happening as just the first tremor of an oilquake that will shake our world to its core, says *Michael T Klare*.

FOR a century stretching back to the discovery of oil in southwestern Persia before World War I, Western powers have repeatedly intervened in the Middle East to ensure the survival of authoritarian governments devoted to producing petroleum. Without such interventions, the expansion of Western economies after World War II and the current affluence of industrialised societies would be inconceivable.

Here, however, is the news that should be on the front pages of newspapers everywhere: That old oil order is dying, and with its demise we will see the end of cheap and readily accessible petroleum – forever.

Ending the Petroleum Age

Let's try to take the measure of what exactly is at risk in the current tumult. As a start, there is almost no way to give full justice to the critical role played by Middle Eastern oil in the world's energy equation. Although cheap coal fuelled the original Industrial Revolution, powering railroads, steamships, and factories, cheap oil has made possible the automobile, the aviation industry, suburbia, mechanised agriculture, and an explosion of economic globalisation. And while a handful of major oil-producing areas launched the Petroleum Age – the United States, Mexico, Venezuela, Romania, the area around Baku (in what was then the Czarist Russian empire), and the Dutch East Indies – it's been the Middle East that has quenched the world's thirst for oil since World War II.

In 2009, the most recent year for which such data is available, BP reported that suppliers in the Middle East and North Africa jointly produced 29 million barrels per day, or 36% of the world's total oil supply – and even this doesn't begin to sug-



Rising domestic demand is expected to consume an ever-increasing share of Saudi Arabia's oil output, leaving less for export.

gest the region's importance to the petroleum economy. More than any other area, the Middle East has funnelled its production into export markets to satisfy the energy cravings of oil-importing powers like the United States, China, Japan, and the European Union (EU). We're talking 20 million barrels funnelled into export markets every day. Compare that to Russia, the world's top individual producer, at seven million barrels in exportable oil, the continent of Africa at six million, and South America at a mere one million.

As it happens, Middle Eastern producers will be even more important in the years to come because they possess an estimated two-thirds of remaining untapped petroleum reserves. According to recent projections by the US Department of Energy, the Middle East and North Africa will jointly provide approximately 43% of the world's crude petroleum supply by 2035 (up from 37% in 2007), and will produce an even greater share of the world's exportable oil.

To put the matter baldly: The

world economy requires an increasing supply of affordable petroleum. The Middle East alone can provide that supply. That's why Western governments have long supported 'stable' authoritarian regimes throughout the region, regularly supplying and training their security forces. Now, this stultifying, petrified order, whose greatest success was producing oil for the world economy, is disintegrating. Don't count on any new order (or disorder) to deliver enough cheap oil to preserve the Petroleum Age.

To appreciate why this will be so, a little history lesson is in order.

The Iranian coup

After the Anglo-Persian Oil Company (APOC) discovered oil in Iran (then known as Persia) in 1908, the British government sought to exercise imperial control over the Persian state. A chief architect of this drive was First Lord of the Admiralty Winston Churchill. Having ordered the conversion of British warships from coal to oil before World War I and determined to put a significant

source of oil under London's control, Churchill orchestrated the nationalisation of APOC in 1914. On the eve of World War II, then-Prime Minister Churchill oversaw the removal of Persia's pro-German ruler, Shah Reza Pahlavi, and the ascendancy of his 21-year-old son, Mohammed Reza Pahlavi.

Though prone to extolling his (mythical) ties to past Persian empires, Mohammed Reza Pahlavi was a willing tool of the British. His subjects, however, proved ever less willing to tolerate subservience to imperial overlords in London. In 1951, democratically elected Prime Minister Mohammed Mossadeq won parliamentary support for the nationalisation of APOC, by then renamed the Anglo-Iranian Oil Company (AIOC). The move was wildly popular in Iran but caused panic in London. In 1953, to save this great prize, British leaders infamously conspired with President Dwight Eisenhower's administration in Washington and the CIA to engineer a coup d'état that deposed Mossadeq and brought Shah Pahlavi back from exile in Rome, a story recently told with great panache by Stephen Kinzer in *All the Shah's Men*.

Until he was overthrown in 1979, the Shah exercised ruthless and dictatorial control over Iranian society, thanks in part to lavish US military and police assistance. First he crushed the secular left, the allies of Mossadeq, and then the religious opposition, headed from exile by the Ayatollah Ruhollah Khomeini. Given their brutal exposure to police and prison gear supplied by the United States, the Shah's opponents came to loathe his monarchy and Washington in equal measure. In 1979, of course, the Iranian people took to the streets, the Shah was overthrown, and Ayatollah Khomeini came to power.

Much can be learned from these events that led to the current impasse in US-Iranian relations. The key point to grasp, however, is that Iranian oil production never recovered from the



A US soldier standing guard near a burning oil well in southern Iraq in this photo taken in April 2003, not long after the US invaded the country. Since then, oil production in Iraq has fallen far short of initial US predictions.

revolution of 1979-1980.

Between 1973 and 1979, Iran had achieved an output of nearly six million barrels of oil per day, one of the highest in the world. After the revolution, AIOC (rechristened British Petroleum, or later simply BP) was nationalised for a second time, and Iranian managers again took over the company's operations. To punish Iran's new leaders, Washington imposed tough trade sanctions, hindering the state oil company's efforts to obtain foreign technology and assistance. Iranian output plunged to two million barrels per day and, even three decades later, has made it back to only slightly more than four million barrels per day, even though the country possesses the world's second largest oil reserves after Saudi Arabia.

Dreams of the invader

Iraq followed an eerily similar trajectory. Under Saddam Hussein, the state-owned Iraq Petroleum Company (IPC) produced up to 2.8 million barrels per day until 1991, when the First Gulf War with the United States and ensuing sanctions dropped output to half a million barrels daily. Though by 2001 production had again risen to almost 2.5 million barrels per day, it never reached earlier heights. As the Pentagon geared up for an invasion of Iraq in late 2002, however, Bush administration insiders and well-connected Iraqi expatriates spoke dreamily of a coming golden age in which foreign oil companies would be invited back into the coun-

try, the national oil company would be privatised, and production would reach never-before-seen levels.

Who can forget the effort the Bush administration and its officials in Baghdad put into making their dream come true? After all, the first American soldiers to reach the Iraqi capital secured the Oil Ministry building, even as they allowed Iraqi looters free rein in the rest of the city. L Paul Bremer III, the proconsul later chosen by President Bush to oversee the establish-

ment of a new Iraq, brought in a team of American oil executives to supervise the privatisation of the country's oil industry, while the US Department of Energy confidently predicted in May 2003 that Iraqi production would rise to 3.4 million barrels per day in 2005, 4.1 million barrels by 2010, and 5.6 million by 2020.

None of this, of course, came to pass. For many ordinary Iraqis, the US decision to immediately head for the Oil Ministry building was an instantaneous turning point that transformed possible support for the overthrow of a tyrant into anger and hostility. Bremer's drive to privatise the state oil company similarly produced a fierce nationalist backlash among Iraqi oil engineers, who essentially scuttled the plan. Soon enough, a full-scale Sunni insurgency broke out. Oil output quickly fell, averaging only 2.0 million barrels daily between 2003 and 2009. By 2010, it had finally inched back up to the 2.5 million barrel mark – a far cry from those dreamed-of 4.1 million barrels.

One conclusion isn't hard to draw: Efforts by outsiders to control the political order in the Middle East for the sake of higher oil output will inevitably generate countervailing pressures that result in diminished production. The United States and other powers watching the uprisings, rebellions, and protests blazing through the Middle East should be wary indeed: whatever their political or religious desires, local populations always turn out to harbour a fierce,

passionate hostility to foreign domination and, in a crunch, will choose independence and the possibility of freedom over increased oil output.

The experiences of Iran and Iraq may not in the usual sense be comparable to those of Algeria, Bahrain, Egypt, Iraq, Jordan, Libya, Oman, Morocco, Saudi Arabia, Sudan, Tunisia, and Yemen. However, all of them (and other countries likely to get swept up into the tumult) exhibit some elements of the same authoritarian political mould and all are connected to the old oil order. Algeria, Egypt, Iraq, Libya, Oman, and Sudan are oil producers; Egypt and Jordan guard vital oil pipelines and, in Egypt's case, a crucial canal for the transport of oil; Bahrain and Yemen as well as Oman occupy strategic points along major oil searoutes. All have received substantial US military aid and/or housed important US military bases. And, in all of these countries, the chant is the same: 'The people want the regime to fall.'

