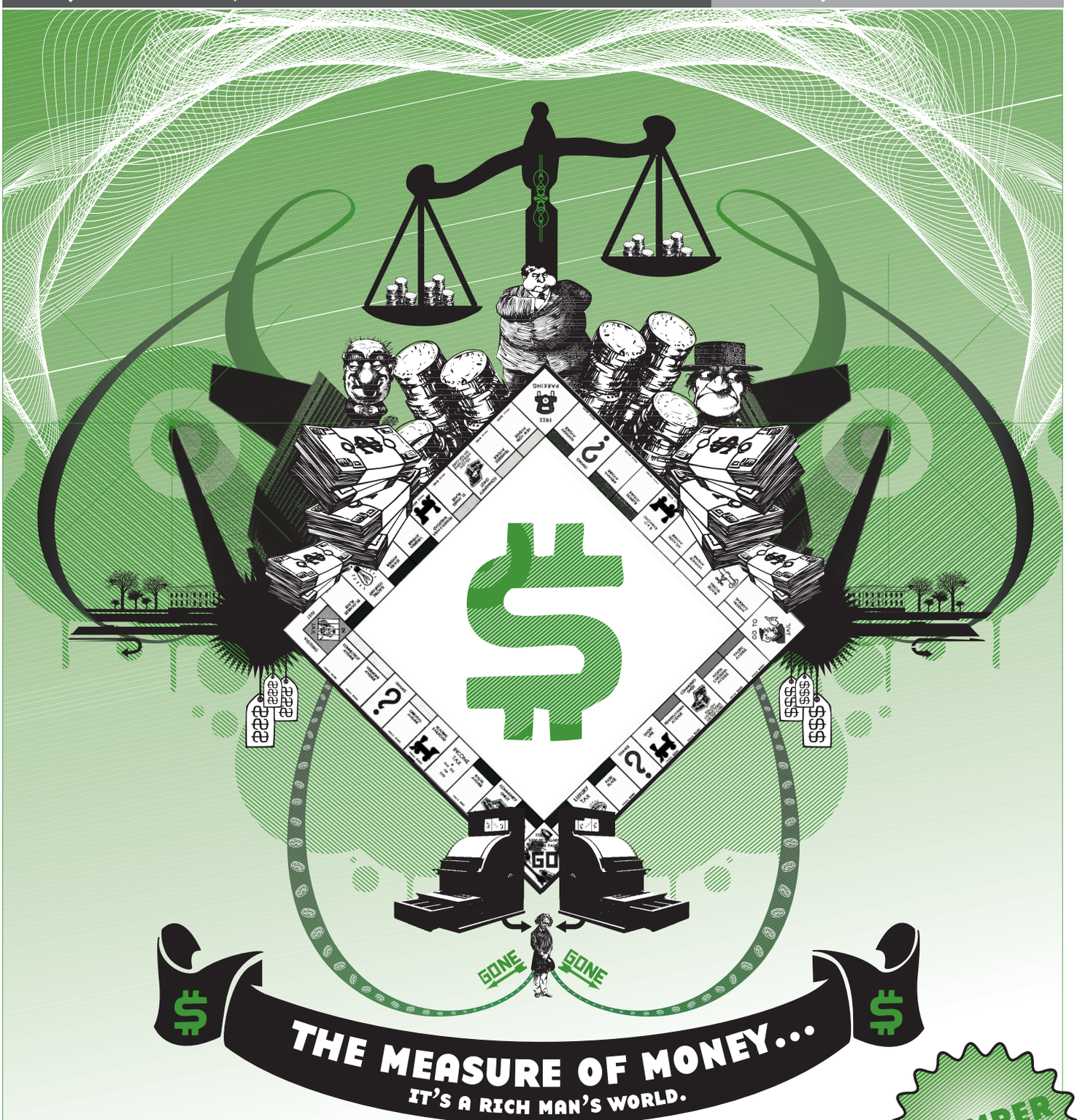
GLOBAL BITS

CHANGE FOR A JUST WORLD

ISSUE 6 • SEPTEMBER 05



THE MEASURE OF MONEY...

IT'S A RICH MAN'S WORLD.

BUMPER ISSUE!

global education centre
change for a just world

'The poor are financing the rich. If we are serious about ending poverty, we have to be serious about ending the unjust and violent systems for wealth creation which create poverty by robbing the poor of their resources, livelihoods and incomes." (Vandana Shiva)

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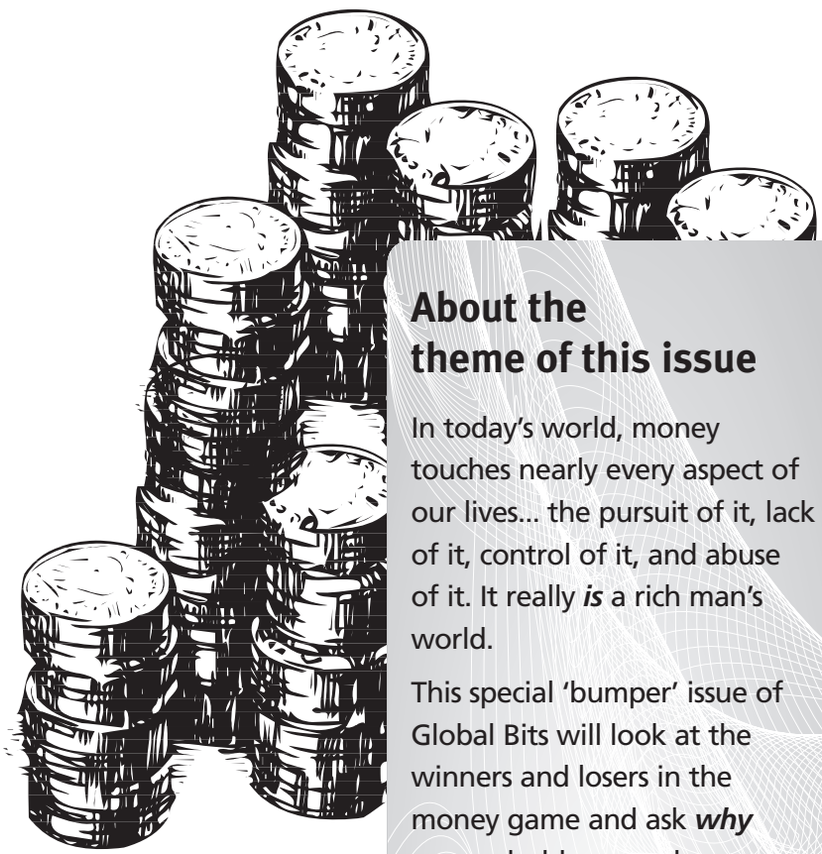
ISSN 1176-9467

Inside this issue

03 Money is Power
04 Money Makes the World Go Round
06 The World of Speculation and 'Play Money'
07 The Game of Life
08 Winners and Losers
09 WTO – The Facts
10 IMF and World Bank – The Facts
11 Free Trade
12 Fair Trade
13 Case Study: Bolivia
14 Case Study: Argentina
15 Case Study: Zambia
16 The Burden of Debt
18 Making a Stand
19 Changing the Rules
20 What Can You Do?
21 Activities
22 Young People's Perspectives
23 Useful Resources and Websites



About the theme of this issue

In today's world, money touches nearly every aspect of our lives... the pursuit of it, lack of it, control of it, and abuse of it. It really ***is*** a rich man's world.

This special 'bumper' issue of Global Bits will look at the winners and losers in the money game and ask ***why*** money holds so much power, ***how*** that power is maintained, and ***who*** is in control. We'll also look at some of the possible rule changes we could make to the way the money game is played.

Global Youth Work

- Starts from young people's experiences and encourages their personal, social and political development.
- Works on the principles of informal education and offers opportunities that are educative, participative, empowering and designed to promote equality of opportunity.
- Is based on an agenda that has been negotiated with young people.
- Engages young people in critical analyses of local and global influences on their lives and their communities.
- Raises awareness of globalisation within an historical context, and encourages an understanding and appreciation of diversity locally and globally.
- Encourages an insight into the relationships and links between the personal, the local and the global and ensures that these links are based on equity and justice.
- Insists that the peoples and organisations of the north and south are seen as equal partners for change in an interdependent world.
- Encourages active citizenship by giving young people the opportunity to participate in actions, and build alliances, that seek to bring about change locally and globally.

Global Bits is a quarterly publication providing youth workers and educators with information and ideas for exploring global issues and how they impact on youth and their communities. It includes perspectives and suggestions from practising youth workers throughout Aotearoa New Zealand.

Global Bits is free to all youth workers and educators.

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Acknowledgements and special thanks:

Writer: Mandy Hager
Editor: Beth Thomas
Contributions: Cameron Walker, Jonquil Brooks, Beth Thomas, Vandana Shiva, Peter White (Save the Children Fund, UK) John Madeley, WTO Official Website, '80:20 – Development in an Unequal World (Colm Regan, ed), IndyMedia Bolivia,Tabitha Mvula, ActionAid International, CAFOD, New Internationalist Magazine.

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Money is Power

'LOOKING AT MONEY IS A GREAT WAY OF FINDING OUT WHAT KIND OF WORLD THIS IS. MONEY DOMINATES. THOSE WHO ALREADY HAVE PLENTY OF IT SEARCH FOR NEW AND BETTER WAYS OF GETTING MORE. THEIR ACTIONS SHAPE THE WORLD. MEANWHILE, EVERY ASPECT OF LIFE IS AFFECTED FOR THOSE WHO HAVE TOO LITTLE.

THE UNEQUAL DISTRIBUTION OF WEALTH IS A SOURCE OF GREAT SORROW AND SUFFERING. AND IT IS, OF COURSE, PROFOUNDLY POLITICAL. MONEY IS LINKED TO POWER – SOME PEOPLE SAY MONEY IS POWER.' [1]

Ours is dubbed the 'Age of Money' – with good reason – in the past decade international finance has been revolutionised.

Due to the globalisation of the world economy, trillions of dollars are being moved around the world every day, without actually buying anything. *(see 'The World of Speculation and Play Money' on page 6)*

New technologies and financial innovations have made it easy to move money instantaneously, and fortunes can be made with the push of a button.

Every day trillions of dollars are moved around the world in the shape of blips on computer screens.

Speculation on those blips can cause the downfall of an economy, thrusting people into poverty, with knock-on effects around the world.

Arch-speculator George Soros himself has warned: *"The collapse of the global marketplace would be a traumatic event with unimaginable consequences, yet I find it easier to imagine than the continuation of the present regime."*[2]

The Poor Aren't Lazy!

"The poor are not poor because they are lazy or their governments corrupt. They are poor because their wealth has been appropriated and wealth-creating capacity destroyed.

The riches accumulated by Europe were based on the riches appropriated from Asia, Africa and Latin America.

Without the destruction of India's rich textile industry, without the takeover of the spice trade, without the genocide of the native American tribes, without Africa's slavery, the industrial revolution would not have led to new riches for Europe or the US.

It was the violent takeover of Third World resources and Third World markets that created wealth in the North – but it simultaneously created poverty in the South.

From: *'How to End Poverty: Making Poverty History and the History of Poverty'* by Vandana Shiva

[1] 'World's Web - Save The Children'. Peter White. Save the Children Fund, UK.

[2] 'Money, Markets and Madness' by Vanessa Baird 'New Internationalist Magazine' Issue 306, October 1998

GLOSSARY:

Appropriate (as a verb) – Take possession of something.

Barter – Trade goods or services without the exchange of money.

Bourgeoisie – The 'middle class'; in Marxist theory, the social group opposed to the 'Workers' in the class struggle.

Capitalism – An economic system in which the means of production and distribution are privately or corporately owned, and development is in proportion to the buildup and reinvestment of profits gained in a free market.

Communism – A system of government in which the state plans and controls its economy and a single (often authoritarian) party holds power; characterised by the collective ownership of property and the organisation of labour for the common advantage of all members of the society.

Co-operatives – An enterprise or organisation that is owned or managed jointly by those who use its facilities, products or services.

Entrepreneur – A person who organises, operates, and assumes the risk for a business venture.

Export Credit Agencies (ECAs) – Now the world's biggest class of public international finance institutions, bigger than the World Bank Group. Most ECAs have no social or environmental standards. Find out more at: www.eca-watch.org/eca/index.html

Foreign Direct Investment – An investment abroad, usually where the company is controlled by a foreign corporation.

