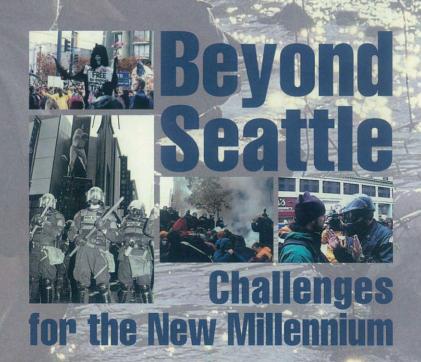


asian exchange



# Beyond Seattle Challenges for the New Millennium



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## Contents

Introduction Harsh Sethi	3
PART A Beyond Seattle: Challenges for the New Millennium	
The Battle of Seattle: One Protestor's Perspective  Ward Morehouse	13
The Seattle Myth & the North-South Divide: View from the South Dinesh Abrol	23
Biodiversity & Traditional Knowledge at Risk: Impacts of Modern Technology & Intellectual Property R Neth C Daño	0
WTO & Timber Trade: Forest Resources for Whom?  A Paige Fischer	40
Information Monopolies & the WTO  Roberto Verzola	57
War Over Water: 'Water Flows Uphill to Money' Vinod Raina	64
The Impact of Globalisation: Marginalisation of Hong Ko: Wong Hung	-
Rescuing Free Trade from the WTO Hui Po-Keung	86
Beyond Seattle	as

### PART B Indonesia & the Reformasi

	Reflections on the Indonesian Women's Movement	
	After Reformasi: Roundtable Discussion	
	Melani Budianta	4
	Indonesian Women Move On:	
	From Economic Crisis to the Political Arena	
	Carla Bianpoen 11.	3
	Women as Victims vs. Women as Fighters:	
	Redressing Asymmetry in East Timorese Discourse	
	George Junus Aditjondro	6
	200.80 30.000	
	Workers' Movement in the Struggle for Democracy	
	Alex Supartono	б
		_
	Land Without a Ruler: Social Resistance	
	& Spread of Ethnonationalism in Aceh	
	Nezar Patria	1
	,	
	Edging Modern (Indonesian) Ironies	
	Budi Susanto S.J	8
	•	
PAR	T C	
Vict	ims of Development in Asia	
	Vietnam in Development: Advances & Challenges	
	Nguyen Minh Luan & Le Thi Nham Tuyet	8
	•	
Con	tributors for this Issue 170	J

### Introduction

### HARSH SETHI

### Α

THE SUPERCESSION of the GATT framework by the WTO (World Trade Organisation) involving an expansion of earlier agreements on trade and tariffs to include within their ambit services and agriculture, financial and investment flows and intellectual property rights alongside a new dispute resolution mechanism, has integrated the world as never before. In theory, the establishment of a regime of free trade and competition is expected to enhance growth and prosperity, including for the capital and technology poor countries of the South. In practice, however, the feeling persists, in fact is growing, that the arrangements being set in place, often with the connivance of regimes from the South, will further tilt the economic power balance in favour of countries of the North, multinational corporations and banks as also private fund operators. Further, it is argued that the provisions of the WTO will serve to pry open the hitherto 'protected markets' of the developing nations, lead to widespread closures and dislocation of both manufacture and agriculture and thereby deepen poverty and inequality. Not unexpectedly, this negative if not alarmist view is not shared by the experts of the leading think-tanks of the North as also of multilateral institutions like the IMF and World Bank.

The previous decade has witnessed a widening and deepening of protest, within nations and in global fora, against this planned imposition of structural inequality. Seattle, in Washington State, headquarters of the Microsoft Corporation, played host to an inter-ministerial meeting of the WTO – billed as the millennium round of discussions. Much to the organisers' surprise, Seattle will be more remembered as the site of the first 'substantial' global protest against the WTO bringing together scholars and activists of both the South and the North in alliance against the provisions of the WTO. The first section of this issue of Asian Exchange brings together a range of articles highlighting different aspects

of the WTO and the Seattle protest, based on presentations at an ARENA organised workshop *Beyond Seattle: Challenges for the New Millennium*, held in Hong Kong in mid-2000.

Ward Morehouse provides a personal perspective of the Seattle protest. As one arrested by the local police and charged with 'obstructing' and 'assault', Morehouse remains upbeat with the participation at Seattle as also the symbolic victory scored by 'The People's Tribunal on Corporate Crimes Against Humanity'. His note foregrounds the 'undemocratic' nature of the WTO regime, in particular how the legal structures undermine the right of communities, peoples and nations to evolve their own laws 'to control their own labour, spend their natural wealth, use their property, conserve their resources, structure their communities, define their institutions, choose their technologies. Backed by the military power of governments controlled by men of property (especially by the United States), the WTO is about enabling a few to rule over multitudes.' More important is his plea, as a North-based activist, to his compatriots 'to get out of the way of Southern NGOs and popular movements so that the latter can define their own agendas and priorities for action.'

Dinesh Abrol, an activist of the Indian National Working Group on Patent Laws, feels that the protests of the citizens of the North and the governments of the South regarding the lack of transparency, openness and participation at Seattle have handicapped both the US and EU blocs in pushing through their non-trade proposals in the WTO. In his assessment Seattle above all was a reassertion of national sovereignty against MNCs, viz. regarding attempts to link labour standards to trade. He warns against the divisions afflicting the developing world, in particular the position of countries like India, who see a better future in linking up with the North as junior partner than in lateral unity.

Neth C. Dano discusses the new forms of intellectual property rights arising from developments in genetic engineering, given that biodiversity remains concentrated in the South while technology to manipulate biological resources is located in the North. It is imperative that attention be directed at IPR regimes that permit Northern firms to monopolise the use, reproduction and commercialisation of their inventions based on resources generated from the South.

The essay by Paige Fischer on timber trade and Roberto Verzola on the information sector further amplify the inequalities built into the WTO system. Fischer shows how trade policies being negotiated at the WTO benefit corporations at the expense of forest ecosystems and communities. Instead, what is needed is trade restriction on sensitive tree and forest species, unprocessed wood products and products that carry disease and pests. Unfortunately, rather than evolve policies that subserve ecology, increasing liberalisation through the Global Free Logging Agreement is shifting focus on generating revenues from the paper pulp and building industries, the maximum pressure coming from the US, EU, Japan and China. Fischer does not argue that international trade per se is destructive

for forests. Instead, what we need to work on are which regulations to eliminate and which to retain, in particular by bringing together activists, academics and forest protection and community groups to better define the terms of fair trade and sustainable commerce.

Roberto Verzola's paper highlights the specificity of an information good — the fact that most costs are bunched in the processes of initial production and subsequent reproduction costs are very low. More than other sectors, it is here that the conflicts over patenting regimes are most concentrated with IPRs working like information monopolies. He identifies two categories of 'cyberlords' — those controlling software and those hardware and earning incomes as rent. The WTO subserves their interests.

Since the information economy involves high initial costs as also high returns, a legal regime that provides protection to patent holders ensures a permanent and deepening divide between information rich and poor nations. More so since the costs of transactions remains low. The desirable strategy, therefore, is to oppose privatisation and fight for public domain information content, tools, facilities and infrastructure.

In a similar vein, the article by Vinod Raina highlights the potential of serious conflicts over water as this resource, once part of the commons, is slowly being converted into a commodity to be available at a price, partly as a result of the new pressures released as a consequence of globalisation. Never before was water a traded good, thereby at risk from the new WTO regulations which 'uphold the rights of commerce over those of environmental protection'. With the emergence of private multinational firms dealing with water, it is not inconceivable that a natural resource, now commodity, may become a new bargaining chip in the restructuring of the world order.

Wong Hung's paper examining the impact of globalisation on Hong Kong labour shows that with the increasing integration of Hong Kong's economy with South China, the city has experienced a shifting out of manufacturing, a growth in unemployment and an escalation of job insecurity. Not only has the unemployment rate increased from under 2 percent to 6.3 percent in the decade of the 90s, wage levels have remained stagnant, leading to deteriorating absolute and relative poverty. The financial crisis of 1997 too affected the low-end workers more. The increasing mobility of capital has accentuated the marginalisation of labour, in part because while capital is internationalised, labour is not.

So far the papers discussed highlight the structural inequalities encoded in the WTO arrangements. They also seek to advance safeguards for poorer communities and nations against corporations. Hui Po-Keung's essay takes a different tack in seeking to disabuse us of the notion that the WTO arrangements are designed to facilitate free trade. Instead he presents a more complex and nuanced argument that the trade regulatory mechanisms offer greater freedom only to large corporations. The guiding principles of WTO – non-discrimination, reciprocity, market access and free competition – are not necessarily compatible

with free trade. For instance subsidies and grants, under WTO guidelines, are seen as committing unfair trade. But construction of infrastructure which reduces costs for corporations is not. No wonder infrastructure-rich countries gain over poorer ones.

Hui argues for a historical and contextual reading of the discourse on free trade, as also the need to distinguish capitalism from the market, particularly since the markets remain marked by monopolies. He thus advances the case for strengthening alternative market institutions – ones which recognise that more than an economic system 'markets, commodities and money are complex sociocultural relations'. Unless we seek to re-infuse these richer meanings into the market, and realise that trade and exchange is not only for multiplying profits but also for deepening social relations, we will be giving up on the liberatory potential of the market. Alternative systems like the LETS in Britain, HOURS in Ithaca, US, the Barter Club in Argentina, the Tlaloc alternative money in Mexico seek to do just this.

We end this section with another article by Walden Bello and Marissa de Guzman reassessing the significance of Seattle. They argue that Seattle was able to expose the WTO as an 'American brainchild', as also the fact that it serves corporate interests. Further, that reforming the WTO is a fruitless exercise. What is needed is a decentralisation and deconcentration of institutional power, the creation of a more pluralistic system of checks and balances.

As of the present, it does appear that the Bello et al position remains a marginal one; that while aware of the inequalities inherent in the WTO system, most governments seem convinced that opting out of the system would mean further marginalisation. Even countries with a large home market – China, India, Russia, Brazil – seem resigned to seeking better terms within the system rather than mount a fundamental challenge. It thus remains the project of civil society organisations and networks of scholar-activists to both deepen their understanding and critique of the global dispensation as also indicate viable routes to the construction of alternatives.

### В

Since the mid-90s, Indonesian state and society have been marked by a crisis which, despite the formal assumption of democratic rule and the overthrow of the 'military dictatorship' of Soeharto (1965-97), shows little sign of easing. Evidently, the systems set in place after the civil war of 1965, resulting in the massacre of thousands of people accused of being communists and the promulgation of a 'new order', remain resilient. Contemporary Indonesia faces serious challenges – recovering from the financial crisis of 1997 resulting in a near bankruptcy of the state; severe devaluation and widespread unemployment; creating a modern civil society after decades of authoritarian rule based on an alliance of the military and traditional oligarchies; and somehow preserving the 'unity and integrity' of the nation-state from movements demanding

'independence' in Aceh and Irian Jaya, communal conflict between Christian and Muslim communities and the emergence of East Timor as an independent nation-state.

To weather these strains and challenges with a weak regime (the President faces charges of corruption and possible impeachment) at the helm, the military backed Golkar party waiting to resume power, and an agitated citizenry suffering the excesses of structural adjustment and reform which foregrounds international investor confidence over the basic necessities of the people, is difficult. And yet, the destabilisation of Indonesia would mean hardship not just for its citizens but the entire region. Transitional states impose the greatest strain on those inequitably located in the power spectrum – in particular women, children, minorities and the labouring poor. The collection of papers included in this issue of Asian Exchange attempt to capture the contemporary flavour of the Indonesian situation.

Melani Budianta discusses the present situation in the country in relation to issues of culture and gender, in particular the 'new order' concept of internal security and the efforts by women to redefine it. For long, the notion of security in Indonesia was the spin-off of the 1965 civil war and the crackdown on alleged communists. It placed severe restrictions on civilian space for creativity and critical aspirations. Combined with a deeprooted fear of disintegration, given Indonesia's multi-cultural society, what governed the country as ideology was Javanese ethnocentric militarism. The economic crisis of 1997 exposed the illusionary nature of this security.