Two of these regimes have already fallen, three are tottering, and others are at risk. The impact on global oil prices has been swift and merciless: on 24 February, the delivery price for North Brent crude, an industry benchmark, nearly reached \$115 per barrel, the highest it's been since the global economic meltdown of October 2008. West Texas Intermediate, another benchmark crude, briefly and ominously crossed the \$100 threshold.

Why the Saudis are key

So far, the most important Middle Eastern producer of all, Saudi Arabia, has not exhibited obvious signs of vulnerability, or prices would have soared even higher. However, the royal house of neighbouring Bahrain is already in deep trouble; tens of thousands of protesters – more than 20% of its half million people – have repeatedly taken to the streets, despite the threat of live fire, in a movement for the abolition of the autocratic government of King Hamad ibn Isa al-Khalifa, and its replacement with genuine democratic rule.

These developments are especially worrisome to the Saudi leadership as the drive for change in Bahrain is being directed by that country's long-abused Shiite population against an entrenched Sunni ruling elite. Saudi Arabia also contains a large, though not – as in Bahrain – a majority Shiite population that has also suffered discrimination from Sunni rulers. There is anxiety in Riyadh that the explosion in Bahrain could spill into the adjacent oil-rich Eastern Province of Saudi Arabia – the one area of the kingdom where Shiites do form the majority – producing a major challenge to the regime. Partly to forestall any youth rebellion, 87-year-old King Abdullah has just promised \$10 billion in grants, part of a \$36 billion package of changes, to help young Saudi citizens get married and obtain homes and apartments.

Even if rebellion doesn't reach Saudi Arabia, the old Middle Eastern oil order cannot be reconstructed. The result is sure to be a long-term decline in the future availability of exportable petroleum.

Three-quarters of the 1.7 million barrels of oil Libya produces daily were quickly taken off the market as turmoil spread in that country. Much of it may remain off-line and out of the market for the indefinite future. Egypt and Tunisia can be expected to restore production, modest in both countries, to pre-rebellion levels soon, but are unlikely to embrace the sorts of major joint ventures with foreign firms that might boost production while diluting local control. Iraq, whose largest oil refinery was badly damaged by insurgents only recently in February, and Iran exhibit no signs of being able to boost production significantly in the years ahead.

The critical player is Saudi Arabia, which just increased production to compensate for Libyan losses on the global market. But don't expect this pattern to hold forever. Assuming the royal family survives the current round of upheavals, it will undoubtedly have to divert more of its daily oil output to satisfy rising domestic consumption levels and fuel local petrochemical industries that

could provide a fast-growing, restive population with better-paying jobs.

From 2005 to 2009, Saudis used about 2.3 million barrels daily, leaving about 8.3 million barrels for export. Only if Saudi Arabia continues to provide at least this much oil to international markets could the world even meet its anticipated low-end oil needs. This is not likely to occur. The Saudi royals have expressed reluctance to raise output much above 10 million barrels per day, fearing damage to their remaining fields and so a decline in future income for their many progeny. At the same time, rising domestic demand is expected to consume an ever-increasing share of Saudi Arabia's net output. In April 2010, the chief executive officer of state-owned Saudi Aramco, Khalid al-Falih, predicted that domestic consumption could reach a staggering 8.3 million barrels per day by 2028, leaving only a few million barrels for export and ensuring that, if the world can't switch to other energy sources, there will be petroleum starvation.

In other words, if one traces a reasonable trajectory from current developments in the Middle East, the handwriting is already on the wall. Since no other area is capable of replacing the Middle East as the world's premier oil exporter, the oil economy will shrivel – and with it, the global economy as a whole.

Consider the recent rise in the price of oil just a faint and early tremor heralding the oilquake to come. Oil won't disappear from international markets, but in the coming decades it will never reach the volumes needed to satisfy projected world demand, which means that, sooner rather than later, scarcity will become the dominant market condition. Only the rapid development of alternative sources of energy and a dramatic reduction in oil consumption might spare the world the most severe economic repercussions. ♦

Michael T Klare is a professor of peace and world security studies at Hampshire College in the US, and the author, most recently, of Rising Powers, Shrinking Planet. A documentary film version of his previous book, Blood and Oil, is available from the Media Education Foundation. This article is reproduced from the TomDispatch.com website.

A colossus of human rights jurisprudence

On 30 December, KG Kannabiran, one of the giants of the human rights movement in India, died at the age of 82. For four decades he fought fearlessly and tirelessly against state repression and on behalf of dissidents, the oppressed and the marginalised minorities. Two lawyers, V Suresh and D Nagasaila, pay tribute to this genial 'insurgent jurist'.

'MR Judge! Are you prepared to resign your judgeship?'

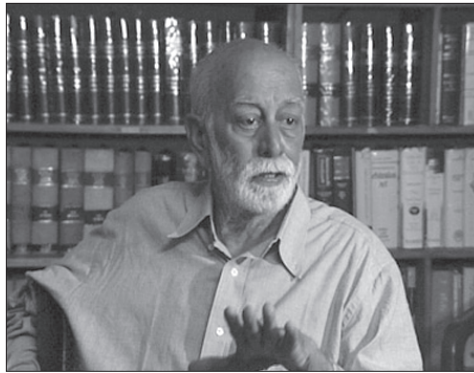
A stunned TADA court bustling with activities suddenly became quiet. The tension was palpable.

The judge thundered, 'Mr Kannabiran, you risk contempt of court.'

'Contempt is your prerogative – the tyranny with which courts silence those who challenge them. But I point out, sir, it's you who is guilty of violating the Indian Constitution; don't forget, on becoming a judge you took an oath to implement the Constitution. Today, if you say constitutional mandates apply only to the High Courts and not the subordinate courts, then we are within the law to demand that you resign for disregarding the Constitution!'

After ruminating for a short while, the judge turned to Kannabiran and asked him to explain the proposition. Over the next hour, Kannabiran embarked on a panoramic exposition on the relationship between criminal law and constitutional principles and the critical importance of trial judges realising that the working of criminal law had to be tested against fundamental rights and directive principles, particularly the right to life. He was categorical – no court could claim exemption from satisfying constitutional obligations.

No lawyer ordinarily dared to challenge a judge so openly. Yet not only did KG Kannabiran (KGK) challenge him but he was able to persuade the judge to consider his arguments. This was advocacy of a unique order. For us young human rights lawyers, it was a lesson tempered by fire.



KG Kannabiran.

It was 1994. We were assisting Kannabiran in the RSS Bomb Blast case before the Terrorist and Disruptive Activities (Prevention) Act (TADA) court in Chennai. All the accused were Muslim youth. The Central Bureau of Investigation (CBI) case rested solely on the confessions of the accused secured by the police. Although in TADA law confessions to police officers were admissible as evidence, Kannabiran challenged the confessions as being coerced and not voluntary. He countered the very basis of the prosecution case, arguing that the conspiracy charge was concocted and manufactured to somehow implicate Muslims, who were being projected as intrinsically anti-national. Expanding on constitutional principles of the right to a fair trial and right to life, he talked of the right to fair investigation and the consequence to the rule of law when this was violated.

In an atmosphere suffused with communal suspicion, distrust and insecurity, however compelling the arguments, the court was reluctant to intervene. The minority accused had to wait another 16 years before they got

justice.

On 10 December 2010 the Supreme Court of India declared that the CBI case against the accused could not be believed as there was no independent evidence to prove the case. Pointing out that the case relied solely on confessions given to police officials, the Supreme Court held that these were obtained under duress and coercion and could not be believed. The accused were set free 17 years after their arrest. Kannabiran's arguments of 1994 were finally accepted in 2010, but after tremendous human suffering.

On criminal law, human rights and constitutionalism

It was KGK's constant endeavour to keep reiterating the importance of not looking at human rights violations as mere criminal offences but as an assault on constitutional guarantees by the state and its minions. He pointed to the historical irony of independent India continuing to adopt and follow the same criminal laws evolved by the British to suppress the political struggles against colonial rule, like the Rowlatt Act, the Prevention of Seditious Meetings Act, 1911, the Criminal Law Amendment acts of 1908, 1932 and 1938. Stressing that many of these laws are still in our statute books, he pointed to the consequence of retaining colonial-era institutions after independence without restructuring them with the vision necessary to discharge the trust bestowed on them by the 'people' to interpret the law in consonance with the spirit of the Constitution.