Foreign Exchange Reserves – The foreign currency deposits held by national banks of different nations. These are assets of Governments that are held in different hard currencies such as Dollar, Sterling, Euro and Yen.

Green-dollars – A system of buying and selling goods and services where no money changes hands. Transactions are recorded on a point system, and goods and services exchanged on this basis.

Gross National Product (GNP) – The total market value of all goods and services produced by a nation during a specified period.

Gross National Income (GNI) – The total value of goods and services produced within a country (GNP) plus any income received from other countries (less payments to other countries).

Trade – 1) The business of buying or selling commodities; commerce. 2) The exchange of one thing for another.

Neo-liberalism – A political-economic philosophy that de-emphasises or rejects positive government intervention in the economy and focuses, instead, on achieving progress by encouraging free-market methods and fewer restrictions on businesses and economic development.

Structural Adjustment – A term used by the IMF for the changes it recommends for developing countries. These include internal changes (such as privatisation and de-regulation) as well as external changes, such as reduction of 'barriers to trade'.

Sources: www.answers.com ; www.embassy.org.nz ; www.wikipedia.com ; Oxford Concise Dictionary; www.investordictionary.com

Money Makes the World Go Round: a history of money

IN THE BEGINNING... BEFORE THE CONCEPT OF 'MONEY' WAS INVENTED PEOPLE USED *BARTER* – THE EXCHANGE OF GOODS OF EQUAL DESIRE OR 'VALUE'. FEATHERS, CLOTH, TEETH, STONE AND COWRY SHELLS FEATURE COMMONLY AMONG EARLY MICRONESIAN AND MELANESIAN CULTURES. 15TH CENTURY SUMATRANS USED HUMAN SKULLS; MEXICANS FAVOURED COCOA BEANS. SHELLS WERE WIDELY USED IN INDIA, NORTH AMERICA AND AFRICA.

The earliest records show that money was used c.2400BC in Mesopotamia and Egypt. There are records of money in China and the Aegean by the 7th century BC, and 4th century BC in India.

The first metal coins were produced by the Lydians (c.640 - c.630 BC), who lived on the Asian coast of the Aegean. They were made from electrum, a naturally occurring mix of gold and silver. Later, gold, silver, copper and brass became the most common currencies, used by the Chinese, Greeks, Romans, Arabs and Indians. The Chinese used **paper money** as early as the Song Dynasty of 960 - 1279. By c.960 issue of Chinese paper money was a regular event and by 1032 there were 16 private note-issuing banks in China.

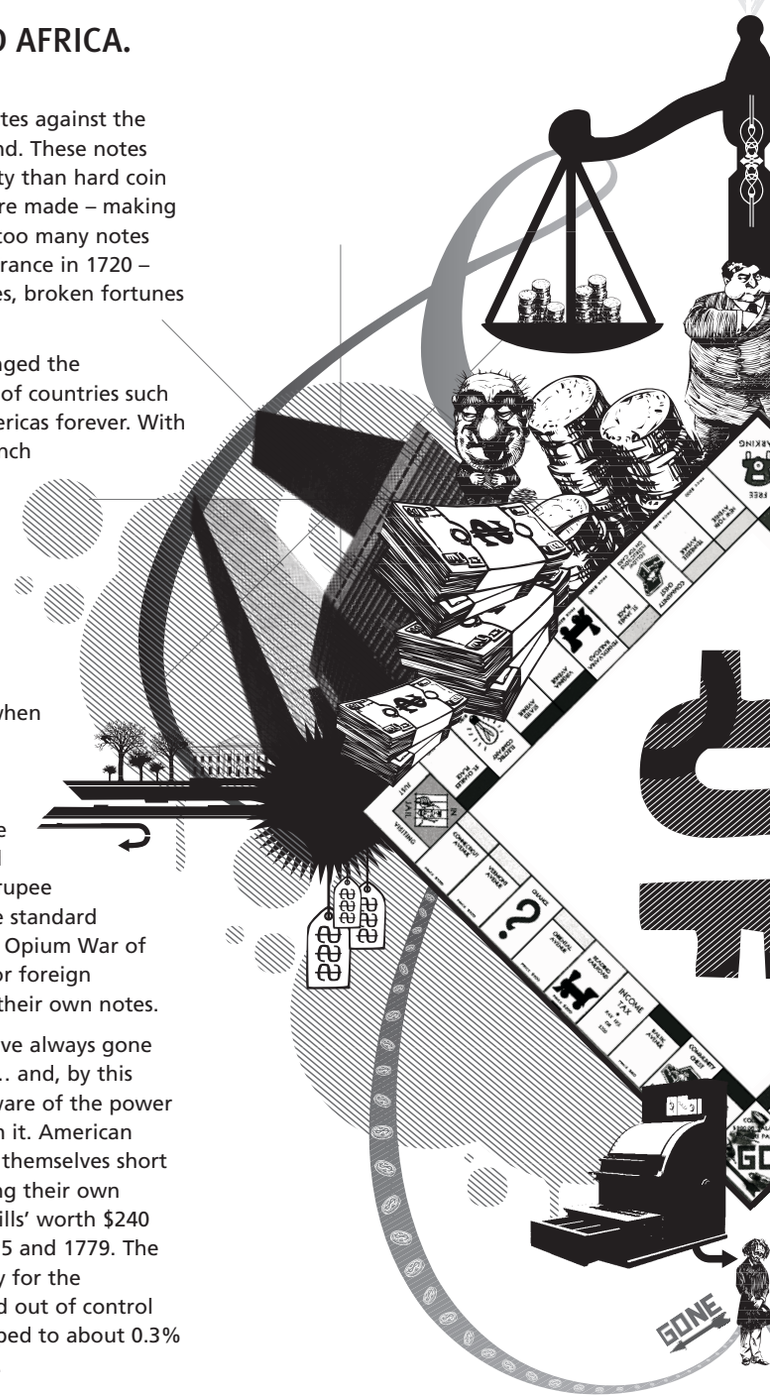
Early warnings: Both Jesus of Nazareth (Christianity) and the Prophet Mohammed (Islam) warned of the social and moral damage that the love of money (and lust for acquiring it) could do. Earning interest off loans was prohibited in both religions, with some effect until the late Middle Ages. However, despite these warnings, people continued to build on this increasingly unhealthy relationship with money and, from that point onwards, financial interest, international trade and banking flourished.

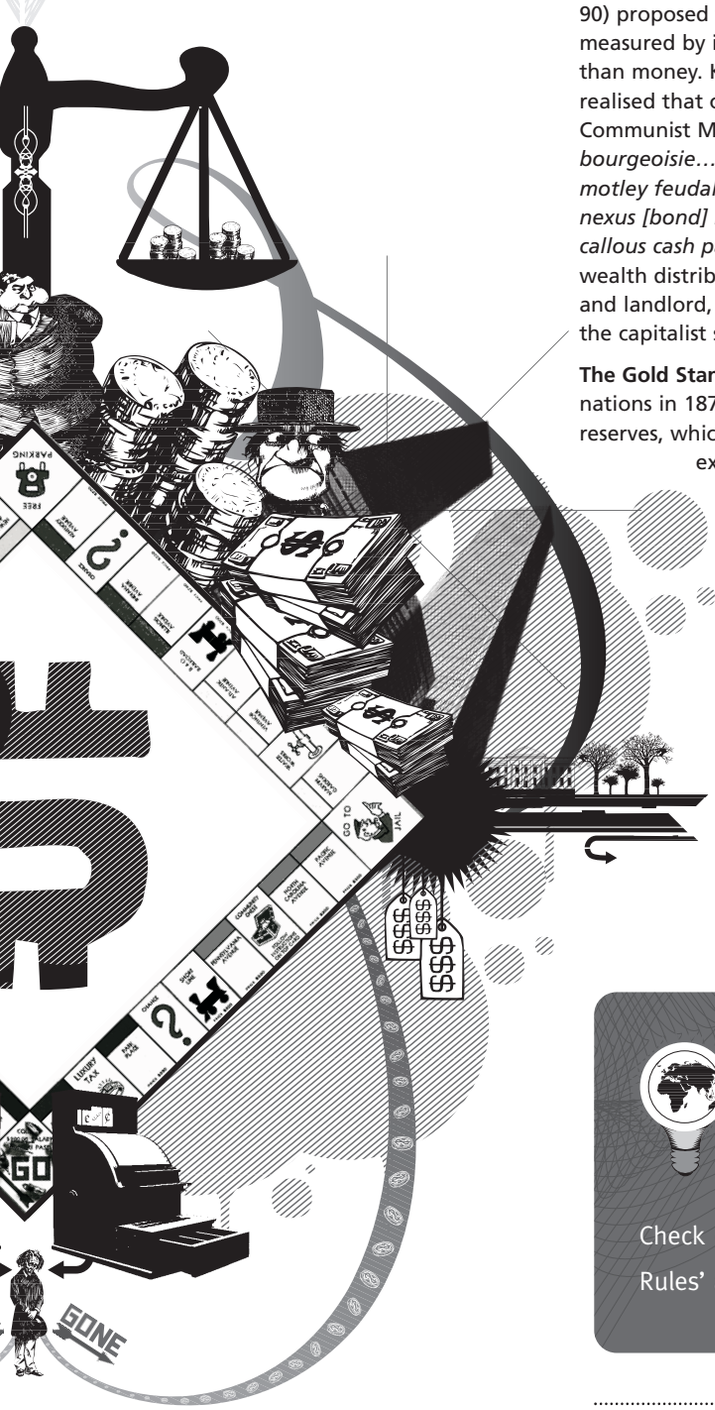
Capitalism goes back at least as far as Spanish conquistadors, who were mesmerised by the abundance of gold and silver seen on their arrival in the Americas (late 15th century). By looting and kidnapping, the Spanish exploited the continent's gold and silver deposits, mined for them by indigenous slave labour under appalling conditions. '*The huge flow of precious metals sent Europe into an inflationary spiral, with wages lagging behind. Entrepreneurs could make easy money, the poor became poorer, and capitalism was born.*'

Modern Banking was born when Scots gambler and murder-accused, John Law, convinced the French Regent, Philip Duc d'Orleans, to issue bank notes against the security of the country's land. These notes soon gained more credibility than hard coin and overnight fortunes were made – making the first 'millionaires'. But too many notes were issued and Law fled France in 1720 – leaving behind falling prices, broken fortunes and failing businesses.

Colonialism and trade changed the indigenous money systems of countries such as Africa, Asia and the Americas forever. With the Portuguese, Dutch, French and British traders and settlers came Western-style money. Precious metals (and other natural assets) were exploited, and mints established. Indigenous currencies were often manipulated too, such as when European traders brought huge quantities of cowry shells into West Africa to trade for slaves. In 1835 the East India Company started minting the existing silver rupee and transformed it into the standard coin of India, while China's Opium War of 1840-42 opened the way for foreign commercial banks to issue their own notes.

Revolutions and politics have always gone hand-in-hand with money… and, by this stage, people were well aware of the power (and greed) associated with it. American revolutionaries who found themselves short of funds resorted to printing their own money, with 'continental bills' worth $240 million issued between 1775 and 1779. The production of paper money for the Revolutionary Wars spiraled out of control and the notes' worth dropped to about 0.3% of their original face value.





New ideas about money and society, and the relationship between them, were sparked by the Industrial Revolution. Adam Smith (1723-90) proposed that a nation's wealth be measured by its useful labour force, rather than money. Karl Marx (1818-83) agreed, but realised that cash often won out. In his 1848 Communist Manifesto he wrote: *"The bourgeoisie… has mercilessly torn apart the motley feudal bonds…and has left no other nexus [bond] between man and man than callous cash payment."* He attacked unequal wealth distribution between worker, capitalist and landlord, and argued that it arose from the capitalist system of production.

The Gold Standard agreed to by Western nations in 1876 linked money to gold reserves, which produced a more fixed exchange-rate system. But after WWI, Germany responded to the massive reparations imposed on it by over-issuing money. Goods that cost 100 marks in 1913 cost 147,479 marks in 1922 and 75,570,000,000,000 marks in 1923! This helped open the doors to fascism, and the 1929 Wall St. Crash in the US, which caused economic depression, poverty and unemployment on an international scale.