Conflicts arising out of internal crisis almost invariably target women, more so those from minority cultures. The regions of Aceh, East Timor and West Irian all faced repression, including mass rape of women. Fortunately, women's groups mobilised a strategy countering the dominant discourse of partisanship and stressed ecumenical peace and tolerance. This, for instance, was the dominant message of the All Aceh Women's Conference in Banda Aceh (February 2000). Despite sharp political differences between pro- and anti-referendum groups, the women sought to structure alliances across ethnic divisions. They also sought to highlight the role of women, not just as victims, but as active agents in promoting their own future. The importance of such moves in a masculinist/patriarchal society can hardly be underrated.

The round table discussion of six Indonesian women activists reflect similar tensions when assessing the status of the women's movement in the country. Since critical self-activity was severely curtailed in the past, 'traditional' women's organisations were not just confined to a developmentalist space, their language mirrored the dominant concerns of the state. Most others were forced to operate underground. What is significant is that the easing of political restrictions has led to a flowering of self-activity not just in large cities but the rural areas. Equally, women's groups are breaking out of ethnic confines.

Nevertheless, there is concern about the difficulties in breaking the male

stranglehold over formal politics, as also reconfiguring the political space and imagination to incorporate everyday concerns of common women – a challenge faced by women's groups all over the world. It is significant that in a short space of three years, the movement has sought to combine creative protest with advocacy for structural changes in the legal domain.

Carla Bianpoen's essay develops these themes by explicating how the women's movement in Indonesia has sought to occupy the political space. Though the woman candidate for Presidency, Megawati Sukarnoputri, was denied the chair, despite her party winning the largest share of popular vote, she did become Vice-President. The importance of this in a traditional Islamic society should not be underestimated. Further the women's groups, through active advocacy, were able to establish a 20 percent quota for women in all reconstruction projects. Significant too was the observance of the International Women's Day (8 March) where women from a multitude of groups and persuasions came together.

The Indonesian experience proves that social barriers to participation, including those of gender, do loosen up at times of crisis and in struggles against repression. Whether the solidarities achieved go beyond the transitional and become durable remains to be seen. The East Timor case, examined by George Junus Aditjondro, shows how difficult it is to alter the image of women as victims, even in radical groupings inspired by liberationist ideologies.

It is instructive that the Indonesian struggle for democracy and reform has paradoxically weakened the workers' movement, with labour demands not featuring in the student and other middle-class agendas. Issues of low wages, lay-offs and bad working conditions are hardly discussed, despite a widening of worker protests. If anything, while other democratic struggles enjoy space and credibility, worker agitations are met with repression. Unless the Indonesian Reformasi is able to move beyond its middle-class orientation, the movement's ability to resist the economic restructuring programme initiated by the Bank-Fund will remain in doubt.

The next paper by Nezar Patria examines the concurrent growth of political radicalism and ethnonationalism after the revocation of the military operation zone (DOM) in Aceh. While the political radicalism owes much to the student movement which is demanding political and legal accountability for human rights violations, the simultaneous growth of the demand for a referendum for independence has fuelled ethnonationalism, particularly since the Free Aceh Movement (GAM) draws heavily on traditional Islamic resistance under the leadership of the Ulema.

The GAM bases itself on the memory of the province's resistance to Dutch colonialism in the late 19th and early 20th centuries. Pride in the history of resistance, the glorification of Aceh as an Islamic centre and the growing feeling during the Soeharto years that the region's liquid natural gas resources were being exploited by the Javanese leadership, has contributed to the urge for freedom. The danger is that the demand for secession invites repression by the

centre; the growing violence can lead to a militarisation of the political community. The stage is being set for a civil war situation wherein common people can get crushed between opposing militaries. The challenge before all democratic forces is how to contain violence and open up civilian political space for dialogue and reason. Otherwise the province may well slip into a cycle of violent repression and resistance.

Indonesia is currently passing through exciting but troubling times. After decades of authoritarian rule under a Java-centred, militaristic regime imbued with a patriarchal Islamic ideology, political freedom associated with a 'democratic regime' comes accompanied by deep ironies. It is, for instance, clearer that the pressure on Soeharto to step down and for the transitional President, Habibie, to hold elections came as much from the military seeking to negotiate a new social contract as from the people's upsurge. The greater danger is the continuing mismatch between formal freedom and traditional structures of economy and governance. Global interventions, in the form of a neoliberal structural adjustment programme promoted by foreign donors too does little to address the everyday problems of the common citizenry wracked by poverty and unemployment.

Budi Susanto's paper examines these and other ironies thrown up by the changing contours of the Reformasi movement and seeks to explore the current Indonesian crisis through the prism of popular culture. For instance, the anticolonial movement against the Dutch rulers was hegemonised by a narrow notion of nationalism and state-centred economic planning. Post 1965, this was complicated by the role of the military which assumed permanent responsibility both for national security and socio-political-economic development. Not surprisingly, rather than the emergence of a vigorous political community of citizens, what crystallised was a patron-client system and crony capitalism with the masses effectively fragmented and alienated from the state.

Susanto argues that when thinking about politics is incorporated into either a morality play or reduced to activities related to dirty tricks, intrigue and gossip alone, both the floating mass, the *massa rakyat*, and the middle class start imagining politics to be other than their self-activity and become complicit in relegating it to the rulers. The media further reinforces this feeling by foregrounding the implicit violence in society and focusing on the activities of the criminal under-class. Soeharto cleverly utilised this feeling by constructing the Chinese in Indonesian society as not only wealthy (immoral) but responsible for flaming desires amongst the masses. Little surprise that the violence perpetrated on the Indonesians of Chinese descent met with limited disapproval.

Indonesia, he argues, is not a developed democratic society in which civil rights and obligations are taken for granted, at least partly because of a paternalist order. What thus is needed is a social movement which mobilises people of different social classes to develop trust in each other to be able to communicate and act collectively.

C

Finally, there is an extract from a collection of country studies which is part of an ARENA book project documenting processes of victimisation due to development. The book is in the process of being written. Transiting from a socialist planned economy to one based on 'socialist market principles' involves traversing a tortuous path. For Vietnam, the process has been doubly difficult given the long wars for independence and re-unification, involving probably the most intense aerial bombing suffered by any nation in the 20th century. Nevertheless, as Minh Luan and Le Thi Nham Tuyet, point out, the culture of collectivity forged under an able political leadership, helped the country weather the vicissitudes of the transition. The growth rates in different sectors, following the 1975 peace accord with the United States, have been impressive, often exceeding plan targets. The country was even able to survive the twin shocks first the collapse of the socialist economies in the early 90s, though at great cost to the populace. The challenge, however, remains - economically to marry freemarket principles with objectives of collective welfare, and overcoming the continuing effects of war - drugs, prostitution and ecological ravaging caused by the bombardment. How Vietnam will fare remains a matter of great interest to all those seized of the fate of poorer nations in a globalising world.

# Beyond Seattle: Challenges for the New Millennium





Mural used in the November 30, 1999 mass protest in Seattle. (photo courtesy of the Independent Media Center)  $\,$ 

### The Battle of Seattle: One Protestor's Perspective

WARD MOREHOUSE

### The Week that Was

There is little doubt that for activists with many different stripes, Seattle was the place to be during the week-long ministerial meeting of the World Trade Organisation at the end of November and beginning of December 1999. And so they came from all over the world. No one really knows how many. I would guess between 30,000 and 50,000 but enough to shut the WTO down on the opening day of the meeting.

### My Own Role

I was largely occupied on November 27 and 28 before the formal WTO session began with organising a Global People's Tribunal on Corporate Crimes Against Humanity. Endorsed by People's Global Action, the Program on Corporations, Law and Democracy and the National Lawyers' Guild (US), the Tribunal concluded after two days of hearings that there was 'probable cause to believe' that five major corporations had committed 'crimes against humanity' as defined under International and Canadian Law. The five corporations were Cargill, The Gap, Shell, Union Carbide and Unocal.

The Tribunal, constituted as a grand jury, issued indictments of the five corporations for 'crimes against humanity'. 'Probable cause to believe' is the standard test used in US criminal courts to determine whether there is sufficient evidence to sustain a formal charge or indictment.

On November 29, a number of participants in the Tribunal marched on the Convention Centre where the trade ministers were meeting. Two of us – myself and Cheri Honkala of the Kensington Welfare Rights Union in Philadelphia and a leader in the movement to organise poor people in the United States politically

-sought to enter the Centre to serve citizen arrest warrants on the trade ministers of the G-7 major industrialised countries for aiding and abetting these corporations in the commission of these crimes. (See page 22 for the text of the Citizen Arrest Warrant.)

We were promptly arrested by the Seattle police and charged with 'obstructing' and 'assault'. We were released the next day after posting bail. The assault charge apparently has since been dropped, perhaps because the police know that our arrest was videotaped by an independent producer and by NBC's Nightly News with Tom Brokaw. Our ordeal is not yet over as we must stand trial on March 14, 2000. (On March 16, 2000, the Seattle municipal court judge dismissed the charge of obstructing a police officer against Ward Morehouse and Cheri Honkala – Ed.)

### The Larger Issues

Did the protestors change the course of history in Seattle? Time alone will tell, but I think the answer at this stage is Yes and No. Shutting down the WTO on its opening day was a symbolic victory for people all over the world opposed to corporate-driven globalisation and the growing dominance of the global political economy by a handful of giant corporations larger than most nation-states. The ten biggest corporations in the world have combined gross incomes of \$1,254 billion, dwarfing Indian gross domestic product of \$294 billion and already one-fifth of the US GDP of \$6,688 billion, by far the world's largest national economy (1996 figures). Popular resistance is stiffening to a profoundly undemocratic world trade and investment regime effectively controlled by global corporations. That resistance on the streets of Seattle may have also contributed to the 'failure' of the WTO Ministerial Meeting.

On the other hand, the structures of power which led to the creation of the WTO and whose interests it serves are still there, and working in collusion with the G-7 governments they dominate, global corporations will regroup and press forward with their agenda in other forums if they decide the environment in the WTO is just too difficult. Indeed, a major purpose of the People's Tribunal on Corporate Crimes Against Humanity was to focus attention on the underlying reality of corporate-driven globalisation, recognising that the WTO is a symptom, not the cause, of worldwide discontent.

In the United States, furthermore, the problem is even more acute. Corporations for the last century have been insulating themselves from effective democratic control by the people through the courts and legislative bodies. We already have a wto-style regime in place within the US. This thesis is further discussed below. Because of the sheer size of its economy and its enormous political power, the US is bound to be a major obstacle to building more democratic processes and institutions at the international level.

On the subject of labour standards and whether they belong in the WTO, the first task for the US is to put its own house in order by making certain workers are no longer denied their constitutional rights of free speech and association

(i.e. the freedom to organise unions) in the workplace. These rights are widely denied by corporations which routinely break the law with impunity.

The United States must be recognised for what it is — a plutocracy, effectively governed by the rich and powerful, not a democracy as it claims to be. Its undemocratic character has helped to turn the WTO, despite the principle of one nation/one vote, into an anti-democratic body. Contributing to the same end is the often collusive relationship between global corporations and Third World governments.

### On Violence, Nonviolence and Civil Disobedience

While the protestors in Seattle embraced many different causes, they shared a commitment to democratic process. And, of course, there were some rabble rousers intent on being disruptive but there were also many distinguished voices of dissent from human rights, environmental, religious and other arenas of citizen concern and engagement from all over the world.

Among practitioners of civil disobedience, there is a difference of viewpoint between violence against persons to which all who profess a commitment to 'nonviolence' are steadfastly opposed and violence toward physical structures that are symbols or instruments of repression. To the best of my knowledge, there was not a single case in which protestors inflicted physical harm on the police or anyone else, including delegates to the WTO meeting. Acts of civil disobedience were conducted nonviolently and peacefully. Destructive behaviour was limited to a handful of protestors who nonetheless confined themselves to physical objects which they saw as symbols of corporate dominance.