During the agitations and campaigns against TADA (in 1987) and the Prevention of Terrorist Activities Act (POTA 2002) Kannabiran stressed the importance of breaking the 'Rowlatt framework' underlying official thinking of human rights and creating a new jurisprudence. KGK's favourite quote was from a speech of Chittaranjan Das during the presidential address of the Indian National Congress in Gaya in 1922:

'Why are the Indian Criminal Law Amendment Act, 1908 and the Prevention of Seditious Meetings Act, 1911 to be retained in the statute book? ...these statutes in themselves constitute a breach of law and order, for law and order is the result of the rule of law; and where you deny the existence of the rule of law, you cannot turn around and say, "it is your duty as law abiding citizens to obey the law"' (Kannabiran 2003: 67).

Writing in the foreword to a book on criminal law, Kannabiran (2000) pointed out that there are two categories of crime. While the law relating to crimes by citizens was well worked out, the arena of crimes committed by the state and its agencies was deficient. He advocated recognition of a new set of offences titled 'offences against the people by the state and its officers and other personnel'. He exhorted young lawyers and activists to rise to not just the challenge of a thorough understanding of the law, but equally, the task of changing it.

In a period spanning 15 years, we had the opportunity to accompany Kannabiran across India, assisting him in court cases as also in meetings of the People's Union for Civil Liberties (PUCL). Kannabiran had an electrifying impact wherever he went. He spoke from the heart. Despite his formidable reputation, erudition and vast knowledge, when relating to ordinary people, Kannabiran connected. Everywhere we went, people – not just lawyers – flocked to hear him. To the listener, Kannabiran put forward not just a deconstruction of the interrelations between human rights, constitutional law and socio-economic and political processes, but a vision of creating a more democratic, just,



KG Kannabiran speaking at a tribunal on 'Atrocities Committed against Minorities in the Name of Fighting Terrorism' held in Hyderabad in 2008. He constantly reiterated the importance of not looking at human rights violations as mere criminal offences but as an assault on constitutional guarantees by the state and its minions.

humane and equitable society which involved the listener and participant in the plan to make it a reality.

'Law defines the offence, the state defines the offender'

One of Kannabiran's formulations which had a profound impact on demystifying the relationship between the state, citizen and law enforcement concerned the centrality of the state in the administration of criminal justice. While it is in the course of crime detection, investigation and apprehension of the accused that human rights violations ordinarily take place, it is in the realm of state violence that the faultlines underlying existing criminal jurisprudence surface. Stressing that there is no permanence about any definition of a crime and criminal law, he pointed to the absolute power accorded to the state to implement the law and the real context of abuse, misuse and vindictive administration of the laws.

We have used this particular dictum in innumerable cases involving political challenges to the state, particularly in major TADA cases involving minorities and dalits. In May 2009 at the height of the war against Tamils

in Sri Lanka, a peaceful protest took place in Coimbatore against army convoys suspected to be taking arms and explosives to help the Sri Lankan army. Two PUCL observers were also arrested and charged with sedition! We used Kannabiran's classic definition in arguments inside courts and in public meetings. Citizens at large clearly understood the message. The simplicity of the formulation masked the profundity of its understanding of criminal law.

KGK forever urged us, as also other lawyers, to never take for granted any audience; he exhorted us to address all fora – from the lowest court to a meeting of jurists – as though we were taking a class. In our 17 years of close interaction we never once heard him use an expletive or speak ill of any person. While he was caustic in his comments, he maintained a dignity and decorum in his political and legal criticism. He was by no means a 'soft' person and could be as hard-hitting as anyone when presenting his analysis. But to many of us young activists and lawyers, he offered a different role model – of a person who through personal example became the embodiment of the ethical and political values he advo-

cated.

Kannabiran's contribution to human rights was not only in the field of criminal law. Actually he played a very direct, proactive and catalytic role on many issues of major social and political import. From social justice issues to environmental rights, from issues of election rights to the right of sexual minorities, there were no taboo issues for Kannabiran.

Kannabiran's understanding of the Constitution was sheer poetry in prose. He wrote:

'The Constitution is like poetry recollected in tranquility at the end of the freedom struggle. What is recollected and crystallised into a handful of philosophical principles are our struggles against colonialism, against our own horrendous tradition imposed by the caste system and its ugly practice and a large mass of people whom we hold in bondage for productive purposes at low wages. The values were arranged to restructure Indian society into an equitable society where quite large populations that were non-persons became persons and citizens. This unfortunately appears to be a dream for every institution under the Constitution is firmly rooted in continuing the status quo even after six decades of its working' (Kannabiran, March 2010).

Go back to the Directive Principles!

Whatever the issue we were working on, Kannabiran would insist we keep re-examining the Directive Principles (DP) of State Policy in the Constitution. A long-time admirer of BR Ambedkar, Kannabiran would go back repeatedly to the Constituent Assembly debates. Expressing concern over the widening economic and social disparity and poverty, and the ceaseless plundering taking place in all spheres of economic activity, he asked us to challenge state policies against the vision embodied in Articles 38 and 39 of the Constitution.

In a fascinating article on the DP, Kannabiran (April 2010) pointed out that the Directive Principles are the economics of the Constitution. Be-



KG Kannabiran flagging off a cycling campaign against caste discrimination in Andhra Pradesh state in 2006. Kannabiran played a very direct, proactive and catalytic role on many issues of major social and political import.

tween themselves, Articles 38 and 39 constitute crucial principles for dismantling the exploitative order and to reconstitute Indian society around ideals of social justice, fairness, equity and democracy. Stressing that the mandate of Article 39 was to ensure that the operation of the economic system did not result in concentration of wealth and means of production to common detriment and that ownership and control of material resources of the community was so distributed as to subserve the common good, he raised a query: what are the citizens to do when the state has abdicated its constitutional obligations?

Kannabiran used this argument to challenge the demand for Arundhati Roy's arrest for sedition following her visit to the Maoist-affected areas and her article in *Outlook*. He countered by stressing that under Article 51A(b) of the Constitution Roy was only fulfilling her constitutional duty to 'cherish and follow the noble ideals which inspired our national struggle for freedom'. Relying on the judgment of Hegde and Mulherjea in the Keshavananda Bharathi case that 'Any government which fails to fulfil the pledge taken under the Constitution cannot be said to have been faithful to the Constitution and its commitment', he argued that by highlighting the injustice and deprivation suffered due to unconstitutional governance, Roy had only sent a timely warning and that cannot be sedition

(April 2010, personal communication)!

Right to insurrect

Expanding on the argument of the consequence of failed governance or constitutional misgovernance, Kannabiran put forward the proposition that the citizen had an inherent 'right to insurrect' against the state. The DP are the rights of the collectivities demanding that state policies fulfil constitutional mandates. The right to restructure governments was the basis of the right to vote. Once this right was conceded, then in a context where the state had abdicated its constitutional obligations, the citizen had no option but to assert his 'political right to insurrect'.

In support of his formulation, Kannabiran pointed to John Locke's theory of contractarian politics which expounds on the right to resist bad governance and the right to revolt. He pointed to Harold Laski who had written that where there was a flagrant violation of constitutional guarantees it gave a right of insurrection to those deprived of their benefits. Kannabiran relied on the 2009 report of the Planning Commission's expert group to state:

'It is not necessary to set down any more details from the report excepting to say that they have pointed out that the ruling party in their governance have scrupulously avoided being Constitutional! The state can-

not make laws hostile to the purposes of society. The power entrusted to the state is to enforce the obligations to make citizens' lives better and not to enrich some and perpetuate deprivation in the rest and that is the guarantee which is being flagrantly violated and such violations give rise to a right to insurrection in the people' (Kannabiran 2009).

Insurgent jurisprudence

Kannabiran was the epitome of the 'insurgent lawyer' who used the law like a shield to protect people's rights and like a sword to expand their rights. He was non-iconoclastic and unafraid to experiment with new concepts. He kept telling us the rot is so widespread and the degeneration of ethics so complete that 'we need a Hercules to clean the Augean stables'.