The Bretton Woods Agreement was first proposed in 1944 by delegates from 44 countries. They agreed to a new international money system of fixed (but adjustable) exchange rates, convertible exchange rates and free trade, including the introduction of the *IMF* and the *International Bank for Reconstruction and Development*. But in 1971 US President Nixon terminated the guarantee to exchange one ounce of gold for $35 – a move that resulted in international monetary instability (and which has, in part, contributed to the Third World debt crisis). Plans for an International Trade Organisation failed, after US failure to ratify, but paved the way for the *General Agreement on Tariffs and Trade (GATT)*, which later became the *World Trade Organisation (WTO)*.

The European Monetary System, created in 1979, led the way for the eventual 'Euro' revolution – the creation of a single European currency that replaced individual European nation's coinage and banknotes.

In the new millennium, the world's economy has become increasingly globalised. However, its international monetary system is increasingly fragile and unsustainable – and the gap between rich and poor has never been greater. In terms of Gross National Product per person, a citizen of the richest country is 500 times better off than one from the poorest.

If this current system is building and maintaining ever-larger gaps between rich and poor, what can be done to remedy this? Is it possible to halt this system? Reverse it? Are there alternative systems that are fairer for everyone?

Check out more in the sections 'Making a Stand', 'Changing the Rules' and 'What can you do?'...

Sources: 'Money – the Facts' and 'The Story Of Money' (from *Money: A History* ed. J. Williams, British Museum Press). New Internationalist Magazine Issue 306, October 1998

The World of Speculation and 'Play Money'

THE WORLD OF INTERNATIONAL FINANCE IS A BIT LIKE A GLOBAL CASINO, WHERE THE RICH AND FAMOUS (OKAY, 'INVESTORS') BET HUGE SUMS OF MONEY AROUND THE CLOCK IN THE HOPE OF MAKING QUICK AND EASY PROFITS. AND UNLIKE INVESTMENTS IN GOODS AND SERVICES (THE KIND OF THINGS YOU MIGHT SPEND YOUR HARD EARNED MONEY ON), SPECULATORS MAKE MONEY FROM MONEY ALONE. NO JOBS ARE CREATED, NO SERVICES PROVIDED, NO FACTORIES ARE BUILT AND NO GADGETS ARE MADE.

Instead, investors play the bond and currency markets, profiting from the minute-to-minute, hourly or daily rises and falls in prices around the world. And every day around US$1.5 *trillion* is traded this way – 95% of which is bet on whether currency values and interest rates will rise or fall. Traders can make money whichever way the dice rolls – especially in times when markets are highly unstable (times the 'ordinary' person may be worrying about how to meet their mortgage interest rise, or inflated food bill.)

Because of the huge volume of international transactions (including from trade), there are dealers buying and selling currencies the whole time. And the exchange rates between them move on the basis of supply and demand. The *differences* between each country's currency (how much each one is worth compared to the other) has a flow on effect through exports and imports, as well as speculative trading on exchange rates, and can have major consequences for a country's economic well-being.

The problem is that exchange rates can also move up and down in a way that has nothing to do with balance of payments (related to trade). There is also speculation in currencies as people buy and sell them according to the way they think the exchange rate will move in the future. The multi-national corporations who do business in fifty different currencies are moving money around the world as fast as a telephone call, and do not want to get caught out having any of their assets in the wrong currency at the wrong time.

Doing business the 'ethical' way...

There *are* businesses and organisations that have made a commitment to ethical investment and business practices. **Ethical behaviour** is about acting in a way that is morally "good" or "right." The Western tradition of ethics is sometimes called **moral philosophy**.

What do you consider 'ethical' business behaviour? What would be a good example of ethical investment? Try researching this idea to see what is available…

For instance, the EIT (the **Trade Aid Ethical Investment Trust**) provides funding to promote trade with third world enterprises that meet certain ethical criteria. Find out examples of how their funding might be used. '**Prometheus**' is another ethical finance organisation, lending to socially valuable and environmentally friendly projects throughout New Zealand. What kinds of projects have they been involved with? What other organisations can you find with similar intentions?

SHARES:

Shares (also called **'securities'**, **'equities'**, or **'stock'**) are pieces of paper to certify that the holder owns a part (or share) of the business. This gives them certain rights, including voting at general meetings and receiving a **'dividend'** – a proportion of the profit the business makes. If a shareholder wants to get their money back, they usually do so by selling their shares to someone else – usually through the **stock exchange**.

BONDS:

A bond is a piece of paper given in exchange for a borrowed sum of money. It's a written promise to repay the money on a certain date in the future. In the meantime, it promises to pay the bondholder a dividend (payment) called a **coupon**. This will usually be a fixed percentage of the original sum paid on a set date each year. If the buyer of a bond wishes to be repaid before its due date, they can sell it on the stock exchange.

STOCK EXCHANGE:

This is where companies can issue **stocks** and **bonds** – it serves as a primary (first) market for them. But its main job is as a **'secondary market'**, where the reselling or exchange of securities (stocks and bonds) takes place. The resale value of a share depends on how much it is likely to be worth in the future, which means it depends on the company being 'healthy' and making good profits. It is this resale value (the share price) that can change on a daily basis, and is published daily in the financial pages of most newspapers. A **speculator** is someone who takes a risk by trying to guess future values and invests in stock in the hope of higher gains (but also risks loss if they are wrong.)

Sources: New Internationalist, Issues 168 (Feb. 1987); 320 (Jan-Feb 2000); and 134 (April 1984)

The Game of Life

Some players in the game of life argue that everyone should be subject to the same **'level playing field'**; that support should be equal because we all have our feet on the same 'starting line'. They call this 'fair', as if 'fair' means that everyone should get the same, rather than its true meaning – that each person should get what is 'fair' to meet their individual needs and bring them into balance with the rest of their peers or society.

In reality, the resources necessary for every day life are not dealt out fairly to billions of people around the world. **The 'playing field' isn't level…** in fact there are many barriers that prevent or slow different groups of people from starting 'the game' with the same advantages or privileges as the people who most commonly make this call, and often hold the power.

DISHING OUT HANDICAPS IN THE *GAME OF LIFE*

Country of Birth
Above all, where you are born can affect your start in life and chance of success. There is ever rising inequality between the Western world, and the countries of Latin America, Sub-Saharan Africa, Eastern Europe, the former Soviet Union, and East and South East Asia.

- In 2001, a child from sub-Saharan Africa was 25 times more likely to die than a child from a rich country

The Level of Poverty
Out of roughly 6 billion or so people in the world…

- One in every four lives on less than $1 a day
- One in every four lives on between $1 and $2 a day
- One in every 850 is a millionaire
- By 2000, the richest 20% of the world's people had 88% of the planet's entire wealth
- A citizen of the richest country is 500 times better off than one from the poorest.

Educational Opportunities
Many people have little or no access to education – two-thirds of the world's 860 million illiterate adults are women

Gender inequality
Women represent 70% of those in absolute poverty and earn, on average, 25% less than men

Basic Human Rights
Many countries still deny basic political and social human rights.
Many of the world's people still have limited access to clean water, medicines, food and shelter.

Race and Ethnicity
Ethnic minorities, indigenous and tribal people everywhere face discrimination.

- In Britain, people from ethnic minorities are twice as likely to be unemployed as white people
- Native Americans are 8 times more likely to get TB and 37% die before age 45
- In 15 US states, black women are jailed at rates 10-35 times greater than white women
- Life expectancy for Māori in Aotearoa is lower than other NZers, with higher rates of poverty-related diseases like TB, respiratory diseases, diabetes and meningitis.

Political, Religious, and Economic Persecution

Neo-liberal Economic Model

Unhealthy Environments

Debt

Unfair Trade Rules

Wars and Conflicts

Once you've read the rest of the information in this issue, see if you can return to this mind map and add explanations and examples to the blank boxes.

Point Seven Percent (0.7%):

Attempts to respond to this inequality are the source of much debate. But dedicated and regular foreign aid to those countries furthest from the starting line has been one such attempt at a solution.

In 1970, at the United Nations, a commitment was made by developed countries to allocate 0.7% of their Gross National Income to overseas development and aid (ODA). In 2005, this promise has only been kept by a handful of countries – despite making another commitment in 2000 at the Monterrey Conference on Financing for Development. More recently, under international pressure from civil society, a number of countries have stepped up to the mark and have made commitments to reaching this target by 2015. Only three countries have not set a timetable to do this – Australia, Japan and New Zealand. New Zealand only allocates .27% of GNI for ODA. For more information see:
http://www.cid.org.nz/advocacy/point-seven.html

Sources: '80:20 – Development in an Unequal World' (Colm Regan, ed) 2002; New Internationalist Magazine 306/Oct 1998; 364/Jan-Feb 2004; 320/Jan-Feb 2000; 137/July 1984.

Winners and Losers

'THE CENTRAL CHALLENGE WE FACE TODAY IS TO ENSURE THAT GLOBALISATION BECOMES A POSITIVE FORCE FOR ALL THE WORLD'S PEOPLE, INSTEAD OF LEAVING BILLIONS OF THEM BEHIND IN SQUALOR. INCLUSIVE GLOBALISATION MUST BE BUILT ON THE GREAT ENABLING FORCE OF THE MARKET, BUT MARKET FORCES ALONE WILL NOT ACHIEVE IT. IT REQUIRES A BROADER EFFORT TO CREATE A SHARED FUTURE, BASED UPON OUR COMMON HUMANITY IN ALL ITS DIVERSITY.' (KOFI ANNAN)

Over the past two decades, international trade has been expanding almost twice as fast as global economic activity – and this trade has been estimated at over US$6 trillion a year. As a result, the rules that govern trade can (and do) have a huge impact on economic, environmental and social change.

GLOBALISATION:

GLOBAL INTEGRATION OF SOCIETIES THROUGH MEANS SUCH AS: TRADE, MEDIA AND MULTINATIONAL COMPANIES.

While more than $1.5 trillion are changing hands daily on global currency markets, the actual foreign reserves in the hands of all governments in one year total around $1.6 trillion – or just over one day's trading on the foreign exchange markets. This leaves countries vulnerable to swings in the currency market…. potentially a very dangerous situation.

What were the human costs when Asia suffered at the hands of the foreign currency market in the 1990s?

- In Indonesia, the number of poor increased by 40 million (or 20% of the population)
- Malaysia saw 435 firms go bankrupt from July 1997 – March 1998
- South Korea's unemployment climbed to 1.5 million and average wages fell by nearly 10%
- Thailand saw an estimated 100,000 students forced to quit school as a result of higher school fees

One of the greatest concerns about the negative effects of globalisation is the increasing power of huge global corporations. While employing over 73 million people worldwide, this still only accounts for 10% of the global workforce – despite controlling over 33% of the world's productive assets. The scale of their operations gives them massive economic power to control governments in ways that suit the corporation (not the country or its people) best. Wages, health, education, the environment and the most basic of human rights are all at risk as a result.

> ***'Of the world's 100 largest economies, 50 are now global corporations, not countries. Forty thousand multinational companies and their subsidiaries dominate two thirds of the global trade'.*** (Hazel Henderson)

Land Ownership

United Kingdom – 10% of the pop. owns 84% of the land

Bangladesh – 22% own 75%

South Africa – 17% own 87%

United States – 1% own 22%

Jamaica – 25% own 90%

HOLDING TIGHT TO THE PURSE STRINGS…

Further economic-based statistics help put the twisted rules of the Money Game under further scrutiny…

- In the US the richest 20 % get *10 times* as much as the poorest, while in Brazil they get more than *30 times* as much
- Wealth is concentrated in far fewer hands than income: In the UK, the richest 1% take 30% of total income, In the US, the richest 1% take 25% of total income, Canada's richest 1% take 22% of total income, Australia's richest 1% take 20% of total income
- The United Kingdom's richest 10% own 89% of shares
- The US's richest 1% own 57% of shares
- In the Third World, land ownership is the main indicator of economic inequality (see diagram)
- Rich countries contain only 16% of the world's population, yet generate 51% of greenhouse gas emissions that cause global warming. The US alone produces 25% of this total – with China shaping up to take first place.

Sources: '80:20 – Development in an Unequal World' (Colm Regan, ed) 2002; New Internationalist Magazine 306/Oct 1998; 364/Jan-Feb 2004; 320/Jan-Feb 2000; 137/July 1984.

WTO – The Facts

The World Trade Organisation was set up in 1995 to promote free trade on a global scale. With 144 member nations, it provides a forum for trade negotiations, handles trade disputes, monitors national trade policies, provides technical assistance and training for developing countries and assists co-operation with other international organisations.