But the behaviour of the Seattle police is another matter. They were the ones who used violence on the protestors with tear gas, pepper spray and rubber bullets. And how ironic that Cheri Honkala and I should be charged with assault for a peaceful act of civil disobedience – a charge we intend to fight if it is restored.

### The WTO, the US Constitution, and Self-Government<sup>1</sup>

If WTO disappeared tomorrow, many people in other nations would feel a bit of relief. But nothing fundamental would change in the US. This is because corporations already have the special privilege (which lawyers call their 'right') to make basic governing decisions. WTO or no WTO, corporations are protected by the US Constitution, Supreme Court, and, therefore, the police, army, FBI, and other institutions of government control.

Outside the United States, WTO decrees inflict great harms upon human life and biological systems. US activists have a continuing responsibility beyond Seattle to support efforts by activists from other lands to neutralise and abolish the WTO.

After Seattle, US activists are left with a formidable challenge: to identify and undo over 200 years of constitutional doctrines and laws designed to clothe

corporate property with the power of government.

Here is one example of how these doctrines work. A few years ago a Massachusetts people's movement got a law passed banning state officials from buying goods or services from corporations trafficking with Burmese dictators. Corporate directors did not like this public assault upon their 'rights'. But they did not have to summon the WTO into action. Why?

Because men of property in the US have long relied on the federal courts as their very own safety net. So they expected federal judges to nullify this law. And these judges did not disappoint, saying simply that it was beyond the authority of the Massachusetts people to legislate such matters.

The US has a long history of corporations vetoing people's laws and making their own. And the idea of merchants using some kind of world trade organisation to do this work is nothing new. Towards the end of the 17th century, a new class of merchants — architects of the expanding British Empire — realised their need 'to create or adapt agencies to enforce British law on the one hand and restrain colonial legislatures on the other.' So they set up a Board of Trade and Plantations to 'scrutinise (the) colonial economy with an eagle eye... (and) recommend... with firm insistence the annulment of objectionable bills passed by colonial legislatures.'

The American Revolution unleashed a great democratic spirit. This led to struggles between the more-propertied and the less-propertied. In a number of states, activists were able to qualify more white men to vote, increase the authority of lower legislative house, lessen the ability of creditors to milk their debtors forever and ever, and limit the veto powers of governors and judges.

This, of course, is not what the wealthy, landed men who helped lead the revolution had in mind. They were, after all, a small minority of 20 percent: European and colonial class structures had already defined the majority – women, slaves, Native peoples, indentured servants and workers in general – as non-legal persons... indeed as property. So in self-defence, Washington, Hamilton, Madison and other leaders of this minority wrote and fixed in place a Constitution 'to contain the threat of the people rather than to embrace their participation and their competence.' Committed to 'preventing popular liberty from destroying itself' because 'the anarchy of the property-less would give way to despotism,' they made it extremely difficult for the majority to use the Constitution to make basic changes in law even if and when they should ever win the civil and political rights of persons.

In addition, these federalist founders defined decisions about investment, production, labour and technology as private property 'rights'. They believed such decisions were proper matters only for the wealthy landed gentry and commercial class (the corporate managers of today). Accordingly, at the 1787 constitutional convention in Philadelphia, federalist delegates manoeuvred a leap from the Articles of Confederation – which had kept power and authority in state legislatures – to a totally new Constitution erecting a powerful central

government. In the Constitution's commerce clause (article 1, section 8), they forbade majorities, through state legislatures, from making rules for production, commerce and trade.

And to appointed Supreme Court justices, they gave the authority of kings.

So when today's corporate managers assemble at a meeting of the World Trade Organisation, it is in this triumphant federalist tradition that they deny legislatures representing communities, states, provinces and national governments, the right to make decisions over what shall be produced, where it will be produced and who shall produce it under what conditions.

Critics have properly identified the Seattle WTO meeting as an illegitimate global constitutional convention. US activists can now recognise the US Constitution as the first North American Free Trade Agreement (NAFTA). Sent to Philadelphia by their states to address some problems of interstate commerce under the Articles of Confederation, the delegates pledged themselves to secrecy. Once behind closed doors, they replaced the Articles with a new plan... and denied the public any details about their deliberations for five decades. Their constitution turned a cooperative venture among sovereign states into a setup where Congress would decide commerce, an unelected Senate would approve treaties, a Supreme Court would dictate the law of the land, and an indirectly-elected president would command a standing army.

There are many similarities in the critiques put forward by the foes of the 1787 Constitution and by those of today's corporate WTO:

- Ultimate authority to govern should be in the hands of elected legislators meeting in decidedly public processes, not of appointed judges;
- Government should promote democracy, community and public virtue, not special privileges for the few, not a commercial empire based on accumulation of wealth; property should not translate into privilege and political power;
- Communities and states should not give up their authority to distant, absentee rulers... especially to an appointed Supreme Court or to tribunals of corporate lawyers and trade bureaucrats;
- The majority must be able to amend bedrock doctrines and laws without waging a revolution every time they do so;
- Mechanisms must exist to cut out of the body politic all institutions which improperly seize property and governing authority, or cause vast harms.

Critics of the Constitution were overpowered and outmanoeuvred and finally yielded when promised a Bill of Rights. When spotlights on global production and trade deals reveal the US Constitution as the first NAFTA, the Bill of Rights stands exposed as the first diversionary 'side agreement'! This is because, just as the labour and environmental 'side agreements' did not alter NAFTA's basic undemocratic design, the Bill of Rights did nothing to change the very specific

language of the Constitution which empowered the propertied minority to rule.

For two centuries, people have sought to use these first 10 amendments to gain their rights and stop assaults by the wealthy and powerful. But to this day, the courts have not used the Bill of Rights to protect people from entities defined as 'private' – such as corporations. That is why, for example, workers on corporate property enjoy no Bill of Rights protections such as freedom of speech and assembly.

The surface language of the US Constitution is about We the People, delegated authority, consent of the governed, the blessings of liberty. But the coercive power of the Constitution is directed to limiting authority of the majority to make the rules for governing the US.

The surface language of the WTO is about the free trade of goods and services across national borders. But the coercive power of the WTO is directed to limiting the authority of the majority in every country to govern – that is, to control their own labour, spend their natural wealth, use their property, conserve their resources, structure their communities, define their institutions, choose their technologies. Backed by the military power of governments controlled by men of property (especially by the United States), the WTO is about enabling a few to rule over multitudes.

### The Consequences of Globalisation from Above: A Human Rights Crisis

The increasing concentration of economic and political power in the hands of giant global corporations has been thrown into high relief. One perspective comes from Vic Thorpe, General Secretary of the International Federation of Chemical, Energy, Mine and General Workers Unions, who has analysed the impact of this phenomenon on industrial workers worldwide in a series of articles in *ICEM Info*, the magazine published by the Federation. He observes that almost all sectors of international trade are now 'characterised by the dominance of five to 10 multinational corporations which control 60-70 percent of world trade output and 50 percent of world output in the sector – sometimes even more.' (*ICEM Info*, 4-1997, p.10)

This condition of oligopsony – the presence of only a few dominant purchasers in the market – leads him to conclude that:

The dynamics of modern market forces do not derive from the power of economics but from the economics of power. The single-most dominant market force is the corporation. In the same way the global process that we are witnessing is not the power of globalisation but the globalisation of power (emphasis implied).

This globalisation of power has led to awesome concentration of wealth and galloping inequality throughout the world. In the 90s, 55 nations saw real per capita income decrease. The world's 200 richest individuals, meanwhile, saw

their assets more than double to \$1 trillion. Over 1.3 billion people in the world now live on less than \$1 a day, and close to one billion of these people cannot meet their basic daily consumption requirements.<sup>2</sup>

The three richest Americans now have combined net worth greater than that of 41 of the poorest countries and 550 million people. As yet another manifestation of this galloping inequality, the ratio of income going to the CEO and the lowest-paid workers in large US corporations has increased from 42:1 in 1980 to 419:1 today.<sup>3</sup>

This enormous increase in inequality among persons has been paralleled by an accelerating concentration of wealth and power in the hands of giant global corporations. The increase in capital assets by the top 200 corporations, measured as a share of world GDP, is stunning: from 17 percent in the mid-60s to 24 percent in 1982 to over 32 percent in 1995, the last year for which we have these numbers. Five years later that percentage, given the epidemic of mergers and acquisitions among the largest corporations, is almost certainly much greater still.

While the massive presence of these giant corporations may be a relatively recent phenomenon, their impact on the world scene is not new. Since the 17th century, colonial trading corporations such as the East India Company and the Africa Company have mounted major attacks on the rights of human persons. Creations of government, these corporations have systematically used the special privileges and legitimacy bestowed by government to assault people and place them under custody of law, backed by force and violence of the state.

Global business corporations today also govern – illegitimately. They are much greater in size and in their capacity to overwhelm those who would proclaim the 'moral authority' of international instruments like the Universal Declaration of Human Rights. These corporations, like their predecessors in previous centuries, are creations of governments. But because of their vast aggregations of capital, of property both tangible and intangible, they wield enormous political power and are beyond meaningful control by the very governments that created them.

In the last half century there has been a fundamental shift in the global political economy from a state-centred system to one dominated increasingly by giant corporations.

Most of the assaults by global corporations on life, liberty and property are considered legal, even necessary and essential, and so are rarely defined as grievous assaults on human rights. These corporations have propagated systems of values, thought, and law which favour the rights of property and capital over the rights of humans, including the rights of people to own property and their own work, to be in charge of themselves. A century of legal precedent in the United States, essentially unchallenged, is now being spread around the world through corporate control of information, penetration of education and codification of law in international trade and investment agreements such as the

WTO, NAFTA, and the proposed Multilateral Agreement on Investment.

Fashioning responses to these assaults on human rights requires clear understanding of the extent to which giant business corporations violate human rights, not just by visible pollution, sweatshops, use of child and prison labour, and destruction of livelihoods of indigenous peoples but more subtly by infiltrating and subverting governments. We must help people to see that their human rights have been violated when corporations conspire with governments to write rules, to define values, to propagandise people's minds, and to deny people their fundamental right to self-governance.<sup>5</sup>

### What Next

This is, as I understand it, the central task of the ARENA Workshop on the WTO so I shall make only brief comments, some of them seemingly self-evident from the foregoing analysis. From whatever understanding that analysis yields will flow frameworks for designing effective strategies for global mass action to contest corporations' authority to govern. The first task is redefining people's struggles for human rights as struggles for self-governance. From that critical vantage point, we can go on to defining human rights as superior to the rights of capital, to defining the corporation as subordinate in democratic societies and to eliminating special privileges usurped by corporations over the last century – from perpetual existence to limited liability.

Another crucial step is to insist that governments dominated by large corporations and international organisations of these governments stop lying about the presumed benefits of 'globalisation and interdependence.' Consider this observation from Yash Tandon of the International South Group Network to the recent Bangkok session of United Nations Conference on Trade and Development (UNCTAD):

There is no proof that Globalisation has opened new opportunities for the development of the peoples of the South. The missing adjective here is 'Corporatist'. Contrary to the statement in the Draft Plan of Action [for UNCTAD X Assembly in Bangkok], there is increasing evidence that Corporatist Globalisation has resulted in further marginalisation of the poor of the world, further impoverishment of the developing countries and even more so of the least developing countries, and further polarisation of the world between the rich nations and the poor nations, and within nations between the poor and the rich... .

As a representative of an NGO not involved in the negotiations, I can be bold enough to say that this statement [on the alleged benefits of globalisation] is based on a lie.6

We need to recognise that if the state of the struggle for achieving selfgovernance and ending corporate rule is the degree of concentration of wealth and power, we are losing ground and losing it rapidly. Hence the imperative for international solidarity among popular movements and other democratic forces is all the greater. But if it is to have any impact, such solidarity must move beyond rhetoric to action.