Seventeen years ago when we were planning to set up a legal collective he bluntly asked us, 'Do you have the emotional maturity to handle intense competitiveness and ego battles? Don't forget the legal profession is highly egocentric and not based on mutuality and solidarity. It's better to part as friends than as embittered professionals.' He was equally unsparing of human rights lawyers – 'You are the only hopes of the poor to seek protection; you have no excuse but to be better than the best of the lawyers of the corporates and the elite. For they have nothing to lose; but the poor lose out completely if you are incompetent.' Kannabiran did not suffer sloppiness or lack of dedication amongst those who professed to be lawyers for the poor. He could be brusque, scathing and harsh in his response. But at the same time, the intensity of his personality and the deep sense of caring and humaneness he embodied made people reach out to him.

Kannabiran was a voracious reader. From the most profound to the prosaic, no literature escaped his eyes. He had an enviable ability to come out with appropriate quotes from a huge range of literature; he had an even more awesome ability to reproduce with tremendous accuracy

quotes, verses, poetry and statements.

The 'genial giant' of the Indian human rights movement was a gentle, caring person. Very simple in his habits, he told us, 'Quite early on, I undertook a vow of austerity. I promised myself I would earn only that much which my family and I needed to live a reasonably comfortable existence. The rest of my time, energies, knowledge are dedicated to the poor people of the country.'

We can never forget the question he then sprang on us: 'Do the two of you have the courage of conviction to live by what you profess, to accept for yourself the vow of austerity?'

'Never say die'

Kannabiran was a prolific writer. Even when he was unwell, he diligently worked, typing with one finger. Even when physically unwell, his mind was as sharp as ever. He wrote to us when one of us was appointed by the Ministry of Environment and Forests as a member in a committee to enquire into a controversial steel plant. He stressed the importance of studying the issue of environmental degradation, industrialisation and compromised governance against the backdrop of the Directive Principles and the constitutional scheme. He asked us to examine Justice Sudarshan Reddy's judgment in the Reliance Natural Resources Ltd vs Reliance Industries Limited case (May 2010) which points out that by no stretch of imagination are we a resource-poor country, yet the greater incidence of unrest is in states and regions that have plenty of natural wealth and paradoxically suffer from low levels of human development:

'The problem arises because exploitation of those resources occurs without appropriate supervision by the State as to the rates of exploitation, equitable distribution of the wealth it generates, collusions between the extractive industry and some agents of the State and the consequent evisceration of the moral authority of the institutions of the State.'

Pointing out that the judgment had converted the DP into a judicial

principle, Kannabiran told us:

'Courts do not generally expound what is set out in the Directives unless they reiterate them in the form of a principle to convert into a "principle in rem". If it is transformed into a principle in rem it has its own career. It gets liberated from the thrall of non-enforceability. I do not think we should permit courts to write tomes and tomes of general principles that are of no use. Think seriously of giving life to these observations. Never say die.'

Kannabiran is no longer with us; however, he remains with us. His life is an inspiration and the huge corpus of his writings nourishes our imagination. Thinking about him we are reminded of Mark Antony's description of Julius Caesar:

His life was gentle, and the elements

So mixed in him that Nature might stand up

And say to all the world, 'This was a man!' ◆

V Suresh and D Nagasaila are advocates in Chennai, India and also with the People's Union for Civil Liberties. This article is reproduced from the Economic & Political Weekly (Vol. XLVI, No. 4, January 22-28, 2011).

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Saluting the revolutionary women of Egypt on International Women's Day

Honouring the struggles of women all over the world against patriarchy and oppression on the occasion of the 100th anniversary of International Women's Day, *Horace Campbell* focuses on the instrumental role of key women activists in the Egyptian protests.

WHEN the revolutionary momentum in North Africa erupted onto the world stage at the start of January 2011, the world was exposed to a new force in international politics. This force was sustained by the energy and power of the grassroots women and youths of Africa. We want to use this day, the 100th anniversary of the commemoration of International Women's Day (see box), to salute the women who emerged in the leadership of this revolution that is still under way.

In particular, it is important to salute women such as Amal Sharaf and Asmaa Mahfouz of the April 6 Youth Movement of Egypt, who showed exemplary leadership in challenging the much-dreaded Mubarak regime. These women are part of a new generation of revolutionaries who are fighting to shift the power in society from patriarchs and capitalists to working women and men. African peoples throughout the world have embraced the celebration of International Women's Day, even though at the inception of this celebration, people of African descent were discriminated against in the mainstream women's movement. We salute those women from Egypt along with the women who call for investment in caring instead of killing.

Tunisia's Mohammed Bouazizi entered the annals of revolutionary martyrs when he sacrificed himself to rally the youths in Tunisia to stand up and fight. The Tunisian example gave confidence to youths all across Africa and the Middle East. But it is the outstanding leadership of Egypt's

women, especially Asmaa Mahfouz, that is being highlighted today.

Mobilising the masses

Asmaa Mahfouz is a young revolutionary who was one of the founders of the April 6 Youth Movement. This movement was formed by young Egyptian revolutionaries, including Ahmed Maher and Amal Sharaf, in 2008 to support the workers in the industrial city of El-Mahalla who were on strike for better working conditions and better wages and who were protesting rising food prices. The April 6 Movement used the tools of social media and brought new ideas about the politics of inclusion as well as new ideas about political organising to the forefront of Egyptian politics. Though mainly from the educated classes of the Facebook generation, this group of men and women struggled to translate online activism into real mobilisation of humans to stand up for their rights.

Esam al-Amin, in his brilliant analysis of the implications of the Egyptian revolution, wrote that, '[a]s the demonstrations continued, every day broke new ground. It started with the educated youth, both middle class and affluent. They were soon joined by the oppressed and uneducated poor. Within a few days, the protests swelled to include all segments of society, including judges, lawyers, doctors, engineers, journalists, artists, civil servants, workers, farmers, day labourers, students, home makers, the underclass and the unemployed.'

When I was recently in Kenya

grounding with grassroots activists from Bunge la Wananchi, I urged them to study carefully the lessons of the Egyptian process and to grasp the tactics and strategies of that revolutionary struggle. I recommended to them the writings of Esam al-Amin, who has consistently been elaborating to the world the unique lessons of this Egyptian revolution. His most recent input on 'When Egypt's revolution was at the crossroads' again shed light on the simple but clear demands of those who moved an uprising to the stage of a popular revolution. He clearly acknowledged that, '[i]ndeed the transformation from a protest to an uprising to a successful revolution was remarkable. But the ultimate triumph of Egypt's revolution was not inevitable. At different junctures of the eighteen momentous days the revolution could have been aborted or taken a completely different turn.'

It is now internationally recognised that Asmaa Mahfouz played a crucial role not only within the April 6 Youth Movement but also by her own initiative to post the historic 18 January YouTube video calling on Egyptians to come out to Tahrir Square on 25 January. In her outline of the 12 decisive moments that played a crucial role in maintaining the momentum of the revolution, Asmaa's steadfastness, courage and initiative exposed to the world the new politics that is awaiting the world in this revolutionary moment.

Before recording the inspiring video, Asmaa had gone to Tahrir Square as a lone soldier with the hope

of inspiring an uprising against the Mubarak regime. In the video, she chastised the people for not mustering the bravery to come out en masse and join her in Tahrir. She implored young people not to sacrifice themselves by self-immolation, but to stand up to fight the regime. In this call she said *inter alia*:

'I posted that I, a girl, am going down to Tahrir Square and I will stand alone. And I will hold up a banner, perhaps people will show some honour. I even wrote my number, so maybe people will come down with me. No one came except three guys! Three guys and three armoured cars of riot police! And tens of hired thugs and officers came to terrorise us.'

Asmaa was challenging the Egyptian people to demand their honour and human dignity from a corrupt and brutal government that had ruled the country with an iron fist under emergency laws for over three decades. She implored her compatriots to head to Tahrir Square on 25 January to reclaim their future and their dignity. She said:

'I am making this video to give you one simple message. We want to go down to Tahrir Square on January 25th. If we still have honour, and want to live in dignity on this land we have to go down (to Tahrir Square) on January 25th. We'll go down and demand our rights, our fundamental human rights.'