It is driven by a mission to 'liberalise' world trade and 'open' market access worldwide. These policies are supposed to be good for everyone – promising consumers and producers *'secure supplies and greater choice of finished products, raw materials and services'…* along with *'a more prosperous, peaceful and accountable economic world.'*[3]

In practice it has proved very much better for some people than others – and no good at all for the great majority of the world's people. The giant gulf between rich and poor resulting from such trade policies, both within and between countries, grows ever wider.

> **'The rewards of liberalising world trade are grotesquely skewed towards the rich. High income countries expect to gain more than twice as much as the rest of the world, while Africa actually loses.'**[4]

WORLD TRADE ORGANIZATION

Since the WTO was founded in 1995, many of the world's poorest economies have been forced to export ever-increasing amounts of basic (or 'primary') commodities (like food, coffee, minerals) for lesser and lesser returns. Meanwhile, the price of commodities they are obliged to import – mostly from rich countries – has risen. Developing countries have also been pressured to open up their markets to rich countries' goods, which are often heavily subsidised – e.g. cotton and agricultural products. As their 'terms of trade' have deteriorated, so too have the incomes of the poorest people in the world. Without a radical change in these trade policies, the number of people living in absolute poverty worldwide will almost double by 2008 (according to a report commissioned by the WTO itself). Already, at least twice as many people live in absolute poverty as live in all the rich countries put together.

Largest companies in the world by 2001 revenue (millions US$):

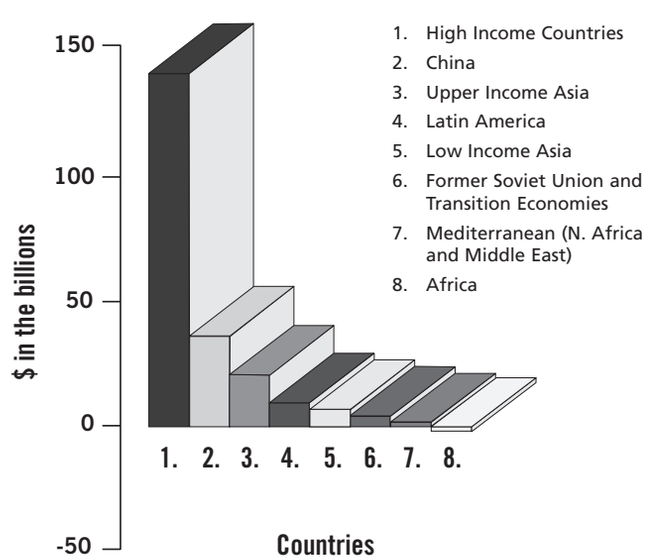
COMPANY	2001 REVENUE*	COMPARED TO COUNTRY ECONOMIES
1. Wal-Mart (US)	219,812	approx. size of Sweden
2. ExxonMobil (US)	191,581	larger than Turkey
3. General Motors (US)	177,260	larger than Denmark
4. Ford Motor (US)	162,412	larger than Poland
5. DaimlerChrysler (Ger)	149,608	larger than Norway
6. Royal Dutch/Shell Grp. (Netherlands/Britain)	149,146	as above
7. BP (Britain)	148,062	as above
8. Enron (US) **	138,718	larger than South Africa
9. Mitsubishi (Japan)	126,629	larger than Finland
10. General Electric (US)	125,913	larger than Greece

* GDP, 2000 World Development Report

** now declared bankrupt

Sources: G. Draffan, 'Report on Corporations'; New Internationalist 347: July 2002

The Effects of Trade and Liberalisation



Annual gains and losses from trade liberalization from 2002, based on a 30% cut in tariffs and subsidies as envisaged by the Uruguay Round.

Sources: Secretary General's report in the UN Preparatory Committee on Financing for Development, Jan 2001; State of World Population 2000, UNFPA; New Internationalist Magazine 334

Sources: *WTO – the facts*, New Internationalist #334/May 2001; *IMF/World Bank – the facts*, New Internationalist #365/March 2004

[3] Information from WTO official website: http://www.wto.org

[4] John Madeley, Trade and the Poor, Intermediate Technology, 1996 quoting OECD figures.

IMF and World Bank – The Facts

THE WORLD BANK AND THE INTERNATIONAL MONETARY FUND (IMF) WERE ESTABLISHED AT BRETTON WOODS IN 1944 – CHARGED WITH ESTABLISHING A NEW GLOBAL ECONOMIC ORDER AT THE END OF WORLD WAR TWO.

Proposed by economist John Maynard Keynes, the goal was to create a stable, fair world economy in which the extra money gained from trade surpluses was automatically recycled to finance trade deficits (when more is imported than exported). But, instead, the United States pushed for a dollar-based system and demanded free movement of capital – and the IMF and the Bank were created to 'smooth out' the wrinkles of currency and capital shortages.

THE IMF was originally tasked with overseeing currency values and acting as a kind of credit union for governments to draw short-term loans, but has evolved into an international judge of countries' economic policies – only offering loans if a country adopts a range of free-market measures such as privatising basic services like water, opening up their markets to foreign goods, and reducing expenditure on public services such as health and education. These conditions are known as Structural Adjustment Policies (SAPs).

THE WORLD BANK is officially called the **International Bank for Reconstruction and Development**. It was originally intended to loan money to rebuild war-ravaged and 'underdeveloped' nations. The majority of its money comes from bonds sold on international money markets and has, on the whole, gone into big infra-structure projects like dams, power plants and roads. The four other members of the World Bank are: **The IFC** (International Finance Corporation); the **IDA** (International Development Association); the **ICSID** (International Centre for the Settlement of Investment Disputes); and the **MIGA** (Multilateral Guarantee Investment Agency).

Economic power = voting power The 30 countries of the **OECD** (Organisation for Economic Co-operation and Development) control almost two-thirds of the votes in both the World Bank (61.58%) and the IMF (63.55%). These countries are amongst the world's richest countries. The **G8** (US, Japan, Germany, France, UK, Canada, Italy , and Russia) control almost half of all votes.

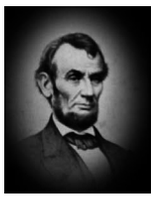
The Fat Controllers: Power in the WTO and IMF lies with their Board of Directors. With 24 Directors on each board, the G8 are first on the list. Other member nations are divided into 'blocs', with one nation 'representing' them. Only two Directors represent sub-Saharan Africa on the IMF Board, with a voting power of 4.43%. The US has 17.14% of the IMF vote, and 16.39% of the World Bank vote. It refuses to allow its voting power to drop below 15%, which gives it a veto over all key decisions.

Monterrey Consensus 2002: Broken Promises

The Monterrey Consensus is an agreement reached by most countries – including NZ – in 2002, on how to finance the Millennium Development Goals, and help over a billion people out of extreme poverty and deprivation. Issues that were discussed at the conference included crippling debt, unfair trade and insufficient aid money (ODA). In June 2005, a meeting was called at the UN to review the progress on the Monterrey consensus, and, as the President said – "there is a serious implementation deficit" – in other words, nothing much has been done. Promises have not been kept. Debt is still crippling many countries – even after the G8 debt deal. Trade rules are unfair and keep people in poverty; and rich countries are not spending enough money on aid and development. By 2010, we will still see the awful inequity whereby a child dies every 3.5 seconds, just because they are poor.

For more information on these issues see
http://www.makepovertyhistory.org.nz/

Free Trade



'I see in the near future a crisis approaching that unnerves me and causes me to tremble for the safety of my country… corporations have been enthroned and an era of corruption in high places will follow.' (Abraham Lincoln in a letter to Col. William F. Elkins, 1864)

One hundred and thirty three years after Abraham Lincoln voiced his concerns about corporate power, the 1997 report on World Trade by Griesgraber and Gunter more than confirmed what Lincoln feared. ***Two hundred giant corporations, most of them larger than many economies, now control over a quarter of the world's economic activity. For example, Philip Morris is larger than New Zealand, and it operates in 170 countries…***

FREE TRADE: According to their own website, the WTO's over-riding objective is to *help trade flow smoothly, freely, fairly and predictably.* As a result, it has pushed the Free Trade barrow with great enthusiasm, despite mounting evidence of the gross inequalities suffered as a result.

Free Trade describes the situation where foreign (imported) goods are given the same status in a market as locally produced goods. There are no 'artificial barriers' to trade, such as subsidies and tariffs (which, we are told, make production inefficient, leading to higher prices and less wealth). In a free marketplace the exchange of goods and services is free of controls and more wealth is said to be created. But for whom?

When New Zealand opened up its economy in the 1980s, it removed many tariffs on imported goods and stopped subsidies paid to many of New Zealand's producers. This resulted in massive job losses in our manufacturing sector and many producers (including the country's traditional mainstay – farmers) suffered. Over time, however, our producers have grown more competitive and consumers have seen some gains. Some believe the price was worth it, while others will argue that New Zealand society is still paying the cost.

There can be no doubt, however, that the 'rules of trade' tend to be heavily weighted in favour of rich developed countries. When poor countries export to rich countries they face barriers *four times higher* than those faced by other rich countries.

While three quarters of the world's poor are involved in agriculture, in rich countries the farmers receive large subsidies. US farmers, for example, receive on average US$21,000/year from subsidies – paid to farmers who produce the most and are, therefore, already amongst the richest of the world's agricultural producers.

EU annual dairy subsidy per cow = $ 913.00
EU annual aid per African person = $ 8.00
Japan's annual dairy subsidy per cow = $ 2,700.00
Japan's annual aid per African person = $ 1.47

TRADE & AID

Equality in trade rules remains a distant dream. Aid to poor countries does little to offset the damaging effects of unfair trade.

Subsidies that bolster rich world agriculture at the expense of the poor far exceed aid.

1 UNDP, *Human Development Report 2003*, Oxford University Press.

Think about...

- 75% of people in Africa earn less than the US$2.20 per day each EU cow receives in subsidies. In other words, each day 1.2 billion people worldwide earn less to live on than a subsidised European cow does! Free trade benefits developed countries and multinational companies at the expense of the poor in developing countries.
- Export-led trade favours big farms and companies that can produce a large quantity of product at a low price, rather than small farmers and producers.
- Multinational companies who buy goods from local producers benefit when prices drop. For example, coffee prices have fallen 70% since 1997, causing huge social problems for producer communities in Latin America and Africa.
- Many free trade agreements require that developing countries open up their services such as water and health to large foreign companies. This leads to increased prices for local people and a lack of control over their basic needs.

'Trade began in order to facilitate the processes of exchange, to help producers and users get what they want. Now we have reached a situation where if trade was a person, that person has acquired far too much power.' (Sarath Fernando, Sri Lanka)

Source: 'Fair Trade? A teaching and learning Resource for L5 Social Studies' Global Education Centre; Measures of Equality- the facts' New Internationalist #364/Jan-Feb 2004

'FAIR TRADE IS ABOUT GIVING DISADVANTAGED PEOPLE POWER... IT IS ABOUT PROVIDING A FAIR GO, NOT CHARITY.'

(Fair Trade Association of Australia and New Zealand – www.fta.org.nz)

Fair trade is like the flip-side of the free trade movement – designed to pay farmers or artisans a fair price for their products, one that represents its *true worth* and not just the lowest possible price to pay. This price covers the cost of production and allows the producer enough money to live with dignity.