Within this context the main task for Northern activists generally and US activists in particular is to do whatever it takes to get oppressive, anti-democratic global corporations largely based in the North off the backs of the rest of the world.

Northern activists, however well intentioned they think themselves to be, need to get out of the way of Southern NGOs and popular movements so that the latter can define their own agendas and priorities for action. This, I take it, is the challenging task before the ARENA Workshop on the WTO.

### **ENDNOTES**

- 1 Adapted from the Fall 1999 By What Authority, a collective effort by POCLAD (Program on Corporations, Law, and Democracy) workers, the initial draft of which was largely done by my colleague and POCLAD Co-Director, Richard Grossman.
- 2 For these and other data on the consequences of corporate-driven globalisation, see United Nations Development Programme, Human Development Report: 1999 Human Development Report, New York and Oxford: Oxford University Press, 1999.
- 3 Too Much, a quarterly newsletter on capping excessive wealth and income jointly published by United for a Fair Economy and the Council on International and Public Affairs.
- 4 Frederick Clairmont, Economic and Political Weekly, (complete citation to be supplied).
- 5 This discussion of the impact of corporate power on human rights is adapted from Ward Morehouse and Richard Grossman, 'Demanding Human Rights to Fight Corporate Power', January 1999 (prepared for Transnational Resources and Action Centre, San Francisco and reprinted in the Bombay periodical *Humanscape*.
- 6 Yash Tandon, Director, International South Group Network, Statement to UNCTAD X, Bangkok, February 2000.

### Citizen Arrest Warrant for G-7 Trade Ministers at WTO in Seattle

We, the undersigned participants in the Global People's Tribunal on Corporate Crimes Against Humanity [of which I was the principal organiser], hereby issue this Citizen Arrest Warrant for the Trade ministers of the Group-of-Seven leading industrialised countries (Canada, France, Germany, Italy, Japan, United Kingdom, and the United States) for their role as accomplices after the fact in the commission of crimes against humanity by some of the world's leading corporations.

The human rights and environmental records of five of these corporations have been examined by this Tribunal, constituted as a grand jury, and indictments issued, based upon probable cause that they have committed such crimes defined under international and Canadian law as meaning '...murder, extermination, deportation, persecution or any other inhumane act or omission that is committed against any civilian population or any identified persons... and that... constitutes a contravention of customary international law or conventional international law or is criminal according to the general principles of law recognised by the Community of Nations' (emphasis added).

The evidence submitted to the Tribunal on these five corporations — Cargill, The Gap, Shell, Union Carbide, and Unocal — repeatedly reflected the existence of an agency relationship between major corporations and their home country governments in which government policies and actions have protected and advanced the interests of the corporations, even and often at the expense of violations of internationally recognised human rights and environmental standards. These interests have also been protected and advanced by the international trade and investment regime established and being extended by the World Trade Organisation.

Hence, the issuance of this Citizen Arrest Warrant for the trade representatives of the G-7 governments as the principal officials of those governments responsible for the structuring and operations of the WTO.

# The Seattle Myth & the North-South Divide: View from the South

DINESH ABROL

### Introduction

This paper analyses the developments related to the World Trade Organisation (WTO) negotiations in Seattle in the context of the divide between North and South. It lays bare the real meaning of the collapse of the WTO negotiations from the standpoint of the people of the South. It evaluates the proposals of the WTO members in respect of the implications for the power of elected governments to regulate the transnational monopolies in the interest of their own respective peoples' interests. It examines the post-Seattle negotiations from the standpoints of people and government in both North and South. It evaluates the prospects of achieving a convergence of views on the WTO agreements among the people of the world as a whole. Finally, it outlines the vision for a reform of the WTO and discusses the strategy for achieving this reform through the development of an international people's movement for world development.

### Seattle in the Context of the North-South Divide

The WTO meeting in Seattle will be remembered for the protests of citizens of the North on the streets of Seattle, the complaints of the governments of many Southern countries regarding lack of transparency, openness and participation, and the collapse of the talks without any kind of agreement. Most activists have been quick to hail the Seattle meeting as a new conjuncture. The discussion is on how right they are and what kind of impact the world can expect from all these developments.

Going by the Indian experience of the assessments of the Seattle developments, the big business in India has been completely dismissive of the NGO viewpoint. Its advice to the Indian government has been not to be bothered by these

developments and to stick strictly to the track of gaining market access. Later in this paper we discuss this viewpoint in detail.

Speaking for the National Working Group on Patent Laws, it is our reading that although the NGOs could be faulted for overestimating the Seattle factor's strength, but to be totally dismissive of it would also be a wrong assessment. In Montreal and Brussels the protests by the citizens of the North and the resentment of the Southern governments over the procedure were not even a factor. It is our view that the Seattle factor would be able to play a useful role if only we pursue properly the track of Seattle developments. It is our understanding that the protests and complaints made a difference to the state of the play in the Seattle meet. Both the blocs, the US and the EU, appeared to be somewhat handicapped this time. They had a lot of difficulty in pushing through with the South any of their new non-trade proposals on to the WTO agenda. The Northern governments were certainly baffled by the intensity of resentment that had built up among the Southern governments, particularly in the countries of Africa, the Caribbean and Latin America, over the procedure of participation. The concessions that the EU and US were wanting to make to each other became difficult to exchange in the face of the combined impact of the severity of protests of both - the Southern governments and the Northern citizens.

The citizens' protests were an added element to the difficulties faced by the Us and EU because the NGOs were themselves a factor in the negotiations for a variety of reasons. This time for many of the Northern NGOs, whose activists were protesting in the streets of Seattle, it was somewhat easier to prevail upon their respective governments. In Seattle, the representation of Northern NGOs on the government delegations was a new arrangement, which also affected to some extent the state of the play in the WTO. The space available to the Northern governments was well-circumscribed.

### Wake-up Call on Increasing Transnationals' Power

There is a lot of strength in the NGOs' positive assessment of citizens' protests. The South should not be dismissing the protests as a US-engineered factor, as the Indian big business has done. The common thread running through the protests of the citizens of the North was certainly South-friendly. The protestors were motivated generally by the belief that the process of trade liberalisation is mainly beneficial to the interests of multinational corporations. Irrespective of nationality, the protestors were united in showing their resentment over the fact that the greed of multinational corporations is responsible for their misery. They were against the whittling down of the powers of sovereign national governments.

The protestors on the streets were there to send a wake-up call on the issue of the increased power of the transnationals. Their chants and placards showed that their ire was directed against corporate greed. Their slogans were: 'People Before Profits'; 'WTO: Trading Away Our Forests'; 'Family Farms Not Corporate Castles'; 'Food from Farmers Not Factories'; 'Make Love Not Profits'; 'Liberalise

Freedom Not Trade Barriers'; 'There Is No Such Thing As A Free Trade Lunch'; 'Free Trade = Death Squads'; 'When Did We Ever Elect The wto'.... They knew quite well who were their real enemies. The protests from US labour confirmed growing workers' insecurity over the trade liberalisation process everywhere. Environmentalists revealed that there were serious negative environmental and related social impacts of expanded trade activity. The protests of farmers in Seattle, who had come from within the US, France, Korea, Japan, Germany, Canada, Philippines, Malaysia and India, showed that concerns regarding the ruin of their livelihoods due to trade liberalisation were getting intensified in the countries of both the South and the North.

### Southern Governments' Protest in Seattle

Big business has been quite harsh in its representation of the resentment expressed over the procedure of participation by the governments of Africa, the Caribbean and Latin America. It has been dismissed by the Indian big business as an exercise in 'herd mentality'. In our view, it will be completely shortsighted to ignore the resentment of the countries of Africa, the Caribbean and Latin America. It should be considered as a positive development and not be dismissed off-hand as a useless track as big business seems to have been doing after coming back from Seattle. It is our view that these member-countries at the Seattle Ministerial Meeting were genuinely outraged. They were finding that the negotiations were being manipulated by the delegations of North America, the European Union and Japan. This resentment was well-reflected in the statement of various delegations. The statement issued by the members of Organisation of African Unity/African Economic Community was forthright. It clearly stated:

... there is no transparency in the proceedings and African countries are being marginalised. In the present circumstances, we will not be able to join the consensus required to meet the objectives of the Ministerial Conference.

There was anger in the statement issued by Zimbabwe's delegation. It said:

Decision-making in the WTO should be more transparent. While we applaud the setting up of issue-based working groups at this conference, we are, however, concerned that these working groups have ended up as an exercise in pretence rather than transparency. Real negotiations are taking place behind the scenes and the majority of us have been reduced to bystanders. Each of us has the right to full and equal participation in the WTO decision-making process. We demand those rights. This organisation should preserve the interests of all members and not preserve the domination of a few

The Caribbean community was forthright in the expression of its profound disagreement when it said:

As long as the due procedures of transparency, openness and participation that allow for adequately balanced results do not exist, we will not join consensus to meet the objectives of this Ministerial Conference.

These delegations were open in their criticism of the WTO Director-General also. In the corridors of the convention centre, there was open talk of how he was booed for not being in control of the negotiations in the committees.

### **Opposition to Labour Linkage Introduction**

US Trade Representative Charlene Bershetsky, was accused by the developing world as a whole for trying to link labour standards to trade. All developing country delegations were particularly critical of the US position in respect of creation of a WTO working group on labour. Clinton's suggestions that the US would be prepared to use trade sanctions to enforce core labour standards came under criticism from many quarters. The EU commissioner was compelled to say that the EU was opposed to the use of sanctions. The EU had proposed the creation of a 'joint standing working forum between WTO and ILO on trade, globalisation and labour issues to promote better understanding of the issues.'

Supachai Panitchpakdi, deputy prime minister of Thailand, was expressing the feelings of all the Southern governments when he stated that advocating trade sanctions linked to workers' rights violations would be 'highly detrimental' to the WTO trade negotiating process and could even jeopardise efforts being made 'here this week' to launch a new round of WTO trade talks. Supachai Panitchpakdi is slated to succeed Mike Moore as WTO Director-General on September 1, 2002.

### **Open Dissension Within EU on Biosafety**

The stalemate with the South over the labour issue prevented the US from arriving at an agreement with the EU over all other bilateral issues. It made it difficult for the developed countries to negotiate a deal which would also satisfy their own respective home constituencies. The EU commissioner was under fire for striking a deal on the issue of biosafety. Due to the European NGOS' influence, biosafety concerns had become a major issue for the environment ministers of France, UK, Italy, Denmark and Belgium. They believed that biosafety protocol negotiations — the only proper forum for deciding a multilateral approach to biotechnology issues — would be undermined by the establishment of the WTO working group. They also stated that this would potentially subordinate biosafety protocol negotiations to discussions of the Seattle Ministerial, thereby setting a precedent for WTO's relationship with other multilateral environmental agreements. The open dissent of five environment ministers from the EU group

on the Biosafety Protocol issue was a definite signal of the difficulties the negotiations faced in Seattle. The view they took on biosafety was similar to the opposition of the South to the issue of including labour in the WTO.

From the above discussion it is quite clear that the Seattle developments were an influential factor in the WTO negotiations. But the issue also remains to be addressed that whether their strength is really good enough to achieve the required necessary space for peoples of the South. The clear answer is that at present the power of transnationals and big business, their ally in the South, is far more. The post-Seattle scene is a clear reminder of this powerful nexus. Below we assess the current conjuncture in terms of the state of play in a country like India with the aim of understanding the requirements of a strategy which would allow the people of the South to gain their sovereign rights in the post-Seattle scene.