'I am going down on January 25th, and from now till then, I am going to distribute fliers in the street every day. I will not set myself on fire! If the security forces want to set me on fire let them come and do it. If you think yourself a man, come with me on January 25th.'

It is now history that the call of this young woman propelled a revolutionary moment that brought down the regime in Egypt. Al-Amin properly located the leadership of women such as Asmaa Mahfouz in his analysis when he noted that Egypt 'is a largely patriarchal society not used to having women, especially young females, leading any group or organisation, let alone a political movement'. Women such as Asmaa

Mahfouz are not unique in Africa and throughout the contours of the popular revolution Nawal El Saadawi and other veteran freedom fighters were bringing their experiences of anti-dictatorial and anti-sexist struggles to this revolutionary process. Asmaa was well aware of the patriarchal inclination of her society and the limitations of the patriarchal model of liberation when she asserted:

'Whoever says women shouldn't go to protests because they will get beaten, let him have some honour and manhood and come with me on January 25th... Sitting at home and just following us on news or Facebook leads to our humiliation, leads to my own humiliation...'

'If you have honour and dignity as a man, come! Come and protect me and other girls in the protest. If you stay at home, then you deserve all that's being done to you. And you will be guilty before your nation and your people. And you will be responsible for what happens to us on the street while you sit at home. Go down on the street, send SMS, post it on the Net, make people aware.'

'Never say there's no hope! Hope disappears only when you say there's no hope. So long as you come down with us, there will be hope. Don't be afraid of the government, fear none but God!'

'Don't think you can be safe anymore! None of us are! Come down with us and demand your rights, my rights, your family's rights.'

'I am going down on January 25th, and I will say "No" to corruption. "No" to this regime.'

Asmaa was not only instrumental in sparking the Egyptian revolution, she and other women played critical roles in the decisive moments that guaranteed the victory of the people. They paid a heavy sacrifice, bearing the brunt of at least 10% of the casualties in the first week. The women gave their time, their passion and their inspiration for the revolution.

Amal Sharaf was another one of the key organisers of the Egypt protest. She is an English teacher and co-founder of the April 6 Youth Move-

ment. According to Amal, she has two daughters: her 10-year-old biological daughter and the April 6 Youth Movement. In an interview, it was revealed that 36-year-old Amal worked round the clock along with her team of 10 persons from a 'control room' in Cairo to make sure that the protests were peaceful and persistent. Amal was arrested alongside other colleagues when security forces raided their office.

Liberation struggle

Patriarchy has historically oppressed women so that women's roles in past revolutions and societal transformation were relegated to the footnotes of history. Just as in this revolution in Egypt, women have played frontline roles in the liberation of many societies from the shackles of colonialism and all forms of oppression, only for the male folks to turn to the oppression of women in the supposedly liberated societies.

Only one day in a year is dedicated to the celebration of women's achievements globally. However, the commemoration of International Women's Day at this moment offers us an opportunity to reflect on and support the efforts of women around the world to liberate themselves and to oppose a capitalist system that passes the heaviest burden of care onto women. When Asmaa chastised the critics of women protesters to 'have some honour and manhood', it was a statement that seeks to redefine the honour of manhood in relation to standing up to the masculinists in society who support the dehumanisation and exploitation of women. This is a major statement about human rights and the transformation of gender relations in the 21st century.

As I was writing this piece, news came through of the killing of unarmed women in Côte d'Ivoire, just as Egyptian women who were mounting an International Women's Day rally in Tahrir Square were heckled by some men. These experiences are reminders of the uphill struggles that are still ahead to achieve the goals of

the emancipation of women and the humanisation of the male. As my sister Ifi Amadiume rightly observed in her comments on the attack on the women in Tahrir Square, 'Egyptian women are now saying that they are the deciding factor for the future of women's rights for the next decade.' She notes that the struggle of the women was not only for their rights but also in a context where 'building rudimentary democratic institutions from the bottom up' will be an uphill task.

In Egypt, the contours of the revolutionary moment thus far reflect a high level of planning, tenacity, organisation and inclusiveness that transcends gender and religion. But the gains of the revolution are being threatened by counter-revolution manifest in the stirring-up of religious differences and what seems like an attempt to leave women out of the gains of a post-Mubarak reconstruction. According to Al Jazeera, there are '[f]ears that the condition of Egyptian women could return to "normal" after the uprising appears legitimate. After all, there have been several cases in history of uprisings that prove that women can be used in a revolution and then told "thank you, you can go back home."' The revolutionary process will face counter-revolutionaries just as the women faced sexism and harassment in 'liberation square' on International Women's Day. These experiences further point to the reality that revolutionary struggles are protracted struggles and the revolutionary women must continue to command the revolutionary upper ground that they commanded prior to and during the 18 days that shook the world.

Throughout the pan-African world, the struggles for reproductive rights along with the struggles for basic integrity as human beings have once again propelled women to the front of the African liberation struggles. On this International Women's Day, I want to salute the revolutionary women all over Africa who are standing up for peace and justice.

International Women's Day

INTERNATIONAL Women's Day (IWD) is celebrated on 8 March across the world. IWD is a global day celebrating the economic, political and social achievements of women in the past, present and future. It is a day when women are recognised for their achievements, regardless of divisions, whether national, ethnic, linguistic, cultural, economic or political.

It is an occasion for looking back on past struggles and accomplishments, and more importantly, for looking ahead to the untapped potential and opportunities that await future generations of women.

In 1910, Clara Zetkin, the leader of the Women's Office of the Social Democratic Party in Germany, tabled the idea of an International Women's Day at the second International Conference of Working Women in Copenhagen. The proposal received unanimous assent from over 100 women representing 17 countries.

The very first International Women's Day was held the following year on 19 March. Meetings and protests were held across Europe, with the largest street demonstration attracting 30,000 women. The day sparked great public debate, and advocates drew attention to the absolute necessity of extending the right to vote to women to make parliament more democratic. In 1913, IWD was transferred to 8 March and it has been held on this day ever since.

In 1975, during the UN International Year for Women, the United Nations held its first official celebrations of International Women's Day. Two years later, in December 1977, the UN General Assembly adopted a resolution proclaiming a United Nations Day for Women's Rights and International Peace to be observed by member states. In adopting this resolution, the General Assembly recognised the role of women in peace efforts and development and urged an end to discrimination and an increase of support for women's full and equal participation.

Since those early years, International Women's Day has assumed a new global dimension for women in developed and developing countries alike. The growing international women's movement, which has been strengthened by four global United Nations women's conferences, has helped make the commemoration a rallying point to build support for women's rights and participation in the political and economic arenas. Increasingly, International Women's Day is a time to reflect on progress made, to call for change and to celebrate acts of courage and determination by ordinary women who have played an extraordinary role in the history of their countries and communities.

In its December 1977 resolution, the UN General Assembly invited member states to observe the United Nations Day for Women's Rights and International Peace on any day of the year in accordance with their historical and national traditions. Since then, the United Nations Organisation has observed 8 March as International Women's Day. The purpose of this day is to recognise the fact that securing peace and social progress and the full enjoyment of human rights and fundamental freedoms require the active participation, equality and development of women; and to acknowledge the contribution of women to strengthening international peace and security.

For the women of the world, the symbolism of International Women's Day has a wider meaning. It is an occasion to review how far women have come in their struggle for equality, peace and development. It is also an opportunity to unite, network and mobilise for meaningful change. – *UN Women Australia* ◆

They are carrying forth the historic torch that will light up humanity against all forms of oppression and deformed masculinity. ◆

Horace Campbell is a teacher and writer. Professor Campbell's website is www.horacecampbell.net. This article first appeared in Pambazuka News (Issue 520, 10 March 2011, www.pambazuka.org, English edition ISSN 1753-6839).

Revolutionary youth give Clinton the cold shoulder in Egypt

When US Secretary of State Hillary Clinton visited Egypt in March, she was accorded a frosty reception by the youth who played a leading role in toppling Hosni Mubarak. Adam Morrow and Khaled Moussa al-Omrani explain.

IN mid-March, US Secretary of State Hillary Clinton paid a highly-publicised visit to Cairo's Tahrir Square, the epicentre of Egypt's recent popular uprising. But young leaders of the revolution declined an invitation to meet with her, citing Washington's tepid support for anti-government protesters over the course of the 18-day rebellion.