For trade to benefit developing countries certain critical factors need to be in place:

- strategies to ensure the benefits of trade reach everyone in the community
- training to improve local people's business and marketing skills
- programmes to ensure local people are healthy and educated enough to participate in trade
- access to loans for business establishment and to market information
- access to other forms of income other than just producing goods for export

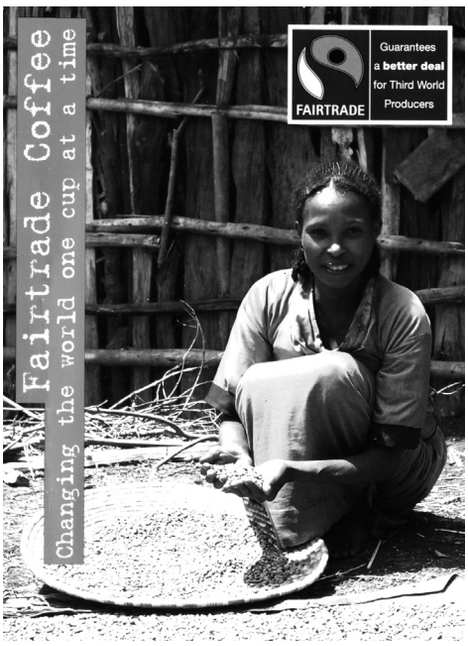


PHOTO: TRANSFAIR USA

Many fair-trade products are sold through Alternative Trading Organisations (ATOs). A survey of just 30 buyer and 84 producer organisations reported in New Internationalist Magazine in April 2000 revealed:

Sales 1998-99: $138 million

Number of buyer staff: 355 men, 605 women

Number of Southern partner organisations: 1,414

Number of producer-organisation staff (47 organisations): 567 men, 655 women; working with 31,892 men and 84,048 women producers whose average monthly wage was $89 for men and $66 for women

Benefits of fair trade identified in a survey of 43 producer organisations:

- **Training** (technical, quality control etc): 61%
- **Healthcare/medical allowance:** 35%
- **Product development:** 26%
- **Loans** (for raw materials, equipment etc): 23%
- **Organisational development:** 21%
- **Annual profit sharing:** 19%
- **Insurance protection:** 19%
- **Production bonus:** 19%

SOME PRINCIPLES OF FAIR TRADE

- **PRICE COVERS THE COST OF PRODUCTION**
  This usually means paying a minimum price for a product
- **ENVIRONMENTAL SUSTAINABILITY**
  Ensuring the products are produced in a way that minimises the effect on the environment
- **DECENT WORKING CONDITIONS**
  People producing the goods are paid a fair wage and work in good conditions
- **SOCIAL PREMIUMS**
  Often part of a product goes to a community collective for a project such as a school
- **LONG-TERM RELATIONSHIPS**
  The buyer and producer form a long-term relationship so the producer will be certain they can sell their goods and the buyer will understand the goods being produced

GUARDIAN WEEKLY - VOL.168. NO.3

By the end of 1999, producers on the Fair Trade Organizations' International Register included:

Bananas 2 co-ops and 2 plantations in Colombia, Costa Rica, Dominican Republic, Ecuador and Ghana

Cocoa 7 co-ops in Belize, Cameroon, Costa Rica, Dominican Republic, Ecuador and Ghana

Coffee 181 co-ops in Central America and 126 in the Caribbean; S America (41) ; Asia (3); Africa (11)

Honey 23 co-ops in Mexico, Guatemala, Chile, Nicaragua, Uruguay, Vietnam, and Tanzania

Orange juice 4 co-ops in Brazil & Mexico

Sugar 6 co-ops in Costa Rica, Philippines, Paraguay, Ecuador and Dominican Republic.

Tea 7 co-ops and 37 plantations in India, Sri Lanka, Nepal, Vietnam, Tanzania, Zimbabwe, Uganda and the Seychelles.

Sources: IFAT, September 1999. The survey is based on responses from 30 out of a total 56 Northern buyers, and 48 out of a total 84 Southern producers; *FLO Information* no 1, October 1999; New Internationalist Magazine #322/ April 2000; 'Fair Trade?' Global Ed. Centre

Case Study: Bolivia – Water Wars and Gas Games

AFTER OVER 175 YEARS OF INDEPENDENCE AND 20 YEARS OF DEMOCRACY, BOLIVIA REMAINS THE POOREST COUNTRY IN SOUTH AMERICA, WITH AN ESTIMATED 70% OF THE POPULATION LIVING IN POVERTY.

But Bolivians were not always so poor. Their country sits atop what was once one of the planet's greatest treasures of mineral wealth, including silver, gas and oil. And, in oil and gas alone, it still boasts the second largest reserves in Latin America.

Little wonder, then, that there are those who lust after control of these reserves - and little wonder, too, that for many Bolivians, the latest era of cheap sell-offs of their resources reminds them of the Spanish looting of their silver mines during the 17th and 18th Century (which virtually bankrolled the Spanish empire for three centuries, and is said to have helped fuel Europe's industrial development.)

Drying Up the Water Supply

In recent years 'privatisation' has become an economic theology in Latin America, driven by the World Bank and IMF. And in 1999, following World Bank advice, Bolivia granted a 40 year privatisation lease to a subsidiary of the Bechtel Corporation, giving it control over the water on which more than half a million people survive. They promised Bolivia an increased income as a result of additional foreign investment… what the people in Cochabamba (Bolivia's third largest city) got, almost immediately, was a UK-owned multinational corporation who doubled and tripled water rates for some of South America's poorest families. Not only did the prices go up beyond the reach of most, but they were denied the right to collect or store their own water – even that which fell freely from the sky.

Power to the People

What followed was a landmark mobilisation of 'ordinary' people. In mid-January 2000 a four day 'paro civico' (general strike) over the water price hikes left the city at a total standstill - no cars, no buses, no air flights or bus transport in or out of the city - and it culminated in a mass march to the city's central plaza as thousands of angry water users, urban and rural, gathered and chanted just outside the windows of the government offices where protest leaders and officials were negotiating.

> **'Suddenly the traditional centre of power has been full of those excluded from power for centuries - indigenous women with swirling skirts and bowler hats, Aymara men in deep-red ponchos with mouths bulging with cocoa leaves…' (Nick Buxton, Znet, June 07, 2005)**

On the day talks were due to finish, another peaceful mass march was organised. The Bolivian government responded by sending in more than 1,000 army and police and declaring the march banned and illegal. Jim Shultz, Executive Director of The Democracy Centre, was on the scene at the February 4-5 protest. He reported:

> **'The term 'tear gas' doesn't quite capture the real experience involved. Even from close to a block away the white smoke pouring from the canister causes severe burning to your eyes and throat and immediately empties your nose of whatever snot you've accumulated for months. At ground zero the gas makes you vomit and nearly lose consciousness. Sometimes the canister projectiles hit people and split their heads open… At this [time of] writing, local news stations report one person dead (from a tear gas canister to the head) and at least thirty-five hospitalized.'** (Note: It was later confirmed that *hundreds* had been injured, and the dead person was a 17 year old boy, killed by a bullet to the head.) See the resource page for links to Shultz's in-depth coverage of this.

PHOTO: INDYMEDIA BOLIVIA

Protesters in Bolivia carry a sign reading: "The gas is ours by right. It's our duty to defend it."

The Fall-Out

This popular uprising eventually led to the expulsion of Bechtel from Cochabamba - a victory for the people. But the fight is not over yet. Bechtel and its fellow shareholders filed a $25 million legal action against Bolivia, in a secret trade court operated by the World Bank. And similar water issues have raised their heads in La Paz and El Alto, with French water giant Suez – although united action by the population is once again gaining ground. But now the fight has moved on with a call by largely indigenous protestors for nationalisation of the country's gas reserves - currently controlled by six multinational companies, including British Gas and B.P. …. **watch this space…**

IN 2002 THE UN COMMITTEE ON ECONOMIC, SOCIAL AND CULTURAL RIGHTS DECLARED: 'THE HUMAN RIGHT TO WATER IS INDISPENSABLE FOR LEADING A LIFE IN HUMAN DIGNITY. WATER, AND WATER FACILITIES AND SERVICES, MUST BE AFFORDABLE FOR ALL.'

CASE STUDY: ARGENTINA – DON'T CRY FOR ME...

'IN ARGENTINA THE BANKS STEAL MONEY, THE KIDNAPPERS ARE THE POLICEMEN, AND COMPANIES ARE BANKRUPTED BY THEIR OWN MANAGEMENT. WHAT WE ARE DISCOVERING NOW IS THAT IT IS OFTEN THE WORKERS WHO CAN RUN THEM MUCH BETTER.' (SERGIO CANCAGLINI, JOURNALIST)

In December 2001, Argentina grabbed world headlines with a social explosion that produced five different presidents in less than two weeks. This social catastrophe saw its beginnings in the economic model pushed by the IMF in the early 1990s.

> **'Look at the state of the Argentine people. A country of such wealth – the granary of the world – yet people are dying of hunger. Until recently we said that 100 children a day died from malnutrition, but today we'd have to increase that number.'**
> (Marta Ocampo de Vásquez, 2003)

How did this come about?

In 1983, one year after Argentine forces unsuccessfully occupied the British-held Falkland Islands, Argentina's inflation was running at more than 900%. The election of Carlos Menem to president in 1989 saw him impose strict economic measures, while at the same time his government and party bureaucrats grew rich as they sold off state assets (such as oil, airlines, telephone and water utilities) to foreign interests.

Pegging the Dollar

1992 saw Argentina 'pegging' the Argentine peso to the US dollar at an exchange rate of one-to-one. Argentine exports became uncompetitive in the international markets, while cheap imports flooded into the country. By 1998 the country was officially in recession and 1999's incoming president Fernando de la Rua inherited a US$114 billion public debt.

Strikes and fuel tax protests followed and an outbreak of foot-and-mouth disease caused further economic hardship. At this point, the IMF granted Argentina an 'aid' package of nearly 40 billion dollars. Under the IMF's strict requirements for further cut-backs in public and social spending the country erupted with massive demonstrations.

Musical Chairs

By March 2001, three finance ministers are appointed in as many weeks, as resignations and protests continued. When a general strike brought the country to a standstill in July, de la Rua's government sought help from George W Bush. But by December 2001 de la Rua had resigned, followed shortly after by the new interim president. A caretaker president devalued the peso and suspended banking and foreign exchange.

People Power

In an attempt to save themselves, 'popular assemblies' were set up to debate issues and protect local interests. Shop keepers were helped to stay in business, while some assemblies urged residents to divert their property taxes to neighbourhood hospitals instead. The 'piqueteros' (protesters) sprung from the country's 20% unemployed, demanding jobs, government help for their families, and land to grow food.

Since the economic collapse, over 200 companies have been taken over by their workers; thousands of Argentineans have set up co-ops to save their bankrupt workplaces from closure and, so far, not one of the new worker co-ops has gone out of business.

Alternative currencies have been floated, and barter exchanges and other self-help institutions have all taken root. As well, foreign investors have been challenged to clean up environmental pollution that has gone unchecked.

Creating an Alternative – Fresh Hope

In May 2003, Nestor Kirchner was elected as new president. He immediately set about 'cleaning up' human rights abuses and has negotiated a debt-refinancing package with the IMF. Together with Brazil's President 'Lula' da Silva he released the *Declaration on Co-operation for Economic Growth with Equality* and called for other Latin American countries to join them in a 'Community of South American Nations'. **There is more money, but not to pay off debt, Kirchner announced in September 2004. We are not going to repeat the history of the past… we don't want new agreements that will frustrate us and the world… For many years we were on our knees before financial organisations and the speculative funds… We've had enough!**

'Like bees in a field of wild flowers, the glimmer of hope offered by this movement is pollinating organically…'

(Joseph Hannon, 2004)

Sources: 'Can't Pay, Won't Pay!" R. Burbach, New Internationalist 374, Dec 2004; BBC News, Country Profiles http://newswww.bbc.net.uk ; 'The pollen and the bees', J. Hannon, New Internationalist 368/June 2004

CASE STUDY: ZAMBIA – PAYING THE PRICE

'LET SOMEBODY OUT THERE TELL US, HAVING PRIVATISED 80 PER CENT OF OUR ECONOMY, WHY IS IT THAT WE HAVE BECOME ONE OF THE POOREST COUNTRIES IN AFRICA AND THE WHOLE WORLD?' (JOYCE NONDE, PRESIDENT, ZAMBIA FEDERATION OF FREE TRADE UNIONS)

People in Zambia are dying...

in numbers so huge they're hard to comprehend. And these deaths are not caused by droughts, or floods, or some other freak of nature – but are, according to many, a direct result of the bitter pill prescribed by the IMF and the World Bank to 'cure' Zambia's economic ills.

When Zambia was made independent in October 1964, the Gross National Product averaged US$500 per person and the local currency (Kwacha) was stronger than the US dollar. However, general economic mismanagement led to Zambia racking up over $US6 billion in debt, and it now spends most of its revenue servicing this. Meanwhile, income from its rich resources of copper declined – not helped by traditional access routes having been, at various times, controlled and blocked by other colonising regimes as punishment for Zambia's support of neighbouring liberation struggles. This was topped off by the eventual privatisation of the mines – with outside ownership leading to mass unemployment.

Allegations of corruption, electoral fraud and human rights abuses abound. The manufacturing sector collapsed beneath a flood of cheap foreign goods. In the past decade Zambia (in 2004, the world's 12th – poorest country) has privatised 257 out of 280 state firms. Half the companies sold are now bankrupt.