### **Post-Seattle Negotiations**

The strategies that the United States and the European Commission would be following in the World Trade Organisation to shape the agenda of post-Seattle negotiations at Geneva, are now in the open. Their recent actions indicate that despite having differences on some crucial WTO issues, the US and EC will be closely coordinating on issues of common concern. The joint attempt of the EC, Norway, United States, Japan and Switzerland to get action from the Committee on Subsidies – on the extension of the period of waiver from the application of provisions that make many of their own subsidies for technology development actionable – is a case in point. The US and EC are continuing to coordinate on the issue of getting the members to agree on the start of a new round which will have several non-trade issues (like investment, competition policy, biotechnology safety, environment and labour) included in the agenda. They have even pressed into service Mike Moore, WTO Director-General, to champion the cause of a new round.

In February 2000, Mike Moore was in India to attend the Confederation of Indian Industry (CII) partnership meeting. At this meeting the WTO Director-General was completely open about his mission. He went out of his way to lobby with the industry and government officials for the need to launch a new round of negotiations.

### **Limits to Developed World's Determination**

It is a matter of relief for a majority of countries that the Seattle Ministerial has ended and the conference is not in a state of suspension and cannot be resurrected or resumed. In the consultations after Seattle and before the December 17 General Council meeting in Geneva, the United States had tried to present counterpositions that would give it the desired manoeuvrability: one, that the Ministerial Meeting was in suspension and all issues and papers before it 'frozen'; and two, that the Seattle Ministerial had ended, in the sense that the General Council was

free to act decisively on various issues. In this way the US wanted to enable itself for the continuance of consultations to find consensus on the dispute settlement understanding review while at the same time keeping alive the e-commerce moratorium on custom duties or the labour issue.

### **Developing World's Disunity**

The developing countries themselves have to partly share the blame for this new determination of the developed world. Their inability to strike a commonly agreed upon approach on the relevant substantive issues is a major reason for this new-found strength of the G-7. Developing countries are yet to realise the full import of the failure of the WTO at Seattle and are unable to act in concert. Individual nations are busy trying to cut deals with the United States whose administration cannot at present deliver anything anyway. India is itself a perfect example of this type of attitude.

The result was that the WTO General Council on December 17 1999 adjourned without taking a decision on the proposals seeking delays in end-of-year deadlines for applying obligations and other provisions of WTO agreements – for example in intellectual property (TRIPS) and certain investment measures (TRIMS). These deadlines will now be among the subjects discussed in consultations in the New Year.

A detailed reading of the decision taken in the WTO General Council on December 17 at Geneva indicates a sinister design on the part of the developed world to trap the developing countries into another major surrender. Real intentions of the developed world are clearly on the so-called 'implementation' issues on which the developing world can claim to have done at least some mobilisation. At one level the decision of December 17 is an attempt of the developed world to decide at least some of these issues through the route of not taking action. The developed world has succeeded in thereby creating a situation where it has, after December 31, 2000, a clear handle to beat some of the developing countries with the threat of cross-retaliation on the issue of non-implementation. The developed world is also interested in putting them on a new round because that would give the delegations of the developed world a clear chance to use the so-called issues of 'implementation' or extension of deadlines to extract more concessions from the developing countries.

### **Two Moot Issues of Counter-strategy**

For the developing world, the moot issues to be considered today are two fundamental questions of counter-strategy:

- First, what kind of leverage the developing world has today vis-à-vis the developed countries in the WTO;
- Second, whether the developing world is at all in a position to take advantage of the available space.

There are at least two issues in which the developed world clearly has a major interest and if developing countries join forces to withhold consensus on these they are likely to get leverage to influence the WTO on their own problems and demands. One issue relates to the Agreement on Subsidies and Countervailing duties that sets for the developed countries the target of completely removing all those subsidies which are said to cause serious prejudice to other members by December 31. The subsidies defined as prohibited and actionable by the WTO include research and development activities of enterprises that could be subsidised up to 75 percent of cost of research and up to 50 percent of costs of pre-competitive activity. Several countries of the developed world were supposed to undertake reductions in such industrial subsidies and are as a whole guilty of violating these legal provisions of WTO. Similar violations have occurred in the case of environmental and regional subsidies where too the developed world is a big culprit. There has been little close monitoring, and even less of a reporting requirement of countries, on various subsidies they provide to their industrial and service enterprises.

The second issue relates to the Agreement on Electronic Commerce, where also the Seattle Conference has neither extended the moratorium on customs duties, nor taken any decision. The interests of the developed world, particularly of the US, are largely at stake over here. To the developing world both these issues offer some hopes of righting the wrongs done to it at Marrakech.

### **Developed World's Divisive Strategies**

Coming now to the second aspect, the moot question is whether the developing world has the right mindset to exploit the above-discussed issues for its own benefit. By all indications the developing countries are still divided along the lines of large and small countries. The EC and US are consciously trying to divide them on the basis of advanced and least developed countries. In Seattle they made a conscious attempt to divide the developing countries into three separate sets: advanced developing economies, developing economies and least developed economies. They have announced that the developed world would be willing to offer zero tariff benefit to the least developed economies if the advanced developing economies are also ready to do the same. In the Uruguay Round the developing world was divided into only two sub-sets, but this time at Seattle the attempt was to divide the developing world into three sub-sets. This issue needs timely action which, if not tackled, has the potential to cause a serious division in the developing world.

### Recipe for Developing Economies' Unity

But if the developing world were in the right mindset, it would not allow itself to be divided on this issue. Large developing economies have to play a positive role here. India can take the lead in suggesting to the least developed economies that if they give them their full support on the concerns relating to non-trade issues the proposal of zero tariff would be acceptable to it. To come to the hurdle of differentiated interests in respect of access to markets, technology and investment, India can take a lead by suggesting to the developing countries the adoption of an approach of having only plurilateral agreements on the non-trade issues. The suggested approach would give the developing countries freedom to optimise their own respective strategies. They will be still free to decide whether or not to join the plurilateral agreements being offered on non-trade issues. With these steps we have the hope of bringing all the developing economies into the fold of a united bloc of developing countries.

Undoubtedly the developing countries showed a lot of unity over the issue of undemocratic practices being followed in the decision-making processes in Seattle. There was quite a clear assertion over this issue by Africa, the Caribbean and Latin America. They were forthright in stating that they were not willing to tolerate the lack of respect being shown by the developed world towards the issues of transparency and full participation of members.

The scale of unity that we saw over the issue of processes of decision-making at Seattle is yet to be converted into the unity on substantive issues. Without a common approach to substantive issues it would not be possible for the developing world to take advantage of the leverage that the developed world appears to be generating on account of its own compulsions. The scale of unity was always smaller when it came to taking a common stand on the substantive issues. The like-minded group gathered by India on the 'implementation' issues has just 12 members!

### The Stand of a 'Big Boy'

In this connection the question to be answered is that why was this unity always small in scale. Our answer is that the larger economies among developing countries have developed a mindset, which is essentially inimical to the strengthening of unity in the developing world. They have started believing that they are the 'Big Boys', and that their interests are better served by being with the countries of the North. Their apparent thinking is that they have little in common with the rest of the developing world. Among them there is a perception that all the smaller developing countries are merely herds which will be easily bought for small gains. Another belief of theirs is that they are too diverse to be united as developing world. In their view, the developing world is a differentiated world, whose interests in respect of market access' are, in fact, so varied that in the WTO a united approach by the developing countries is not even possible.

The Indian Commerce Minister is one of those few leaders who has even gone on record on this issue at Seattle. In Seattle at the Press Conference, when asked why the groups like G-15 and G-77 were not able to issue any declarations, he clearly said that their interests were too diverse. In India this belief has emerged as a part of the process of ongoing liberalisation. In this the minister is not alone, it is a complete mindset. It is a mindset, which the big business holds

today in India. At a meeting in the RIS, Montek Singh Aluwalia, Member Planning Commission, was heard echoing the same voice in similar words. In fact, he went one step ahead and argued that it was wrong on the part of the Commerce Ministry to try changes in the Agreements based on a perspective that is contrary to liberalisation.

He wondered why should the Ministry of Commerce be interested in reviving the instrument of quantitative restrictions for the sake of food security when the country is committed to move in the direction of advancing the process of liberalisation at a faster pace. He was quite open in arguing that India should not bother about how to unite the developing countries. His advice was to bother only about how you can get more FDI or enhanced market access. The only issue that really bothered him relates to the demand for the linkage of trade with the enforcement of labour standards. In this connection we may remind ourselves that on the eve of the start of the Seattle negotiations Atal Bihari Vajpayee, the Indian Prime Minister, also advocated the same stand of do and die on labour linkage issue in the Indian Parliament.

### **Big Business in Command**

What is really striking about this stand is that in this framework there is no firm opposition to the introduction of Agreements on the rest of the non-trade issues. The stand of no compromise on labour linkage but surrender on every other non-trade issue, is an integral part of the framework that the Indian big business seems to be completely content with today. It appears that since this framework ensures to big business a place as junior partner of multinational corporations, the votaries of liberalisation have no qualms in driving the government in the direction of making such a bargain. It is also seemingly true that to the Indian big business it is immaterial that such a framework is essentially inimical to the interests of employment-oriented growth and technological self-reliance.

### **Big Business Sacrificing Food Security**

This time the Indian big business was well represented in the official WTO delegation at Seattle. Its influence was quite visible on the strategy. Indian big business was busy having a tête-à-tête with the US business and was directing India to get closer to the positions that the US was taking. India was being moved to accept an extremely dangerous position that the US was taking at Seattle on the issue of market access in respect of agricultural goods. This time the US was trying to push its biotechnology products into the negotiations on agriculture in the WTO.

The US was, therefore, arguing that the WTO should end the distinction that it today makes between industry and agriculture when it comes to deciding on the issues of market access. India was being pushed by the Indian big business into accepting this position. The policy of market access at any cost had been fully swallowed by the Indian delegation. It was willing to sacrifice the crucial interest

of food security at the altar of a few dollars more for the sake of Indian big business, which may get some crumbs in respect of agribusiness. In the Agreement on Agriculture the mention of food security amounts to merely a best endeavour clause. It is our surmise that India will not be able to convert it now into a binding commitment without making a compromise on the issue of subsidies for agriculture in the developed world.

### **Battle Ahead in India**

Needless to say, if India wants to avert this kind of disaster, the movements will have to get the Indian government to pursue a consistent stand on the interests of the Indian people as a whole. The Indian government would have to be pushed into taking an approach that unites the developing countries in the direction of fighting the developed world on the issue of practising technological protectionism, environmental imperialism and social exclusion. The Indian government must be made to oppose with greater determination the implementation of a neocolonial framework by the North. This framework grants the multinational corporations easy access to Southern markets without getting anything substantially in return in the areas of access to technology and markets for the developing world.

# Biodiversity & Traditional Knowledge at Risk:

Impacts of Modern Biotechnology & Intellectual Property Rights

NETH C DAÑO

### Introduction

Around 50-75 percent of the world's biological diversity are found in only 7 percent of the earth's surface, specifically in the tropical countries in the South, namely in Asia, Africa and Latin America (RAFI, 1993). More than two-thirds of the world's plant genetic resources is likewise found in these regions. The importance of the South's plant genetic resources is all the more emphasised by the fact that only less than 15 percent of the world's estimated 250,000 species of higher plants have been systematically explored and studied (Walgate, 1990). To stress the importance of these resources, 40 percent of the world's market economy is directly based on biological products and processes, much of which originate from the South. Noteworthy too is the fact that global sales of pharmaceutical in the 90s have reached more than US\$130 billion, of which US\$32 billion are derived from traditional medicines.

On the other hand, modern technological advancement is concentrated in the hands of industrialised countries in the North which are largely poor in terms of biological resources because of their geographical location and evolution. Due to their inherent natural limitations, countries in the North are highly dependent on the genetic materials of the South. The North is about 95 percent dependent on the South for the most important breeding materials, particularly plants (Fowler et. al, 1988).

While biodiversity remains highly concentrated in the South, the gene-poor North has effectively wrested the control of these resources. The germplasm collected from the South since the era of colonialism are mostly under the control of the North at present. Some 68 percent of crop seeds collected in the South, 85 percent of the foetal population of livestock breeds and 86 percent of the global microbial culture collections are kept in genebanks located or under the control of the North (Fowler, et. al, 1988).