'We refused to meet Clinton due to the US administration's vacillating position and contradictory statements as the revolution unfolded,' Islam Lutfi, spokesman for Egypt's Coalition of Revolutionary Youth, told Inter Press Service (IPS). 'The decision also expressed our rejection of 50 years of faulty US policies in the region.'

Shortly after her arrival in Egypt on 15 March, Clinton met with newly-appointed Egyptian Foreign Minister Nabil el-Arabi. The two reportedly exchanged views on the precarious political situation in the Middle East, particularly in Libya – currently the target of US-Europe-led air-strikes – and the occupied Palestinian territories.

Early the next day, Clinton was given a ten-minute walking tour of Tahrir Square amid tight security. 'To see where this revolution happened – and all that it has meant to the world – is extraordinary for me,' she was quoted as saying.

Shortly afterwards, Clinton met with Egyptian Prime Minister Essam Sharaf and Field Marshal Hussein Tantawi, head of Egypt's Supreme Council of the Armed Forces (SCAF), with whom she reportedly discussed bilateral ties and the regional situa-



During her Egyptian trip, US Secretary of State Hillary Clinton paid a visit to Cairo's Tahrir Square (pic), the epicentre of the recent popular uprising. She was, however, snubbed by many young leaders of the revolution who declined an invitation to meet her.

tion.

Clinton is the highest-ranking US official to visit Egypt since Hosni Mubarak handed over executive authority to the SCAF on 11 February after 30 years in power.

At her meeting with Sharaf, Clinton stressed Washington's stated support for democratic transformation in the region. She also confirmed that US financial assistance to Egypt, which she described as a 'strategic partner', would be maintained.

'I am so looking forward to help in any way that we can,' she was quoted as saying. 'There is so much to be done and the United States is ready to help in every way possible to translate what happened in Tahrir Square to a new reality for Egypt.'

Clinton went on to announce that Washington had earmarked \$90 million for immediate economic assistance to Egypt, while the US Congress had been asked to establish a \$60 million Egyptian-US fund to support the Egyptian private sector. This comes in addition to the roughly \$2 billion in US economic and military assist-

ance Egypt receives every year.

Sharaf, for his part, told Clinton that Egypt 'seeks to achieve the transition to real democracy, which guarantees the participation of all segments of society in political life,' according to the state-run MENA news agency.

Later the same day, Clinton held a 90-minute closed-door meeting with Egyptian civil-society representatives and a handful of political party leaders.

'We spoke with her about the consequences of the revolution and the current political situation in Egypt,' Hafez Abu Saeda, head of the Cairo-based Egyptian Organisation for Human Rights and meeting participant, told IPS.

'But several of us also sharply criticised Washington's wavering position throughout the course of the revolution.'

On 25 January, as mounting street protests in Egypt morphed into a nationwide revolt, Clinton had notoriously stated that 'the Egyptian government is stable and is looking for ways to respond to the legitimate needs and interests of the Egyptian people.'

According to Abu Saeda, Egyptian representatives that met with Clinton also slammed the US for its practice of coupling its strategic interests in the region to dictatorial Arab regimes.

'We told her that all these regimes were on the verge of imminent collapse and that Washington would be better served by linking its interests with the will of the people,' he said.

'Several meeting participants also urged Clinton to throw US support behind the ongoing popular uprisings in Libya, Bahrain and Yemen against the dictatorial regimes in those countries.'

Clinton was even less warmly received by Egypt's influential Coalition of Revolutionary Youth. Virtually all members of the coalition, which comprises several youth-oriented revolutionary groups that were heavily involved in the uprising, turned down formal invitations to meet with the US Secretary of State.

'The US State Department invited several of us to meet with Clinton,' said the coalition's Lutfi. 'But we refused due to the US administration's wavering stance during the revolution, which remained ambiguous right up until Mubarak's departure.'

In a statement on its Facebook page issued on 14 March, the coalition cited additional reasons for its decision not to meet with Clinton. 'The US administration only looks after its own interests, even if these interests conflict with those of the Egyptian people; the US administration supports oppressive regimes throughout the region,' the statement read.

As for the financial largesse promised by Clinton to Egypt, Lutfi was no less dismissive. 'The US has given Egypt some \$2 billion annually for the last 30 years as a bribe to allow it to intervene in Egypt's domestic affairs and ensure that Egypt honours the Camp David peace agreement with Israel,' he said.

'From now on, all foreign funding should only be accepted on the condition that it doesn't come with political strings attached or promote values alien to Egyptian culture.'

Echoing a common opinion among Egyptian revolutionary circles of all political stripes, Lutfi added: 'We really don't want anything from America – neither intervention in our sovereign affairs nor advice on "good governance" and democracy.'

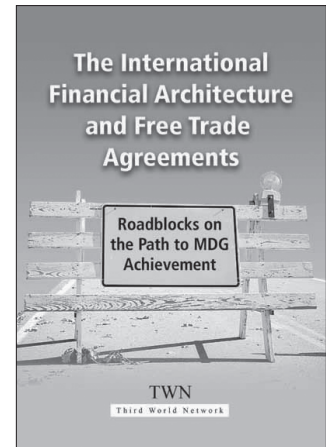
During her two-day stay in Egypt, Clinton did not meet with – nor request to meet with – representatives of the Muslim Brotherhood, Egypt's largest opposition force. – *IPS* ♦

The International Financial Architecture and Free Trade Agreements

Developing countries' efforts to meet the Millennium Development Goals (MDGs), a set of development and anti-poverty targets adopted by the international community, are confronted with a host of challenges, not least those posed by an unfavourable international economic setting.

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Odyssey Dawn, a Homeric tragedy

Two games of dominoes are under way in West Asia and North Africa, one of mass struggle against US-backed regimes, the other of military intervention aimed at co-opting or defeating the popular revolts.

Siddharth Varadarajan

MUAMMAR Qadhafi may be a threat to his own people but the bombing of Libya by France, Britain and the United States demonstrates beyond doubt that these three imperial powers are a threat to international peace and security.

With its overdeveloped military capabilities and astonishing levels of political cynicism, the West's drive to intervene in the internal affairs of the North African republic has been remarkably smooth and swift. Thanks in no small measure to a 'global' news media with an inexhaustible capacity to serve as cheerleaders for war, US, British and French bombs ordnance have started raining down on Libya barely weeks after the civil war there began. The West's latest adventure has also been helped along by the naivety of liberals and leftists, last seen in action during Nato's aggression against Yugoslavia in 1999. Of great help, too, has been the opportunism of the Arab League, all of whose members, without exception, run regimes that throttle the voice and rights of their own citizens.

Though Brazil, Russia, India, China and Germany abstained when the sanction for intervention was put to vote in the United Nations Security Council, it does not absolve them of their failure to mount an effective political challenge to the drive for war. Since these countries knew the consequences of this irresponsible course of action, they should have moved quickly to mobilise the African Union, of which Libya is a part, so that the 'regional' imprimatur for war which the P-3 fabricated with the help of the League of Arab States could



A tank belonging to pro-Qadhafi forces goes up in flames after an airstrike by the Western coalition. The West's attack on Libya is likely to cause more harm than good for the country, its people and the wider region.

have been countered. Russia and China should also have insisted that they would veto the resolution if any attempt were made to push it through without the Security Council first hearing a comprehensive report on the situation in Libya from the Secretary-General's Special Representative.

We know from the absence of concrete or credible media reports on mass civilian casualties that any delay caused by a high-level external political initiative would not have led to a humanitarian catastrophe. Ironically, journalists from the West and other Arab countries had free access to eastern or 'liberated' Libya, for at least three weeks prior to the UN's authorisation of force. This was the period when Col. Qadhafi's use of his air force first prompted Western calls for a no-fly zone. Despite this, the death toll of combatants and civilians the journalists in eastern Libya reported was not that much higher than the total number of civilians killed by the Hosni Mubarak regime in Egypt.

Wrong decision

The decision to attack Libya is wrong on three grounds. First, the motive is not humanitarian but political and strategic. Second, it rests on dubious legality. Third, the intervention, because it is poorly conceived and ill-thought out, is likely to cause more harm than good for Libya, its people and the wider region.