Of the approx. 10million Zambians, 25% are living with HIV/AIDS and more than 60% live in 'abject poverty' (earning less than a dollar a day). 40% of Zambia's child population suffer from chronic under-nutrition – if they're 'lucky' enough to survive from an appalling infant mortality rate of 112 per 1,000 live births (Zimbabwe 73, Britain 6). According to Emily Sikazwe, director of the antipoverty group 'Women for Change', women shoulder the main burden of providing for families, and girl children are the first to be withdrawn from school when a father loses his job.

'STRUCTURAL ADJUSTMENT POLICIES CAUSE POVERTY... AND POVERTY HAS A WOMAN'S FACE.' (EMILY SIKAZWE)

Baiting the Big Boys

December 2001 saw the election of Levy Mwanawasa as President (having previously resigned as Vice President after citing corruption in high government circles.) When famine hit many parts of Southern Africa in 2002, President Mwanawasa declared a national disaster. Four million people faced starvation. But , despite the seriousness of this situation, the IMF continued to press for privatisation of the Zambian National Commerce Bank. After a strong campaign by trade unionists, President Mwanawasa halted the sell off. The IMF immediately threatened to withhold over a billion dollars of debt relief (a sum equal to a quarter of the country's GDP).

Thousands took to the street to support President Mwanawasa's decision, and to oppose the IMF and call a halt to further privatisations. Even opposing political parties have now joined forces to prosecute alleged thieves, and to 'retrieve the plundered resources' needed to resuscitate Zambia's shattered economy.

> **'In the USA we are told that these policies are helping but is the average Zambian benefiting? So much money is being taken away from health, education and poverty reduction. The poor continue to be exploited by these multi-national corporations and western countries that want to maintain power.'** (Anita Wheeler, Africa Initiative Youth Exchange member)

Reassessing, Redistributing, and Regaining Respect

> **'Aid should be viewed as justice to correct an imbalanced history of colonialism, slave trade, neo-colonialism, and imperialism. The West should understand that the past is what is responsible for what is happening today.'** (Shupikai Sigauke)

'Africa can only develop with the participation of its own people' says Emily Sikazwe. Zambian citizens' groups are focusing on people-centred development in their newly launched **'Campaign Against Poverty'**. They are demanding that Africans be allowed to participate in how their countries are run... and add that, if IMF and World Bank officials are to respect this demand, they will have to leave their plush offices in Washington and visit the 'real' Zambia. 'And for once, they'll need to listen to what people there say.' (Mark Lynas, Oneworld.net, NI 320/Jan-Feb 2000)

Sources: www.OneWorld.net ; 'African's hidden killers', M. Lynas, NI 320/Jan-Feb 2000; 'Refugees: The case for open borders' NI 350/Oct 2002; 'States of Unrest' NI 365/March 2004; 'Aid Isn't A Favour to Africa, but Justice' Tabitha Mvula, June 2005 http://allafrica.com

The Burden of Debt

"THE STRUCTURES OF THE NEW WORLD ECONOMIC ORDER CONTINUE TO PERPETRATE CYCLES OF POVERTY, EXCLUSION AND DEPENDENCY ACROSS THE GLOBE." (80:20 DEVELOPMENT IN AN UNEQUAL WORLD)

Thanks to the policies of such institutions as the WTO, the IMF and World Bank, the world's economic system remains based on debt. Every country is in debt to some degree – even the richest and most outwardly successful. Rich countries can get away with high levels of debt if others have confidence and investment in their economies. But poorer countries are crippled by their foreign debt. Some owe several times more in debt than their total Gross National Product.

Who is in trouble?

There are around 165 developing countries whose debts are owed to the rich North and international financial institutions – many with economies now too weak to repay their debts. Jubilee 2000 (a movement started to highlight the injustices of debt burden on poor countries) identified 52 countries whose struggle to pay their debts had led to terrible poverty – the vast majority in Africa, Asia and Latin America.

Adjustment: Enemy of Growth

The IMF and the World Bank claim that the **structural adjustment** programmes they have imposed on developing countries are in the service of long-term economic growth. But four decades of global experience tells a different story. As adjustment lending has ballooned, so economic growth has gone into reverse.

- 45% of the $25 billion that the World Bank loans each year is dispensed directly to western trans-national corporations.
- In 2000, the Joint Economic committee of the US Congress found a failure rate of 55-60% for all World-Bank sponsored projects. In Africa, the failure rate reached 73%.

*William Easterly, *The Elusive Quest for Growth*, 2002.
* The Corner House, *'Exporting Corruption: Privatization, Multinationals and Bribery'*, June 2000. *World Bank, 'Global Development Finance', 2001-03 and IMF 'World Economic Outlook' 1996-03. Joint BIS-IMF-OECD-World Bank statistics on external debt. www1.oecd.org/dac/debt/

How on earth did this happen?

> The causes of the current debt crisis go back to the 1970s, when rich oil nations bumped up the price for oil dramatically.

> As they earned more money, they deposited it into 'Western' banks to gain more interest on their money.

> These banks now had to pay a lot of money in interest to the oil companies. To recoup some of their costs, the banks made loans to poorer countries in the developing world.

> To encourage borrowing, the banks lent their money at low interest rates.

> Developing countries spent the money in a variety of ways (and not always wisely).

> Over time interest rates increased, while oil and other imports also remained expensive.

> Debts of developing countries soared, because they were unable to pay the loans and the interest back.

> In the 1980s, the IMF and World Bank came to the 'rescue' as they were worried that countries would default on their loans and the banks wouldn't get their money back.

> Structural Adjustment Programmes (SAPs) were introduced – these recommended several strict policies which aimed at getting the country to spend less money on itself and earn more foreign exchange to pay debts back.

> Some of their measures included encouraging countries to grow 'cash crops' like coffee, cocoa, sugar, pepper and bananas for export. So instead of growing a variety of crops for their own markets, they grew crops for rich developed countries.

> Other measures included mining mineral resources, like copper and zinc, by overseas companies who had little regard for the environment and took all the profits.

> The prices of these cash crops fluctuated and eventually fell – and so there was less money earned to repay debts.

> Meanwhile, spending cuts had been made on health, education and welfare, which affected the people of the country – especially the poor.

> By the 1990s the situation had become a crisis for many countries as not only could they not afford to repay their debts (and the interest on these debts), their infrastructure was undeveloped and many people lived below the poverty line.

Source: Adapted from 'The Debt Burden' – Global Education Centre, Caritas and CWS.

WHAT CAN BE DONE ABOUT DEBT?

'Ending poverty requires knowing how poverty is created… the poor are not those left behind, they are the ones who were pushed out and excluded from access to their own wealth and resources…Trade and exchange of goods and services have always existed in human societies, but these were subjected to nature's and people's economies. The elevation of the domain of the market and man-made capital… has led to the neglect and destruction of … ecology and survival…. Without clean water, fertile soils and crop and plant diversity, human survival is not possible… People do not die for lack of incomes. They die for lack of resources.' ('How to End Poverty: Making Poverty History and the History of Poverty', Vandana Shiva)

DEBT RELIEF: STILL FAILING THE POOR...

In a recent article, Oxfam International reviewed the progress of the 22 countries who, at the end of 2000, were eligible for debt relief assistance under the **Heavily Indebted Poor Country Initiative** (HIPC).

But despite claims by the IMF and the World Bank that this relief has aided these countries, Oxfam claims that 'of the twenty-two countries receiving debt relief, three-quarters will be spending over 10% of government revenue on debt this year. Sixteen countries will be spending more on debt than on the health of their citizens, and ten will be spending more on debt than on primary education and health combined.' Their detailed analysis finishes with a plea for 100% cancellation of IMF and World Bank debt (see details for the full article in the resource section)

WHAT CAN BE DONE ABOUT DEBT?

Change the ground rules

Some people argue that big changes are needed to enable countries to escape from the poverty trap. They advocate such measures as:

- Cancelling debts owed by the poorest countries.
- Cancelling debts tainted by fraud or corruption.
- Reforming the terms of trade to ensure fairer prices for commodities.
- Reforming the World Bank and IMF so that poorer countries have a bigger say.
- Making sure that Structural Adjustment Programmes are redesigned to protect the needs of the poorest members of the community.
- Handing the control of a country's basic resources – such as its water, agriculture and fuel reserves – back to the people.

Can't pay, won't pay

- High interest rates and unfair terms of trade mean that some developing countries have already paid their debts several times over. The argument for debt cancellation is a strong one, and it's heartening to see the push for it gaining strength.

Redistribute

- Returning basic social services back into the hands of the community, whether through co-operatives or state-managed bodies, readjusts the priorities from 'making a profit' (which often leaves the country via overseas investment) back to the citizens of each sovereign state.
- There are many who believe it is time for a radical re-think about the way wealth is accumulated and distributed. Perhaps it's time to change the system entirely, and create a global society where wealth is allocated on a needs-first basis?

Create alternative solutions

Various methods of 'swapping' loans have been developed:

- Debt is 'bought' by a bank or company at a reduced rate or invested in businesses within the debtor country.
- Debt is 'bought' and swapped for nature conservation projects.
- Debt is 'bought' by development agencies (eg. UNICEF) and the money used in development projects.

WHAT HAPPENED TO ALL THE BORROWED MONEY?

Hardly any of the money borrowed by governments was used to benefit the poorest people. Long term infrastructural development, like building schools, health care facilities and developing civil society was often low priority as such development did not return a quick investment. There is no doubt that much of the borrowed money has been poorly used – however, keep in mind the many pressures caused by the Structural Adjustment Programmes.

ROUGHLY :

> **20%** went on buying weapons, as many countries were involved in civil conflicts.

> **20%** went on importing goods such as tractors and fertilizers that were often inappropriate for the country and conditions.

> **A lot** was spent on oil, as the prices escalated.

> **Heaps** went on ultimately useless projects, such as a nuclear power-plant built on the Philippines Pacific 'fire rim' earthquake zone.

> **A fair amount** found its way to personal bank accounts of dictators like Motubu Sese Seko, dictator of former Zaire (now Rep. of Congo) and the Philippines Ferdinand Marcos.

> **Only a little** was spent on genuine development programmes in poor countries.

Source: From p11 'The Debt Burden' GEC, Caritas and CWS

STOP PRESS: THE GOOD NEWS...

The Dominion Post on Monday June 13 2005 led with the headline **'Debt-free Start for Poorest Countries'**... and declares:

"Leaders of the world's wealthiest economies have reached a ground-breaking agreement on debt relief ... (and will) immediately wipe clean NZ$56.4 billion of debt owed by 14 countries in Africa and four in Latin America. An additional nine countries could join the list in the next 12 to 18 months... Most of the debt... is owed to the World Bank, the IMF and the African Development Bank..."

BUT... Whilst this is welcome news, this deal falls far short of alleviating the poorest countries' debts. A joint African civil society statement says: "the debt package provides only 10% of the relief required and affects only one third of the countries that need it. A large component of the US$50 billion pledged is drawn from existing obligations". At the African Union Summit held 28 June to 5 July 2005, African leaders called for "full debt cancellation for all African nations" to the tune of US$350 billion – a far cry from the US$40 billion promised by the G8.

Making a Stand: Role Models

'MATURITY BEGINS TO GROW WHEN YOU CAN SENSE YOUR CONCERN FOR OTHERS OUTWEIGHING YOUR CONCERN FOR YOURSELF.' (JOHN MCNAUGHTON)

There are times when the best way to fire up our imagination is to reflect on what others have done before us to make positive changes in the world. For instance:

TE WHITI-O-RONGOMAI or ERUETI TE WHITI – Challenging the Rules

(c. 1830-1907) Born at Ngamotu, Taranaki, he moved to Parihaka after colonial troops burned his village in 1865. He refused to take up arms, sympathised with the 'King' movement and with Māori nationalism, and granted asylum to many rebels. In 1879, when Government surveyors began work to confiscate land, Te Whiti launched a campaign of passive obstruction. Early on 5 November 1880, 1,600 Armed Constabulary and Militiamen marched on Parihaka, and Te Whiti was arrested and held, without trial, for about a year.[5] "Te Whiti was one of those great leaders. We had Mahatma Gandhi, Martin Luther King, Nelson Mandela and Te Whiti o Rongomai….Te Whiti was the forerunner of them all."[6]

NELSON MANDELA – Creating an Alternative

Born in South Africa in 1918, he joined the African National Congress in 1944 and was engaged in resistance against the ruling National Party's apartheid policies after 1948. He went on trial for treason in 1956-1961 and was aquitted in 1961. After the banning of the ANC in 1960, Mandela argued for the establishment of a military wing within the ANC. On June 12, 1964, he was sentenced to life imprisonment. He was widely accepted as the most significant black leader in South Africa and became a potent symbol of resistance as the anti-apartheid movement gathered strength. In 1991, after his release, the first national conference of the ANC held inside South Africa since the 1960 banning, elected Mandela as President. He went on to lead South Africa into the new 'post-apartheid' age. He was awarded the Nobel Peace Prize in 1993.