It is this rich biodiversity, both those that remain in the South and those kept in genebanks in the North, which is being used as raw materials in the application of modern biotechnologies developed in the North. Among these sophisticated technologies, genetic engineering is the most remarkable because of its capacity to allow genes to cross species boundaries, and because of the enormous potentials and risks associated with it.

The rapid advancement in modern biotechnology in the industrialised North, particularly genetic engineering, has given rise to the increasing application of intellectual property rights (IPR) on life forms and processes and indigenous knowledge. IPRs, particularly the patent system and plant breeders' rights, are rights awarded by states to inventors as a reward for their innovation which allows them to monopolise the use, reproduction and commercialisation of their inventions. Most products and processes resulting from genetic engineering are protected by patents and plant breeders' rights in the North. Most of these inventions too involved genetic resources and associated knowledge from the South. Being a tool to protect industrial innovations and inanimate machines, the use of IPRs to protect intellectual rights over products and processes that involve living forms and processes has brought forth numerous issues and has given rise to controversies.

This paper attempts to explain the realities and current trends in modern biotechnology and the application of IPRs on life forms, and establish the relationship of these trends to the risks facing our world's biological diversity.

# **Modern Biotechnology and Biodiversity**

In its broadest sense, biotechnology is defined as 'any technique that utilises living organisms (or parts of organisms) to make or modify products, to improve plants and animals or to develop microorganisms for specific purposes' (Hobbelink, 1991). This definition is so broad that it includes such traditional techniques as brewing beer, cheese-making and even wine fermentation which all utilise living organisms. The definition also covers such modern techniques in life manipulation as tissue/cell culture, cell fusion, embryo transfer, enzyme technology and genetic engineering.

# Genetic Engineering

It is significant to note that in many recent literatures on the subject, modern biotechnology often refers to genetic engineering, or recombinant DNA technologies, which is the most sophisticated technique in biotechnology. Genetic engineering involves the disarranging and recombination of gene fragments of species, including unrelated ones, to design new organisms. It has made possible

the manipulation of genes within a species to express desirable traits, and has erased the natural boundaries between plants, animals and microorganisms. A key to the leaps in genetic engineering is the discovery of the restriction enzymes which has made it possible to 'cut' a fragment of genetic sequence and 'paste' it to gene of an unrelated species. (SEARICE, 1994)

Genetic engineering produces what are generally called genetically modified organisms (GMOs), or living modified organisms (LMOs), as referred to in some international documents. More specifically, plants which are products of genetic engineering are called transgenic plants or animals, especially if it resulted from the manipulation of more than one unrelated species. Genetic engineering has made the process of plant breeding possible and enabled scientists to identify and isolate useful traits and transfer these to other species or even organisms. Through this process, scientists were able to identify and isolate the insecticidal gene in the soil bacterium *Bacillus thuringiensis* (*Bt*) and insert it into such vital crops as corn and rice to make these crops resistant to certain types of pests.

# Our World's Biological Diversity

- 50-75 percent are found in only 7 percent of the earth's surface, largely in Asia, Africa and Latin America
- More than two-thirds of the world's plant genetic resources is also found in these regions
- Only less than 15 percent of the world's estimated 250,000 species of higher plants have been systematically explored and studied
- North is almost 95 percent dependent on the South for the most important breeding materials, particularly plants
- Interdependence among countries in the South is very high: some us\$80 billion worth commodity exports of countries in the South are based on germplasm from another part of the South
- Germplasm collected from the South are now under the control of the North and kept in genebanks:
  - \* 68 percent of crop seeds
  - 85 percent of livestock breeds
  - 86 percent of global microbial culture collection

#### Sources:

- RAFI, 1993
- Fowler, et. al, 1988

# Biotechnology

**Broad Definition:** any technique that utilises living organisms (or parts of organisms) to make or modify products, to improve plants and animals or to develop micro-organisms for specific purposes

#### Includes:

- TRADITIONAL techniques: yeast-making, beer-brewing, soy sauce-making, cheese-making
  - \* done at the household/community level and shared with others
  - collectively developed through thousands of years and passed through generations
  - \* knowledge in the hands of people, usually by women
- MODERN techniques: tissue/cell culture, cell fusion, embryo transfer, phytoproduction, enzyme technology, somatic embryogenesis, genetic engineering
  - done in laboratories through more sophisticated tools
  - \* led by scientists, who are often men
  - \* knowledge is limited to a few 'experts', who usually own patents on these innovations

Narrow Definition: usually refers to Genetic Engineering

# INTELLECTUAL PROPERTY RIGHTS (IPR)

- Refers to the exclusive rights awarded by the state to innovators, inventors and authors to monopolise the use of their intellectual innovation or products of creation
- It grants the right to exclude others from commercially utilising and reproducing protected innovations
- Aims to encourage innovation and artistic development in a society by allowing investors to prevent others from copying or commercialising their innovations
- Developed and evolved in industrial context and meant to protect innovations involving industrial machines
- Some types of IPR: patents, copyrights, trade secrets, plant breeders' rights

### PATENT SYSTEM

- · Applies to inventions which are
  - \* NOVEL: has not been published or marketed before
  - \* INVENTIVE: not obvious to an expert
  - \* INDUSTRIALLY USEFUL: will have some applications in a particular industry
  - \* DISCLOSED: described in details for replication and future improvement
- Designed to encourage the disclosure of information to the public by rewarding inventors for their investment on the innovation in terms of time, money and research efforts
- Inventor has the exclusive right to prevent others from making, using and selling the
  patented invention for a fixed period of time in return for the inventor disclosing the
  details of the invention to the public
- Permits companies and inventors to recover their research and development costs during the period of exclusive rights while encouraging commercialisation of inventions

# Trends in the Application of IPR on Life Forms and Processes

- · Patents on gene sequences and cell lines
- · Patents on indigenous medicines
- · Patents on indigenous and traditional knowledge
- Patents on the useful traits of traditional crops and plant genetic resources
- Plant Breeders' Rights on plant varieties developed by farming communities

# Why the IPR System Should NOT be Applied on Life Forms and Processes?

- · IPR system is meant to protect industrial innovations and inanimate machines/objects
- Life forms are not machines and should not be regarded as such
- Life forms naturally replicate, even without man's help
- Life forms and processes have been developed collectively by communities in harmony with nature, and freely shared and exchanged for thousand of years
- Life forms and processes are key to the development of agriculture, ensuring food security and even survival of communities
- Exclusive monopoly on life forms and processes has ethical and moral implications
- IPRS do not recognise the collective efforts and intellectual innovations of communities that developed and conserved these resources and knowledge systems

# Threats of Modern Biotechnology and IPRs on Biodiversity

- Leads to uniformity and narrowing of the genetic resource base, particularly of important crops
- Less research and development efforts on 'survival crops' which are not commercially viable
- Genetic erosion and pollution/contamination from genetically engineered crops
- Harmful effects on non-target organisms and biodiversity
- Reduces biodiversity and associated to mere commodities that can be commercialised/ traded
- Impedes free exchange and sharing of vital genetic resources for agricultural development, food security and community survival
- Non-recognition of the collective efforts and intellectual innovation of communities that developed and conserved biodiversity and associated knowledge
- · Adverse effects on the culture of sharing and free exchange among communities
- Further disempowers indigenous and farming communities by focussing agricultural research in the hands of scientists and the formal sector

# WORLD TRADE ORGANISATION (WTO)

# Trade Related Aspects of Intellectual Property Rights (TRIPS)

Article 27: Patentable Subject Matter Article 27.3 (b)

- 1. Members may also exclude from patentability:
  - b) plants and animals other than microorganisms, and essentially biological processes for the production of plants or animals other than non-biological and microbiological processes. However, Members shall provide for the protection of plant varieties either by patents or by an effective sui generis system or by any combination thereof. The provisions of this sub-paragraph shall be reviewed every four years after the date of entry into force of the wTo Agreement.

# Implications of TRIPS Art. 27.3(b):

#### Life Forms are Patentable

- micro-organisms and microbiological processes are patentable
- genes and gene sequences from plants, animals and even humans may technically fall under the category of microorganisms and microbiological processes
- only plants and animals are exempted from patenting, but <u>plant varieties</u> shall be protected by patents or by a sui generis system of protection

#### Countries are Required to Protect Plant Varieties

- countries are required to adopt a system of protection of plant varieties which could be through:
  - \* patents
  - \* plant breeders' rights
  - \* sui generis system of protection
- any sui generis system should be 'effective'
  - \* what is meant by 'effective'
  - \* who determines
  - some interpret 'effective' as referring to UPOV
- plant breeders' rights, like UPOV, are considered as quasi-patents with the same objective
  of ensuring exclusive monopoly over a new plant variety

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# WTO & Timber Trade: Forest Resources for Whom?

#### A PAIGE FISCHER

#### Introduction

International trade policies such as those being negotiated at the WTO benefit corporations at the expense of forest ecosystems and forest communities. Designed by governments under pressure from industry groups, these policies aim to make it easier and less expensive for corporations to harvest and sell forest products in pursuit of profit. It is a popular myth that trade liberalisation generates economic wealth that can be later used to protect such human and biological resources as forests. Whether they be the few remote and roadless old growth forests in the United States or the rich and peopled forests in Indonesia, the only way to safeguard forests is to reduce corporate control over resources.

As a result of trade liberalisation, timber corporations are getting richer by overlogging even more than they did in the past, and citizens are losing access to food, medicine and household products. Local communities are being denied important economic opportunities to process and sell forest products and reinvest profits locally. In Chile, Indonesia and the United States international trade policies are helping timber corporations exploit forests and communities and then profit from the sale of the harvests to consumers in other countries. The economic benefits that China receives as it joins the WTO come with ecological and social costs as it looks to other countries' forests to fulfil its wood needs and allows transnational corporations to assume greater powers to further exploit its own natural resources.

Governments do not have to put the keys to the global economy into the hands of corporations. International networks of communities can develop alternatives to industrial management and trade that can put less of a burden on forest ecosystems and provide more of the wealth to the people whose forests

they are and whose livelihoods depend on them. Certification and procurement policies which favour products that come from sustainable and locally-managed forestry operations and that are processed locally can promote fairer and more ecologically supportive forms of trade. Destructive forms of trade can be minimised through trade restriction on sensitive tree and forest species, unprocessed wood products, and products that carry disease and pests. Complementary to these trade tools, communities can develop better systems for monitoring the trade in forest products, forestry practices and the behaviour of timber corporations.

### The Stage: Forests and International Trade

Forests, For Whom?

The world is losing more that 14 million hectares of forest cover each year. From Chile to China to Indonesia, the loss of forests is largely due to commercial logging. Why are we sacrificing these forests? What drives this logging? Who benefits from the sale of the paper and panels and plywood that these forests become?

The forests of almost all countries are connected together through international trade, international investment, and the organisations that work toward those goals. Investment in the timber industry is rising steeply, and international trade is growing as fast. The WTO recently made liberalisation of the timber trade, through the Global Free Logging Agreement, one of its top priorities. Popular protest and a lack of consensus on the part of WTO member countries blocked that agreement at the WTO meeting in Seattle in 1999. But similar proposals will surface in other trade bodies such as the Asia Pacific Economic Cooperation (APEC), which is a forum for trade liberalisation in the world's most significant wood trading region, the Pacific Rim.

Forests serve a variety of functions for both people and ecology. On a local level, intact forests maintain water and soil quality, provide habitat for animals, and supply food, household and building materials, and income for communities. Globally, forests maintain biological diversity, harbour genetic material, absorb excess carbon which causes global warming, and provide paper and construction materials for individuals and businesses.

Yet as consumption levels for forest products rise around the world and as markets become more integrated through trade and investment, governments, businesses and citizens are seeing the value of forests less for their ecological and local-level economic functions and more for their usefulness as pulp for paper and packaging and wood for building. International finance institutions are providing loans, credits, and insurance for firms wishing to access these forests. Foreign investors have focused their sights on old-growth forests in countries desperate for foreign earnings and weak on environmental law.