Let's start with the motives. The 'responsibility to protect' doctrine which morally underpins the attack on Libya is still not a part of customary international law but even its advocates must agree that the selective and politically expedient invocation of R2P robs the doctrine of its normative force.

Why does only Libya get attacked or referred to the International Criminal Court (ICC) and not other countries? If there is one country in the Middle East which has threatened international peace and security for decades and which, even as these

words are being written, has launched its air force, yet again, against a defenceless civilian population, it is Israel. Yet never have the cheerleaders for the war on Libya argued in favour of a mandatory no-fly zone to protect the Palestinian and Lebanese people from Israeli airstrikes.

Two years ago, just before the inauguration of Barack Obama as President of the United States, the Israeli military killed hundreds of Palestinian

civilians in Gaza. Unencumbered by high office but with an election victory securely under his belt, Mr Obama could easily have said something to urge the Zionist regime to back off. He famously said and did nothing and went on to win the Nobel Peace Prize for his silence. When a UN report authored by Judge Richard Goldstone of South Africa catalogued the war crimes Tel Aviv had committed during that war, the US used its diplomatic clout to ensure the matter never came before the Security Council. Had it come, of course, any proposed action – such as a Libya-style referral to the ICC – would have been vetoed in the same manner as the US vetoed the recent 14-1 draft Security Council resolution condemning Israel for its illegal settlements in the Occupied Territories.

Elsewhere in the region, civilians have been killed in Bahrain and Yemen, both client regimes of the US, drawing only mild public criticism even as every effort is made by America and its allies to bolster these undemocratic regimes militarily so that they can suppress the aspirations of their people.

Today, there is much hypocritical hand-wringing in Arab capitals that the Western coalition's military campaign has gone beyond the original ambit of enforcing a 'no-fly zone'. In fact, the text of UN Security Council resolution 1973 of 18 March 2011 is clear and unambiguous. Enforcement action in support of a no-fly zone



The UN Security Council voting to approve Resolution 1973 which authorises the use of force in Libya.

is only a part of the wider use of force that UNSCR 1973 permits since the resolution 'Authorizes Member States ... to take all necessary measures ... to protect civilians and civilian populated areas under threat of attack in the Libyan Arab Jamahiriya, including Benghazi, while excluding a foreign occupation force of any form on any part of Libyan territory.'

Anyone familiar with UN matters knows that the crucial words in the resolution are 'to take all necessary measures'. In the past, those five words have been enough to launch a thousand ships and missiles to distant shores and there was no reason to imagine that France, the US and Britain would be restrained in interpreting and implementing their mandate this time round. Since the insurgent forces are operating in civilian 'populated areas', any military attempt by the Libyan authorities to re-establish control over the country can legitimately be considered a trigger for the West 'to take all necessary measures'.

Contravening the Charter

The problem with UNSCR 1973 is not the in-built 'mission creep' but the fact that it is *ultra vires*. No resolution can violate the principles and purpose of the UN Charter. Article 2(7) is quite explicit: 'Nothing contained in the present Charter shall authorise the United Nations to intervene in matters which are essentially within the domestic jurisdiction of any state.' Customary international law

recognises that a sovereign state indulging in genocide, war crimes or crimes against humanity cannot hide behind the shield of domestic jurisdiction but it is far from obvious that the Libyan regime – odious, undemocratic and violent though it undoubtedly is – has engaged in acts which cross that threshold. There are civil wars and international conflicts where the number of civilians killed by belligerents has been much higher – Iraq, Af-

ghanistan, Pakistan, Gaza – but the international community has not treated these as war crimes worthy of intervention. In the absence of some reliable metric, then, UNSCR 1973 cannot authorise something that the UN Charter explicitly prohibits.

Turning from law to politics, one might still conceivably argue that some 'higher purpose' justifies the Western bombing of Libya if there were a reasonable expectation of a happy ending. Like the West's other wars in the wider region, however, its latest misadventure seems destined to run aground. The Iraqi and Afghan experiences demonstrate that establishing a new state, even in situations where the old regime is overcome quickly by military means, is a difficult process. The US is a distant power and can afford to play games with the lives of other regions. But France and Britain will pay for fuelling instability and violence across the Mediterranean. The highest price, of course, will be paid by the people of Libya who have surrendered the initiative for change within their country to the US and its allies and agents. Like the Iraqis who foolishly welcomed the American invasion of their country in 2003, the Libyans who wanted Operation Odyssey Dawn may well end up taking part in a tragedy of Homeric proportions. ♦

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Creating independent news media

Creating a viable free press has emerged as a central issue because of the rapid disintegration of the commercial news media system, says *Robert W McChesney*.

THERE are a number of foundational areas for research in communication in the coming generation. They all relate, in my mind, to structural communication policy battles in the immediate future. The outcome of these policy debates will go a long way toward shaping the direction in which our species is headed in the coming generations.

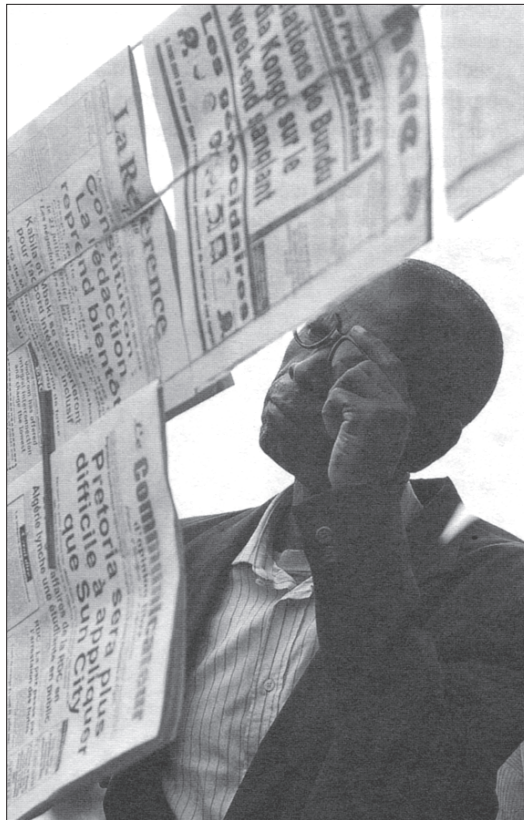
We still know too little about the Internet and the effects of digital communication upon not only our media systems, but our brains, our culture, our economy and our politics. Likewise, we still have a remarkably underdeveloped understanding of advertising and commercialism, despite their omnipresence in our lives.

We know, too, far too little about the environmental effects of communication technology, and the broader role of communication in the climate crisis before us. I could continue in this vein....

But the central issue before communication scholars for the immediate future, and until it is satisfactorily resolved, is the research necessary to enact policies to create viable independent news media, i.e. institutions necessary to produce journalism for a free and self-governing society. It is most important because without it, all other issues fall by the wayside.

To employ an analogy from economics, independent news media are the 'capital goods' of a free society; without them the 'consumer goods' of freedom and self-government cannot be produced. A credible free press means a system that:

- Provides rigorous analysis and accounting of people in power and who wish to be in power, both in the public and private sector;



A credible free press regards the journalism needs of all people to be equal and equally important.

- Provides a range of informed opinion on the key issues of the day and can ferret out truth from lies, so liars cannot act with impunity and citizens can have some confidence in the system;

- Does not have the range of legitimate stories and opinions determined by what those in political or business power believe is legitimate;

- Provides an early warning system for major issues so they can be recognised and addressed peacefully and at a lower cost than would be the case otherwise;

- Regards the journalism needs of all people, even – no, especially – poor people, to be equal and equally important.

Each medium need not do all of this, but the system as a whole must make this a reasonable expectation.

Creating a viable free press has emerged as a central issue because of the rapid disintegration of the commercial news media system. It is a worldwide phenomenon, but it seems most acute in the United States, at least to this American observer.

Propaganda and spin

In short, research demonstrates that the number of paid working journalists in most American communities has plummeted since the high point some two decades ago. In virtually every city examined there are never as many as half the number of journalists as there were in the late 1980s, and this does not even account for sometimes significant population growth. It is only going to get worse, possibly much worse, in the visible future.

Large sections of public life are no longer covered or are only barely covered. The criteria

listed above for a free press are in a shambles. The ratio of public relations workers to working journalists has gone from around 1:1 in 1960 to nearly 4:1 today. At current rates it will likely be 6:1 or 7:1 in less than a decade. Research demonstrates that what 'news' does exist comes increasingly from 'official sources' or press releases.