MOTHER THERESA – Redistributing the Wealth

(c.1910 -1997) Born in Skopje, Macedonia, as Agnes Gonxha Bojaxhiu, she left home at 18 to join the Sisters of Loreto. After training in Dublin she was sent to India to take her initial vows as a nun. From 1931 to 1948 Mother Teresa taught at St. Mary's High School in Calcutta. But the suffering and poverty outside the convent walls made such a deep impression on her that in 1948 she was allowed to leave the school and devote herself to working among the poorest of the poor in the slums of Calcutta. On October 7, 1950, Mother Teresa received permission to start her own order, "The Missionaries of Charity", whose primary task was to love and care for those people nobody was prepared to look after. In 1965, the Society became an International Religious Family by a decree of Pope Paul VI.

The Society has spread worldwide. They provide effective help to the poorest people of Asia, Africa, and Latin America, and undertake relief work in the wake of natural catastrophes such as floods, epidemics, and famine, and for refugees. The order also has houses in North America, Europe and Australia, where they care for alcoholics, homeless, and AIDS sufferers. She received many awards and distinctions, including the Pope John XXIII Peace Prize (1971) and the Nehru Prize for her promotion of international peace and understanding (1972). She also received the Balzan Prize (1979), the Templeton and Magsaysay awards and the 1979 Nobel Peace Prize.

SUGGESTED ACTIVITY:

The list below includes others who have dedicated their lives to positive change in the world. Find out about these people's fascinating and inspiring lives. Can you add them to the above groups or should they be categorised under new groupings? Who else could you add to this list?

TE KOOTI, KATE SHEPHARD, MAHATMA GANDHI, ANITA RODDICK, NAIOMI KLEIN, NOAM CHOMSKY, DR DAVE JENKINS (SURF AID), DR DAVID SUZUKI, DAME WHINA COOPER, THE 'YES' MEN, FRED HOLLOWS, BONO, JAWAHARLAL NEHRU ...

Check out the websites and resources at the end of this issue – and for **inspiring youth leaders** read 'Take Action' Issue 5 (July 05) of 'Global Bits'.

[5] 'Te Whiti-O-Rongomai or Erueti Te Whiti', from An Encyclopaedia of New Zealand, edited by A. H. McLintock, originally published in 1966. Te Ara – The Encyclopedia of New Zealand, updated 16-Mar-2005

[6] Puke Ariki - Taranaki Stories - Pacifist of Parihaka - Te Whiti o Rongomai

Changing the Rules of the Money Game

All three role model case studies follow ordinary citizens who took action to assert their basic human rights. There is nothing new in this. For centuries, people have stood up against tyranny and greed – each doing as much as personally possible to right the wrongs around them.

The enormity of the 'rigging' in the rules of the Money Game can be more than a little daunting. It is, after all, a dominant and controlling factor in all our lives. But change *is* possible…

First we must recognise the underlying *causes*, then identify the *target* for change, and finally the *route* by which we can achieve it.

It may be a long tortuous road, across enemy terrain, but each of us has within ourselves the capacity to run a little of the distance, if not the whole entire race. Even two steps, before we pass the baton on, are two steps closer to our goal.

WHAT CAN WE DO?

EDUCATE NEW PLAYERS

Before the start of every game new players must become familiar with the rules. In the context of the global 'Money Game' this remains the same.

- Young people must be given the facts about the organisations and institutions who are playing 'Banker' and 'Controller' at the expense of the rest of the world.
- We must identify any 'colonised' thinking and learn to look more closely at the facts. True facts are powerful weapons in the fight for justice, equality and human dignity.
- We must recognise the systems that have shaped our thoughts and attitudes. If we believe in Winners, then by association we are allowing Losers. If we admire the concept of 'competition', what are its consequences in a global world?
- Like any new learning, the messages (and resulting actions) we wish to impart must be simple, relevant, and practical in order to take root in people's lives.

CHALLENGE THE RULES

If you think the rules are unfair then challenge them! The rules of society are flexible. There is no reason to accept a 'one size fits all' mentality – especially when the sizing is designed to please a select few.

- **Vocalise and Mobilise –** let people know what you are thinking; communicate your ideas and spread the word; seek public support; start an action group; use the media.
- **Peaceful Protest –** organise peaceful protests in key locations or at key events.
- **Direct Action –** join with other groups in direct action.
- **Litigate and Legislate –** if you have the resources, take unjust cases to the Human Rights Commission, or to other Courts and forums. Use the power of your vote to change the laws and processes of your country.

CREATE ALTERNATIVES

It is easy to tear a system down, but much more challenging to build another in its place. Find out what alternative systems are out there. If there is nothing to suit your goals then create something to suit your purpose.

- Start and support **co-operatives**
- Buy according to **needs** and not wants
- Set up a local economy based on **'Green Dollars'**
- **Barter** for goods
- Insist on **Fair Trade** Products
- Support like-minded organisations and political movements that can lead to more **permanent structural change**.

REDISTRIBUTE THE WEALTH

Help develop a system that supports a **'need not want'** criteria for money distribution.

'From each, according to his ability; to each, according to his need.' (Karl Marx)

States of Unrest

The **World Development Movement** in Britain has been issuing annual reports called 'States of Unrest' which document protests against IMF and World Bank policies in the 'Majority World'. Countries they have named include:

Paraguay – 'Neo-liberalism has been a failure because it denies human dignity'. (President Nicanor Duarte Fruto)

Argentina – 'The only thing lacking is for us to pull down the Argentine flag and replace it with the IMF's.' (Alfredo Avelin, Governor of San Juan)

Zambia – 'The IMF are killing us.' (Emily Sikazwe)

Turkey – 'The policies of the IMF and the World Bank do not aim to help Turkey.' (Bayram Meral, President of Turkey's largest union confederation)

Indonesia – 'Austerity measures have sparked massive protests.'

South Korea – It is not acceptable to sell people's property without their permission or agreement.' (Lee Sang-Youn, Director FKTU)

Pakistan – 'Policies… have done colossal damage to the country.' (Pakistan Workers Federation)

Senegal – 'Senegalese ministers fear the World Bank more then God.' (Madia Diop, former Gen. Sec. CNTS)

Source: NI 365/ March 2004

A CHILD DIES EVERY THREE SECONDS AS A RESULT OF PREVENTABLE POVERTY

MAKE POVERTY HISTORY

http://www.makepovertyhistory.org.nz

MakePovertyHistory Aotearoa New Zealand is part of a global campaign that, as well as setting specific targets it would like to meet by the end of this year, also identifies goals designed to make the world a fairer place for all. It is acting as a rally point for thousands of activists encouraging them to pool their energy to really make a difference for the poorest people on the planet.

What does this campaign want?

Trade Justice: An international trading system that is fair and enables poor countries to support themselves and reduce poverty by trading on a more equal footing with richer countries.

Drop the Debt: The campaign wants the debt owed by poorer countries to be dropped immediately – in order that money they would normally pay in interest can be channelled back into development within their own countries.

More and Better Aid: All the wealthy countries of the world have agreed to donate 0.7% of their annual income (GNI) to aid, but most still fail to do so. The campaign challenges them to meet these commitments and to advocate for reduction of excessive military spending (and redirecting these funds into social spending to meet human needs.)

End Child Poverty in Aotearoa New Zealand: Establish a comprehensive plan, timetables and policies to end child poverty, and ensure no child is discriminated against on the grounds of parental status.

MakePovertyHistory Aotearoa New Zealand is a coalition campaign between a variety of organisations across Aotearoa. It is part of the international campaign known as The Global Call to Action Against Poverty (GCAP). This growing alliance of organisations, networks and national campaigns is committed to eradicating extreme poverty and works to ensure world leaders keep their promises and achieve the Millennium Development Goals.

GLOBAL CALL TO ACTION AGAINST POVERTY

"The time has come to stop talking and start taking some action. If everyone who wants to see an end to poverty, hunger and suffering speaks out then the noise will be deafening. Politicians will have to listen."

(Archbishop Desmond Tutu, 2004)

Global White Band Action Days in 2005 were planned to coincide with key meetings, in a move to make the world's most powerful leaders take notice of the millions who are united against poverty.

The three main dates in 2005 on which people will be wearing the white band, to demonstrate how many people believe that now is the time to eradicate poverty, are:

> **1 July 2005**

To put pressure on world leaders before the G8 meeting in Scotland, and force them to make decisions to benefit the world's poorest people. (see Stop Press page 17)

> **10 September 2005**

The UN General Assembly Special Summit reviews the implementation of the Millennium Development Goals so far. This is an opportunity to make sure that leaders keep these promises to improve the lives of millions of people living in poverty.

> **10 December 2005**

The World Trade Organisation (WTO) 6th Ministerial Conference in Hong Kong. Developing countries made a stand for fairness in the international trade system at the last WTO conference (2003) and now developed countries must be persuaded to support the call for trade justice.

Source:
http://www.whiteband.org/Lib/take_action/take_action/gcap_issues/en

THE WHITE ARMBAND

The white armband has been devised as a symbol to unite all kinds of poverty action, activities and organisations. It demonstrates the truly worldwide nature of the Global Call to Action against Poverty. This action is designed to be deliberately easy for anyone in the world (no matter how poor) to take part,it can easily be adapted to any situation, is a visible display of key messages, and helps draw attention to the cause.

Anyone can wear the white armband – all you need to make it is a white piece of cloth, paper or plastic. White armbands can be worn at demonstrations and marches, meetings and conferences, or daily at school, work, shopping, traveling or socialising.

White armbands can also be used to stage events such as putting a large white band around a building or monument – or other key locations – to make your point visible. Smaller white bands can be linked together to make chains.

Activities

WHAT WILL MAKE POVERTY HISTORY?

In the news

Q: How many of the G8 countries can you name?

Q: Are the leaders of developing countries in the news as often as G8 leaders? Why do you think this? What effect does it have?

Q: What could G8 leaders do to help make poverty history? What powers do they have?

Millennium Development Goals (MDGs)

Q: Had you heard of the Millennium Development Goals?

Q: If not, why do you think this is?

The MDGs – Goals to be achieved by 2015:

Wipe out extreme poverty and hunger
- Halve the proportion of people living on less than a dollar a day
- Halve the proportion of people who suffer from hunger

Achieve universal primary education
- Ensure all children complete primary schooling

Promote gender equality and empower women
- Ensure girls have the same access to schooling as boys

Reduce Child Mortality
- Cut infant and child deaths by two-thirds

Improve maternal health
- Reduce by three-quarters the proportion of women dying in childbirth

Combat HIV/AIDS, malaria, and other diseases
- Halt and begin to reverse the spread of HIV/AIDS
- Begin to reverse the incidence of malaria and other major diseases

Ensure environmental sustainability
- Halve the proportion of people without access to safe drinking water
- Transform the lives of 100 million slum dwellers (by 2020)
- Reverse the loss of environmental resources

Secure a global partnership for development
- Address trade, debt, aid, public health and technology issues to promote economic growth and poverty reduction

Q: Choose one goal you feel strongly about:

- How can you help to make it a reality?
- What creative ways can you think of to publicise your chosen goal?
- Choose one of your creative ideas and put it into practice – either individually or with others.
- Challenge everyone you know to do the same.
- Consider how you could use the processes within your own country's political system to help ensure these goals are met. Take action on your findings.

Research a charity or organization that is working towards these goals. How could you help contribute to this cause?

UNFAIR TRADE AFFECTS *REAL* PEOPLE:

'There's no way to get enough cash from the farm, so people either stop farming or just harvest enough for their own food. So there is malnutrition in the mountains, and even some in the lower areas.' Victor Guzmán, farmer in Chiapas, Southern Mexico

In Mexico the price of maize is so low that sometimes it isn't worth the farmers' time to harvest it. Unfair trade rules are preventing Victor Guzmán and other farmers in Mexico from making a living.