Governments in transition do not know how to manage these enterprises,

and often have little choice but to encourage such endeavours for need of tax revenues. Local peoples suffering from the Asian financial crisis themselves have little choice but to exploit their forests for short-term income and materials. The forest crisis is severe to both ecology and economics. As a result, communities are losing control over the resources that sustain them, and important forest species are dying out by the thousands.

The United States, Japan and the EU are the world's most voracious consumers of forest products. In the paper sector, which makes up almost one-half the volume of internationally traded forest products,<sup>3</sup> the US accounts for 30 percent of total world consumption (89.896 million metric tons), but has only 5 percent of total world population. China, by contrast, accounts for 11 percent of total consumption (32.695 million metric tons) but has 21 percent world population. Japan consumes 11 percent (31.695 million metric tons) of world total in paper and makes up 2 percent of world population.<sup>4</sup>

High consumption levels in industrial countries puts the most pressure on forests around the world, especially in developing countries. And it is trade liberalisation that enables timber corporations to satisfy and even augment this demand for wood products by enabling them to access more wood at less cost and sell wood and paper products unhindered by taxes, quotas and other regulations. The benefits of commercial logging of the world forests go to corporate executives mainly in industrialised countries.

#### Trends in Timber Trade

Not one of the high-consumption countries – US, European Union member countries, Japan and China – can satisfy their wood and paper demand with domestic production. Instead their unsustainable demand for wood requires that they look to the forests in other countries to satisfy their forest product needs, often consuming resources upon which local communities in those other countries depend.

- In the United States forests cover 33 percent of total land area. Yet with a per capita consumption rate of 336.5 kg per year, the US imports 8 percent of the forest products that it consumes, 5 amounting to 24 percent of global wood imports. Of the forest products that the US imports, Canada is the number one supplier, followed by China and Mexico. The US mainly imports lumber, printing and writing paper, and newsprint. 6
- In Japan forests cover 70 percent of the land area mainly in immature plantations and largely inaccessible mountainous areas. Japan imports 80 percent of the forest products that it consumes, amounting to 17.4 percent of total world imports. At least 78 percent of Japan imports are wood and wood products, principally logs from the US, Malaysia, Papua New Guinea, Russia and New Zealand. Japan imports newsprint, printing and writing paper and paperboard from the United States and Indonesia.
- The combined countries of the EU are the world's third-largest consumer of

- forest products, accounting for 17.3 percent of total world imports, while China and Canada tie as fourth-largest importers at 4 percent.<sup>9</sup>
- In China, forests cover only 14 percent of the country. More than half of China's forest product imports which account for 4 percent of the world total are pulp, paper and paperboard, mainly from the US, Korea, Taiwan, Canada, Indonesia and Russia. China imports logs from Russia, North Korea and Malaysia and lumber from Malaysia, Indonesia, Taiwan, Myanmar, the US and Canada. China's plywood is mostly supplied by Malaysia and Indonesia. 10

While consumption rates in most industrialised countries are already high, the global timber industry is looking to China as the next big market. China has 15 million housing starts a year – 'a \$19-billion industry building mostly apartments that are sold unfurnished, a ready market for value-added wood products.' Due to increasing demand coupled with wide-sweeping logging bans, China's estimated timber import for 2000 is 10 million cu. m. This is an increase of 12 percent over the amount China is believed to have imported (8.9 million cu. m) in 1999, and a 30 percent increase over 1998 (7 million cu. m).

World trade in forest products currently amounts to over US\$13 billion. On average, global imports account for almost 30 percent of all pulp, paper and paperboard consumed and 25 percent of all lumber and wood panels. Parely does the community near the forest resources that are exploited benefit from timber trade. For a forest community to benefit fully, it would not only have to have secure tenure to the land, which is rare, but it would also have to be involved with the processing, transport and markets of the forest products. Increasingly, transnational corporations (TNCs) from cities or countries far from the forest receive concessions to log forest lands directly from the government. These TNCs or their subsidiaries control most stages of the wood, from log to panel to paper.

### TNCs in the Driver's Seat of International Economics

As forests dwindle and consumption levels for paper and wood continue to grow, timber TNCs — which buy and sell the largest volumes of and make the most profit from traded forest products — are looking further for sources of fibre and new consumer markets. This is especially true with corporations in industrialised countries, which have already exhausted much of their own forests. While they continue to profit from the huge appetites for wood and paper in developed countries, timber TNCs are now prospecting on the growing appetites in developing countries, especially in Asia. They are attracted to the often lower environmental restrictions and production costs in addition to many massive new mills that are being built in developing countries as a result of loans and financing from industrialised countries.

Timber TNCs play a major role in defining international trade policy. Through positions on high-level advisory committees and by spending millions on direct lobbying, they help governments decide their negotiating agendas. This is clearly

the case in the United States, home to the world's largest timber TNCs. The United States Trade Representative, an office which answers directly to the president, has established a series of secret and guarded Industry Sector Advisory Committees which write US trade negotiators' talking points. In fact, the US government pays for the timber industry to prospect in other countries. The largest US timber interest group, the American Forest and Paper Association (AF&PA), receives about \$7.7 million each year to set up offices, conduct demonstrations and distribute educational materials in other countries. In Asia alone the AF&PA budget is \$5 million. In Inc.

The largest timber corporation in the world is International Paper. With timberland holdings and operations in 25 countries including Chile, Mexico and New Zealand, as well as a 50 percent interest in New Zealand's second-largest timber company, Carter Holt Harvey, 15 this US company has a major interest in influencing the climate for international trade and investment. International Paper is not only a member of two high-level US trade advisory committees, but spends about \$1.5 million to lobby the US government on industry and trade matters every year. 16 Following close behind International Paper is Storo Enso, from Europe.

Weyerhaeuser is another major timber TNC with timberlands and operations in the US, Australia, Canada, China, Mexico and New Zealand. Weyerhaeuser has also operated in many other countries including Guatemala, the Caribbean, the West Indies, Venezuela, Indonesia, the Philippines, Russia, China and Malaysia. Weyerhaeuser has long influenced the international trade climate. In 1993, just before the Uruguay Round from which the first global timber trade agreement emerged, an heir to the Weyerhaeuser fortune and former Washington State Governor was appointed as a high-level trade negotiator for the GATT. To Weyerhaeuser is also represented on the Industry Sector Advisory Committees.

In a show of its lobbying strength, Weyerhaeuser joined Seattle's most powerful corporate titans and spent the week of the 1999 WTO Ministerial in Seattle hosting social events for WTO delegates. Weyerhaeuser's agenda in Seattle was the elimination of tariffs through the Accelerated Tariff Elimination (ATL), part one of what activists call the 'Global Free Logging Agreement.' With annual exports from the US averaging \$1 billion, Weyerhaeuser is not just interested in being able to operate in other countries but being able to export its goods (sometimes reaped in foreign countries and processed in the US) to international markets. <sup>18</sup>

Capitalising on China's growing consumer market and low wages and regulations, many large corporations are starting their own enterprises within Chinese borders. For instance, two US Fortune 500 companies, Westvaco and Shorewood, just opened a packaging operation in Southern China. The operation is completely US owned and financed, and it plans to sell their products to large international companies as well as to Chinese enterprises.<sup>19</sup>

It is not only the US mega-corporations that controls the international timber trade. More and more, aggressive timber companies from Asian nations are

scouting out international forests. After logging much of their own forests, Malaysian timber companies have moved to the Amazon. Chinese companies are logging in Russia and Vietnam, often illegally, as well as in some parts of South America, including the Amazon. <sup>20</sup> One of Southeast Asia's largest timber moguls, Huang Shuang'an, just put down US\$45 million to build Asia's largest timber processing plant in China. The plant is expected to produce 2 million cu. m of wood annually and provide an impetus to the development of the 4,000-5,000 local medium and small-sized timber processing firms. <sup>21</sup>

Despite their current international movements, many timber TNCs feel hindered by nations' varying and often strict regulations on imports, exports, forest management and investment, For this reason, they are looking to international trade forums to relax trade controls. Vulnerable in this process of deregulation are important protections for forest ecosystems and essential protections for people whose livelihoods depend on intact, healthy forests. Timber TNCs are pressuring governments to relax regulations and controls on trade and investment so that they can access forest resources and markets for fibre as cheaply and easily as possible.

#### The Global Free Logging Agreement at the WTO and APEC

The main vehicles that TNCs use to relax these regulations include such international trade and economic forums as the WTO and APEC. Through these forums governments can advance the interests of timber TNCs in discussions about deregulating trade which usually include all the main trading countries in a region or, in the case of the WTO, the world.

Some of the regulations that governments, especially the US and New Zealand, want lifted include controls on imports, exports and foreign investors. These controls often serve to encourage local processing and industry, conserve sensitive tree species, keep out pests and diseases, or prevent foreign corporations from exploiting local workers and resources. If used in the right way, these controls on trade and investment can promote forms of trade that do not destroy ecosystems but promote balanced economic systems that incorporate environmental costs and that secure benefits of resource exploitation for communities that live near natural resources.

Instead governments are moving forward with plans to remove all controls in order to create an international trade climate that is more friendly for corporations. In effect, governments' stated policy is to put faith in TNCs to operate and use their profits for the benefit of people and for responsible management of ecosystems without very much supervision or enforcement. However, history has proven that this is much like letting the fox guard the hens.

Tariffs: Stimulating Consumption and Opening the Door to New Markets Several major forest product producing countries, including the US, Canada, New Zealand and Indonesia, are calling for the elimination of tariffs on imports. Most countries allow raw wood products to be imported tariff-free. Countries generally impose tariffs to keep out foreign wood products and encourage domestic processing. For example, China, Japan, Korea and Taiwan impose tariffs of 6-20 percent on processed wood imports. Japan imposes tariffs on certain species such as larch. Malaysia imposes tariffs of 20 percent or more on all wood products.

While the current system of imposing tariffs on processed imports and not raw imports is not beneficial, neither is the elimination of all tariffs. According to a recent US government study, the elimination of all remaining tariffs in the forest sector will benefit the international timber industry by increasing consumption and opening new markets for wood products. In turn, eliminating tariffs will also increase logging rates in many developing countries by as much as 11 percent. Instead of pausing negotiations on tariffs to consider the impacts and possible alternatives, the architects of the tariff elimination scheme have been moving ahead rapidly, despite resistance from some countries, with plans to eliminate tariffs by 2002.

# Deregulation: Undermining Protections for Forests and Communities

APEC has recently released a 'Study of Non-Tariff Measures in the Forest Sector', which lists all the regulatory barriers to trade that corporations and governments would like to address through trade liberalisation. Some of the most common regulations that corporations and governments identify as barriers to trade include:<sup>22</sup>

- Restrictions or bans on exports and imports of certain species or types of wood, usually to promote local processing, to conserve sensitive species, or to prevent the entry of forest-related pests and diseases.
- Procurement or purchasing policies and codes which favour forest products based on how they are made or where they come from. Examples of these 'p rescriptive' regulations include policies favouring products that are processed domestically, products that are certified to have come from sustainably-managed forests, and products that are not made from endangered species.
- Subsidies for industrial and community forestry, afforestation or conservation management.
- Requirements on foreign investment including requirements for community reinvestment for joint-ventures, limits on what land can be owned by foreign investors, and the conversion rate of forests to plantations or agriculture.
- Construction codes or regulations which favour non-wood products. For example, in Asia, Japan, Korea, Taiwan and China institute building codes and standards which other countries view as barriers to trade because they restrict the use of wood as building materials either in the hope of protecting local industries or conserving scarce forest resources.