We are in the Golden Age of Propaganda and Spin. Journalism as we have known it is basically dead. We are entering uncharted waters, and we have reasons to fear that our societies may drown. An entire generation of scholars who have been studying news media and media effects need to scrap their basic assumptions and start from square one.

The Internet figures in any discussion of the crisis in journalism in

two ways. First, many observers and scholars hold the Internet responsible for disrupting the business models of news media, and all media for that matter. The Internet made it difficult to sell traditional media products to consumers, and undermined advertising, which historically provides the lion's share of revenues that support US journalism. It effectively ended classified advertising for American newspapers, a crushing blow.

Advertisers never were interested in supporting journalism per se; they did so because it was the only effective way to accomplish their commercial objectives. Now that the Internet and the digital revolution are here, advertising has numerous better options, and news media hold no special allure. No advertising... and not much journalism. Moreover, with the balance of power shifting decisively to advertisers, those news media seeking ad dollars find much greater pressure to compromise their integrity.

Although the Internet has done considerable damage to commercial news media, and would have forced a reckoning at some point, a great deal more research needs to go into the business of journalism. The fact is that US commercial news media were shedding editorial jobs and closing bureaus for two decades, during periods of record profits and long before Google even existed. In my view, a more fruitful analysis looks at the tensions between commercialism and journalism, and understands the rise and fall (and distinct limitations) of professional journalism in this context.

Second, with no sense of irony, many of the same people who attribute the crisis of journalism to the Internet argue that there are no grounds for concern because the Internet will spawn a new news media system, one probably far superior to what it has just destroyed. We need to better understand how the Internet can revolutionise and improve journalism and politics in general, because the potential is enormous.

But it is not guaranteed by the technology. The evidence regarding journalism is now clear: the Internet



At an Internet café in China. The Internet has the potential to revolutionise and improve journalism, but this is not guaranteed by the technology.

has created almost no paying jobs doing journalism compared to the tens of thousands that have been lost. On its own, the Internet cannot work any magic. Journalism requires revenues, institutions, people getting paid. That isn't happening on the Internet and there are no reasons to expect that it will.

The collapse of journalism is spawning a thoroughgoing reappraisal of US news media historically as well as a renewed interest in the actual nature of government-news media relations since 1776. It is some of the most promising research going. What is exciting about this new wave of research is that it is coming from historians, legal scholars, and economists, and is finding a striking degree of common ground. It is the type of research that needs guidance from communication programmes, because they are best suited for interdisciplinary approaches, and because their first concern is always media.

In a nutshell, this research demonstrates that journalism has many attributes of a classic public good, and having people purchase news media has never come anywhere near providing sufficient resources for a credible free press. The US news media have relied upon some combination of government subsidies or advertising to exist. There is a rich history of massive government direct and indi-

rect subsidies of US journalism going back to the nation's founding, and these subsidies have only very rarely involved censorship over content.

Indeed, the influence of corporate owners and advertisers over the content of the news has been far greater by any accounting. With the collapse of the commercial system, the logic suggests that if we are going to have a viable press system it will require large public subsidies and our task therefore is to devise subsidies that protect and promote democratic values. It will have to be a significantly non-profit and non-commercial system.

Creating independent, accountable and competitive news media

The task before us is to continue this research, historically and internationally. We need hard and detailed studies of public and community media, of media markets, of alternative institutional structures, and much else. We need to understand how the digital revolution can dramatically assist and improve, possibly even revolutionise, journalism. The goal must be to determine the structures and subsidies necessary to create independent, accountable and competitive news media. There are not going to be perfect solutions, but some ideas will be

much better than others. And almost anything will be better than nothing.

The crisis in journalism is occurring at a perilous historical moment. The global capitalist economy is stagnant, and even establishment figures warn that we are entering an era of very slow growth, crumbling infrastructure, declining social services, falling wages, growing inequality, and high unemployment. Likewise the environment crisis is getting ever more severe, as the public policy response has been tepid, if not tragically pathetic. It too has increasing social and economic costs.

Too many sections of the world are at war and humanity possesses a stockpile of unimaginably powerful weapons that can obliterate our species if not all of life in a matter of days, even hours. By any reckoning we are entering a politically turbulent period, and the need for credible journalism has never been greater. Its absence all but assures greater corruption and outcomes to the pressing political issues of our times that will be less than optimal.

We often pronounce the importance of a viable free press system for the existence of a truly democratic political system. What is every bit as important is the converse: journalism, as defined in this essay and understood by most conventional assessments, requires democracy every bit as much as democracy requires journalism if it is to prosper. Journalism is not agnostic on the question of democracy; its fate hangs in the balance. So journalism and communication more broadly are in the middle of the political turmoil of our times.

In these times people are going to be searching, at times desperately, for alternatives to the capitalist status quo. There is a range of alternatives, and I suspect many new options not yet in existence, with some being more democratic and humane, and others tending toward more authori-



A newsstand in Merida, Venezuela. Countries like Venezuela with popular governments critical of global capitalism and domestic inequality are wrestling with traditional commercial news media owned by the wealthiest families and hostile to anything that threatens their interests.

tarian and illiberal outcomes. And here there is an important new area of research and participation for communication scholars.

For much of the 20th century, the major post-capitalist alternative was the one-party communist regime, typified by the Soviet Union. Whatever the benefits of these societies in terms of economic development, health care and social services, they almost uniformly had dreadful press systems and deplorable records concerning civil liberties and democratic practices. Allowing for exceptions and variations, they were deadened societies, often police states, which paid propagandistic lip service to human liberation.

The communist rulers loudly proclaimed this was socialism and the only alternative to capitalism, and the Western leaders and pundits happily agreed. It was a marriage of convenience. Given that choice, most people in the world understandably preferred capitalist democracy. It has contributed to the great demoralisation of our times, that there is no way out.

Now that we have some distance from the defunct and discredited communist era, we can see that the matter of socialist alternatives has a much richer and more democratic history than the Cold War typology countenanced. Prior to the Soviet era, and alongside the Soviet era, socialist movements regarded themselves as

extending the promise of democracy beyond the limitations imposed by capitalism, and their practices bore this out. This is the rich tradition that is re-emerging in the world today, particularly in Latin America, and it may well serve as a harbinger.

For communication scholars, there is a great deal to be learned in the Venezuelas and Bolivias and Ecuadors of the world. I would theorise that we should pay particular attention to the media systems that emerge in these

democratic nations with popular governments critical of global capitalism and domestic inequality. Most of them are wrestling with traditional commercial news media owned by the wealthiest families and having a singular hostility to anything that threatens their interests. These traditional media can become a major barrier to democracy and significant conduits of propaganda. If the response of new popular regimes is to simply repress the old media and replace it with state or party organs, I think it fair to say that the democratic promise of these regimes will be compromised, even terminated.

If, on the other hand, these popular governments institute genuine decently funded community and independent media, not under the thumb of the state, we may begin to see the contours of something truly revolutionary: a genuinely democratic public sphere. But it will not be easy and there are going to be countless problems and issues along the way. Many nations without necessarily sympathetic national governments will see their own experiments at the local level or on a smaller scale. It is where our eyes belong. We have much to learn, and to teach. More than we can imagine rides on the outcome. ♦

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Ai Ch'ing (1910-96), one of the finest Chinese modern poets, was professor of literature at the North China People's University from 1950 until 1958, when he fell victim to an ideological purge. He was reinstated in 1979.

The sun

Ai Ch'ing

From primeval graves
 From dark ages
 From the far side of the River of Death
 It shakes up the slumbering ranges
 Hovers like a wheel of fire over sandy mounds –
 The sun that rolls towards me...

Its uncontainable rays
 Give breath to life
 Make lofty trees and dense branches dance
 And rivers rush towards it singing their turbulent songs.

When it comes, I can hear
 Hibernating worms and chrysalids turning over underground,
 Masses of people speaking loudly on vast plains,
 Distant cities
 Calling it with power and steel.

So my chest
 Is ripped open by the hands of fire,
 My putrefying soul
 Is left on a riverbank,
 My unshakable faith in man is reborn.

Translated from the Chinese by Jerome Ch'en and Michael Bullock