In 1994 Mexico signed a trade agreement (known as the North American Free Trade Agreement 'NAFTA') with the US and Canada. This allowed subsidised US maize to be sold in Mexico. Because it was subsidised it could be sold more cheaply – making it cheaper than maize produced by local farmers.

Subsidies paid to farmers each year for producing maize:

- **The US Government pays an average of $21,000 per farmer**
- **The Mexican Government pays an average of $700 per farmer.**

From 1994 cheap US maize has flooded into Mexico. In the last 10 years 1.8 million farm jobs have been lost.

'If you get (only) a peso for a kilo of maize, that means you need to grow, cut, carry and sell six kilos for just one glass of coke.' Victor Guzmán

Most of the 8.2 million Mexicans who live off the land are suffering extreme poverty. Young people are moving to cities in search of work. In parts of Chiapas, Southern Mexico, 58% of children are undernourished.

SPEAKING UP ACTIVITY:

There are personal stories similar to this from countries all around the world – Mexico is no exception.

1. In a small group, research personalised stories that illustrate the unjust rules and poverty experienced by real people in real life situations.
2. Take these stories and turn them into character monologues in which you role-play the person you have researched. Tell this person's story in the words you think they would use.
3. Tell these people's stories to a larger group, to help bring the harsh realities of your chosen person's world to life. Share their emotions.
4. Perform your monologues to the wider community if possible – in schools, street theatre, community centres, etc.

'If reporters from Mars visited Earth, don't you think that their lead story would be 'ONE IN SIX HUMANS GO HUNGRY'? And yet that never makes our headline news.'

Jon Snow, Channel Four News

Sources: Adapted from CAFOD Worksheets http://www.cafod.org.uk/resources

A System Gone Mad

By Cameron Walker, aged 18, Howick College, Auckland

'Globalisation', 'free trade', 'neo-liberalism' call it what you will, the economic policies supported by global institutions such as the World Bank and the International Monetary Fund (IMF) have been protested about and opposed by tens of millions of people around the globe. Why are so many people so angry? In the Western World, before 9/11, coverage of 'violent anti-globalisation protests' splattered the mainstream media. The events of 9/11, according to the mainstream media signaled the death of such protests. However, feelings have not died, in fact in many developing nations they have become more intense.

The World Bank and IMF were set up at the end of the Second World War to provide loans to help rebuild nations shattered by the conflict. In the 1970's and 1980's the two institutions had a change of policy. Nations who wanted loans or financial assistance would have to follow 'structural adjustment' programmes. In other words developing nations would have to make changes to their laws and economic policies as prescribed by the World Bank and IMF.

Often structural adjustment programmes make conditions even worse for the poorest citizens of developing nations, while the well off and multinational corporations reap the rewards. Typically structural adjustment programmes consist of slashing public education and healthcare spending, cutting welfare to the poor, opening markets to penetration by multinational corporations and privatising public assets, such as water utilities and railways.

Recently the nations of the G8 have declared that the most highly indebted nations in the World will have their debts to the World Bank and IMF cleared. This sounds nice but to qualify for debt relief poor nations must practice 'good governance' meaning the nations must "boost private-sector development" and eliminate "impediments to private investment, both domestic and foreign". Quite simply this means that to qualify for debt relief poor nations must continue to put in place 'structural adjustment' programmes, like those forced on Bolivia which are fundamentally damaging to Bolivians, but good for multinational corporations from the world's richest nations, which make up the G8.

As a young activist and writer in New Zealand I believe it is important for young people to become informed and speak out against the grave injustices that are occurring as a result of the so called 'globalisation' process. The New Zealand government is an enthusiastic supporter at an international level of the so-called 'free market' policies supported by the World Bank and IMF. As the citizens of Bolivia (see the case study on page 13) have demonstrated, people power *can* overcome this madness!

Making the Links

The way you live your life affects poverty. Think about…

> What do you consume (i.e. food, clothing, accessories, appliances)? Is everything you consume based on a *need* not *want* basis? If not, why not? How could you change this consumer mind-set?

> How much do *you* consume? Does over-consumption have damaging side effects on developing countries? If so, what are some of these side effects? How can they be reduced? What can *you* do to reduce your consumption? What can you do to reduce others consumption?

> Where does what you consume come from? How do you think the people in that country would view your lifestyle and consumption habits? How might it be different to their own lives? Is this fair?

> What are the true costs of these items? Don't only think about this in terms of money, but also about the *human costs*? Are these goods produced under *ethical* conditions (i.e. sweatshops vs. fair trade)?

> How could consumer 'wealth' be used to make life fairer and better for the developing world?

Choose a favourite item you own and research how and where it was made. Was it produced ethically? How do you know? If it is not being produced ethically, what alternatives are available (either online or through organizations such as Trade Aid)?

Check out Issue 3 (2004) of Global Bits - 'Creating Culture' Young People and Advertising, which takes an in-depth look at advertising, shopping and consumption. And take a look at *Global Issues 15 - Trade: A Fair Journey?* which explores trade through Jeans and Sneakers.

Useful Resources and Websites

Publications

The Debt Burden, 3rd edition (updated 2005) Global Education Centre Resource Kit

This resource investigates the history behind the current Global Debt Crisis and explains in easy terms the economics, politics, and impact of debt on people and communities. It includes new student activities, updated dates, and a greater variety of case studies for teachers to use in the classroom. Is also suitable for levels 2 and 3 NCEA Geography.

Fair Trade? Global Education Centre Resource Kit

Includes a background to world trade and New Zealand trade and explores the concepts of free and fair trade, through a case study on coffee. Includes teacher content, activities and a video, "For a Few Pesos More".

Both these kits are full of information that can be used in a number of youth education situations (not just within the school context). They can be obtained by contacting: http://www.globaled.org.nz/schools/kits.html

80:20 Development in an Unequal World (Colm Regan, ed)

An accessible introduction to many of today's most important and challenging development, human rights and justice issues. Designed for a variety of educational settings including teachers, youth and community educators, students, universities and NGO workers. (available to loan from the Dev-Zone Library)

Audio Visual

(available from Global Education Centre Library)

The Corporation - (Achbar, Mark Abbot and Jennifer Bakan, Joel) An information-packed, compelling look at the 'dark side' of big business.

Life and Debt - a powerful documentary about the affect of debt on the ordinary person, by **Stephanie Black**

Life and Debt - (Developing Stories Series)

A hard hitting docu-drama by **Octaavia Bezera** that examines the links between Brazil's economic crisis and its tragic social and economic plight.

The Take - Documentary - In the wake of Argentina's spectacular economic collapse in 2001, Latin America's most prosperous middle class finds itself in a ghost town of abandoned factories and mass unemployment. In suburban Buenos Aires, thirty unemployed auto-parts workers walk into their idle factory, roll out sleeping mats and refuse to leave. All they want is to re-start the silent machines. But this simple act—the take—has the power to turn the globalisation debate on its head. Director/producer Avi Lewis (Counterspin) and writer/producer and renowned author Naomi Klein (No Logo) take viewers inside the lives of ordinary visionaries, as they reclaim their work, their dignity and their democracy. (should be available on DVD by the end of 2005)

Websites:

http://www.whiteband.org

Global Call to Action Against Poverty is a worldwide alliance committed to making world leaders live up to their promises, and to making a breakthrough on poverty in 2005.

http://www.makepovertyhistory.org.nz

Make Poverty History: the Aotearoa New Zealand mobilisation of the Global Call To Action Against Poverty.

http://www.cid.org.nz/

The Council for International Development (CID) is the umbrella body for NZ organisations working in international aid and development.

http://www.fta.org.nz the brand new website of the **Fair Trade Association** of Australia and New Zealand, the regional body bringing together all organisations and individuals interested and working in the fair trade movement.

http://www.debtaction.org.nz/

Debt Action: a network of agencies and individuals in New Zealand working together for the cancellation of the unjust and unpayable debts of poor countries. Jubilee Aotearoa is a local network but is linked to other Jubilee and debt campaigns in countries all around the world.

http://www.cws.org.nz/campaigns/default.asp - is a NZ organisation that takes action to end poverty and injustice throughout the world. CWS has campaigns on aid, debt and trade

http://www.tradeaid.org.nz/Home

Trade Aid aims to build just and sustainable communities through fair trade. They'll tell you what's ethical to buy and where to buy it from… plus heaps more information about fair trade.

http://www.oxfam.org.nz/

Oxfam New Zealand works with communities in developing countries to overcome poverty and injustice by addressing the causes of inequality and powerlessness, and building the capacity of their partners to advocate for change. In New Zealand they campaign on fair trade, debt and aid, and work against injustice by influencing governments and international institutions.

http://www.oxfam.org/eng/pdfs/pp0104_Debt_relief_still_failing_the_poor.pdf

This article from Oxfam International provides a detailed analysis of IMF and World Bank claims that their **Heavily Indebted Poor Country Initiative** (HIPC) is creating 'financial gains' for the countries and reducing their external debt by two thirds. It also offers recommendations on debt relief to help meet the 2015 targets.

http://www.democracyctr.org/waterwar/

When the city of **Cochabamba** erupted in a public uprising over water prices, the Democracy centre's exec. Director, Jim Shultz, captured the developments of this story as it broke, in a series of dispatches and articles. They are presented in chronological order. Additional information and photos of the **Bolivian water uprising** are available at www.americas.org

http://www.50years.org/index.html

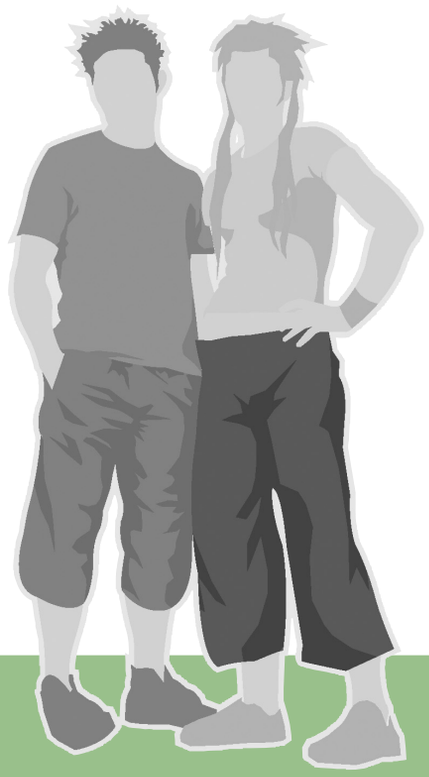
50 Years Is Enough: U.S. Network for Global Economic Justice is a coalition of over 200 U.S. grassroots, women's, solidarity, faith-based, policy, social- and economic-justice, youth, labor and development organizations dedicated to the profound transformation of the World Bank and the International Monetary Fund (IMF).

http://www.brettonwoodsproject.org/

The Bretton Woods Project works as a networker, information-provider, media informant and watchdog to scrutinise and influence the World Bank and International Monetary Fund (IMF).

www.whirledbank.org

The Whirled Bank website is a spoof on the World Bank (www.worldbank.org). It includes numerous factsheets on the impact of the multilateral lending institutions, an Instant Insecure Online Banking game to learn about debt and structural adjustment, and other spoofy information.



About the Global Education Centre

Global Bits is produced by the community youth arm of the Global Education Centre (GEC), a programme of the Development Resource Centre (DRC) – a not-for-profit, non-governmental organisation governed by a charitable trust. We are core funded by NZAID Nga Hoe Tuputupu-mai-tawhiti (The New Zealand Agency for International Development). The DRC's vision statement is *change for a just world and its mission is informing and educating to empower people to take action to create a just world.*

The Global Education Centre (GEC) provides services to the formal and informal education sectors, and the youth and community sectors on global education through its Schools and Community Youth programmes. GEC provides training and resources to teachers, teacher trainees, students, youth workers and community groups. Services include workshops, youth advocacy, Global Issues magazine, teaching resources, a website including fact sheets and links, and a free lending library.

GEC's sister programme at the Development Resource Centre is Dev-Zone, a resource centre focused on international development and global issues. They operate a free library, manage a comprehensive website, and publish a magazine Just Change. Services include answering quick enquiries, email updates, information projects, and literature searches on a variety of development topics. Dev-Zone works with the development and human rights sector, as well as students and the general public.

The Global Educaion Centre is core funded by NZAID – Nga Hoe Tuputupu-mai-tawhiti