Making the international forest sector more friendly for timber TNCs is not just the domain of trade bodies. Parts of a typical 'Global Free Logging Agreement' surface in other international finance and lending institutions as well. For example, Indonesia implemented some liberalisation measures as a condition for receiving IMF aid. Indonesia lifted export bans on logs and reduced export taxes on other products. The World Bank finances projects and infrastructure development and institution building such as training people in impoverished areas in China how to intensively manage plantations.<sup>23</sup>

The International Finance Corporation (IFC) finances private sector investments in developing countries, especially projects to increase export capacity of forest sectors. It has given millions to such corporations at United Pulp and Paper Company in the Philippines and Shinmoorim Paper Manufacturing company in Korea. The US and Japanese Export-Import Banks guarantee loans and give loans for export of domestic forest product production machinery. Asia receives 75 percent of the guarantees and loans that the US Export-Import Bank disburses, equalling US\$333 million.<sup>24</sup>

#### International Examples

Trade Liberalisation and Japan: Increasing Dependence on Foreign Forests
Japan is the world's largest importer of wood, pulp and paper products and is
second only to the United States in per capita consumption of forest products.

Japan is opposed to eliminating tariffs on processed wood products. Many assume that the reason for this opposition is that Japan wants to maintain the flow of raw wood products into the country for domestic processing. While this may be true, Japan also opposes tariff elimination because it wants to protect and increase self-sufficiency in the part of its wood processing sector which processes domestically-harvested wood.

Due to its current limited capacity to grow its own wood, Japan is almost entirely dependent on the forests in Indonesia, Australia, Russia, Chile and North America. Some domestic government agencies in Japan would like to reduce logging overseas in order to stimulate domestic forestry and to make Japan more self-sufficient in wood production. Such agencies say that increasing domestic forestry will generate the revenue necessary for improving the conditions of the millions of acres of cedar plantations that have dominated Japan's countryside since WW2, and which are rapidly becoming overcrowded and vulnerable to disease.

Japan applies the revenues from its domestic forest industry, which supplies 20 percent of all wood consumed, to the management of its domestic forests and plantations. Because current revenues are meagre, the government heavily subsidises domestic forest industry projects such as road maintenance and construction, afforestation, development of forestry businesses in depressed and ageing communities, upgrading machinery to be more efficient, and investment

in production facilities such as pre-cut plans and kiln-dry chambers. According to a US government study, such subsidies are in violation of free trade policies embodied in the GATT.<sup>25</sup>

Without being able to protect its domestic forest industry, this industry will be unable to compete against processed wood imports. Without revenues from domestic forestry and without being able to provide direct support to the industry, Japan will be unable to increase domestic forest production capacity and will be forced to rely more on forestry in other countries such as Russia, Chile, and Southeast Asia.

While preserving tariffs on value-added products, which would cost many people in developing and resource-rich countries jobs, is not the answer, Japan's interest in reducing its dependence on foreign forests is a positive step. But current international trade and investment negotiations are taking Japan in another direction. Foreseeing its increasing dependence on international forest resources, Japan is looking to secure its access to raw logs by pressuring countries to lift their controls on unprocessed wood exports and foreign investment in the forest sector.

#### Trade Liberalisation and Indonesia:

# Risking Forest Fires to Attract Foreign Investment

Indonesia is home to 10 percent of the world's remaining frontier forests. Yet 70 percent of its original forest cover is lost, and continues to be destroyed at a rate of 1 percent each year. Indonesia is the source of 40 percent of the world's plywood, most of which is consumed by Japan, China, and South Korea. With many of its natural forests gone, many timber companies are turning to plantations that feed the growing pulp and paper industry. Since 1990, 1.4 million hectare of natural forests have been replaced by plantations. <sup>26</sup> New investors are converting forest lands to palm oil to fuel the global demand which is growing at 7 percent each year. This conversion of forests to industrial plantations has not only displaced thousand of species that thrive only in natural ecosystems, but it has displaced many indigenous Dayak communities. <sup>27</sup>

Foreign investors such as the Hong Kong-based Asia Pacific Resources International Holdings Ltd (APRIL), and other companies from Japan, Korea and Australia are becoming more central to the industry, lured by IMF and World Bank incentives. APRIL's Indorayon mill in northeast Sumatra, for example, displaced thousands of people, caused a drastic drop in the regions water level and fish stocks, and polluted local waters from chlorine bleach, sparking major protests by local citizens.

In the mid-90s the World Bank developed new forestry policies that gave more control over forest resources to corporations. In 1998, the IMF conditioned its financial package on changes in forestry policies (which proved to be detrimental). Removal of the high tax on the export of raw logs and palm oil coupled with controls on foreign investors and land conversion rates led to

increased logging and palm oil plantation development. Ultimately, these regulatory changes triggered the widespread forests fires that have devastated Indonesia's forests and wildlife for the past three years.<sup>28</sup>

Trade liberalisation through APEC or the WTO could remove what trade regulations that Indonesia has remaining, ranging from controls on exports to governmental attempts to promote more sustainable forms of trade. For example, a US study on the international conditions of competition in the forest sector claims that despite the potential of eco-labelling being considered trade barriers, the Indonesia government continues to 'press forward with an eco-labelling programme working with Forest Stewardship Council (a system of standards for certifying sustainable wood products) and have certified a handful of companies.' Whether or not Indonesia's current standard for certification is adequate, using free trade policies to discourage such attempts is not a good sign for the future of sustainable forestry.

Trade Liberalisation and Chile: Chipping Native Forests for the US and Japan Approximately one-third of the world's remaining temperate rainforests are located in the Patagonia region of southern Chile and Argentina. Although there has been an intensive effort to exploit this forest, especially in the last decade, much of it still remains largely intact, making it one of the world's remaining frontier forests.

Forest products, especially chips, play an ever-increasing role in the Chilean economy, one of the strongest in South America. Total exports of all products in Chile doubled in value between 1987 and 1994, while forestry exports nearly tripled. At the same time, chip production went from almost nothing to a huge industry that consumes nearly one-fifth of the total industrial wood supply. The Chilean government subsidises the plantation industry to promote the log and chip export sectors. These plantations not only compromise Chile's unique forest ecosystems because they consist of non-native radiata pine and eucalyptus, but also compromise Chile's resource dependent communities through the kinds of investment that are attracted to such plantation industries.

Boise Cascade – a US corporation with a controversial reputation at home – has begun an immense effort to convert Chile's native forests to wood chips. Boise Cascade's plan is to build the world's largest chip and oriented strand board facility in Chile's Patagonia and export the products to Japan and the US. The 'Cascada Chile' project will not only threaten forests by sourcing its wood from nearby native old growth ecosystems, but will also negatively impact the eco-tourism and salmon farming industries. The project includes construction of a new ocean port complex which will likely contaminate the marine environment with hydrocarbides and noise pollution. The benefits of the Cascada project to the local community would be 200 jobs. Despite the large potential social and environmental costs and the meagre employment benefits, the project is slated to move forward once it secures funding from a US source.

Trillium and Louisiana Pacific – two other US corporations with destructive track records at home – have begun immense efforts to convert Chile's native forests to wood chips. Trillium Corporation has been working to log the forests of Tierra del Fuego since 1994.

# Trade Liberalisation and China: Considering Costs of WTO Accession

China is poised to join the WTO, a move that will require elimination of tariffs and other trade and forest regulations and controls on investment. China has already agreed to extend full trading rights to US entities for most commodities within three years of accession into the WTO. It also has agreed to liberalise trading rights for timber and plywood within 3-5 years of WTO membership.<sup>30</sup> All these liberalisation measures will make it easier for China to export its forest products to markets abroad, for TNCs to invest in the forest sector within China, and for China to import foreign forest products, in sum, creating more pressure on forests.

Already China's forests are in crisis. Irresponsible logging throughout the 20<sup>th</sup> century resulted in severe deforestation, soil erosion and flooding. China's forests, totalling 128.5 million hectare, only cover 14 percent of total land area. Almost all of China's forests are state-owned and are under industrial and/or plantation management.<sup>31</sup> Remaining mature forests could be depleted within 10 years at current exploitation rates.<sup>32</sup> Around 73 per cent of China's forests are under 40 years old. More than one-fourth of the plantations established in China since 1985 have been fast-growing high-yield (FGHY) monocultural plantations, which do not support biodiversity, nor accommodate the diverse needs of rural communities.<sup>33</sup>

It is highly likely that China's accession into the WTO will increase pressure on forests, both domestically and abroad. Trends in consumption alone make these risks clear.

China currently consumes a tiny 26.2 kg of paper and paperboard products per capita per year compared to the massive 336.5 kg that is consumed in the US.<sup>34</sup> Yet the international wood products industry is counting on a significant rise in Chinese rates. Timber TNCs in the United States are lobbying the government to pressure China to open up its timber sector. The wishes of these timber TNCs are being fulfilled. Chinese consumption of lumber grew from 27.1 million cu. m in 1994 to 30 million cu. m in 1997. Consumption of plywood grew 27.3 percent over 1996 totals.<sup>35</sup> An estimated 100 joint ventures and foreignowned mills have commenced operations China, including Weyerhaeuser, Storo-Enso and APRIL.<sup>36</sup>

Current increases in consumption will not immediately be devastating for China's forests. As a result of major floods in 1998 the government implemented a national logging ban which drastically reduced the amount of wood that can be cut by 40 percent.<sup>37</sup> The government is reducing use of domestic forests by imposing annual log harvest quotas and requiring use of cement, steel and other

non-wood materials in construction and use of coal for heating. By halting consumption of domestic forests, initiating major tree planting campaigns, and expanding plantations of fast growing trees, China hopes to reach self sufficiency by 2020.<sup>38</sup> Economist Hu Anong says of the situation: 'We will use our "trade surplus" to make up for our "forest deficit," further decreasing our lumber output, and importing much lumber and finished goods, to let China's forests "rest and recuperate" for three decades.'<sup>39</sup>

Increased consumption in China will, however, immediately increase pressure on foreign forests. With the logging ban in place, China's imports are dramatically rising on top of previous rates. Between 1992 and 1997, China's imports of paper and articles increased 110 percent and its wood and wood products imports grew 40 percent. <sup>40</sup> Between 1997 and 1998, log imports grew 77 percent, mainly from the US, Indonesia, Korea and Malaysia. <sup>41</sup> Imagine the rates of increase now that China has put its domestic forests off-limits. China is not only importing more but also expanding the reach of its timber corporations to Southeast Asia and South America, as previously mentioned.

In Russia, Chinese government orders to protect China's own natural forests are leading to increased logging rates. Trade in logs between Russia and China increased almost ten-fold in two years – from \$1.8 million in mid-96 to \$17.5 million in mid-98, according to the Centre for International Trade in Forest Products. The true volume is unknown, however, due to illegal logging. The border between China and Russia extends approximately 2,000 miles, along which dozens of border crossings allow the export of logs to China by rail and truck. Local observers claim there is little monitoring or legal control of this timber trade. Indeed, some Chinese companies have moved beyond the log trade to start investing directly in logging operations in Siberia and the Russian Far East. With China's huge consumption demands and Russia's lack of effective control over logging practices, such investment could lead to large-scale forest degradation.

Such logging does not benefit the local economy or local communities in Siberia and the Russian Far East. The wood itself is sold in port for \$70-\$100 per cubic metre. Entrepreneurs often send the profits out of the country – part of Russia's capital flight – rather than reinvesting in the local community. Loggers continue to work for petty wages because they have no other job opportunities. 42

Nevertheless, while conservation initiatives by the government may help reduce pressure on domestic forest in the meantime, they will be short-lived. First, such controls as quotas and codes for substituting wood with non-wood products are all in violation of typical trade agreements on NTMs. Second, foreign investment and aid will likely revamp the processing sectors in China, increasing the sector's capacity to use wood fibre. Currently, the pulp and paper industry consists of thousands of small and diverse mills. These mills often use recycled and non-wood fibres, especially agricultural residues like straw pulpwood. In 1994, China's pulp industry consumed 12.6 million metric tons of non-wood

pulp compared to 1.8 million metric tons of wood pulp.<sup>43</sup> However, the government has closed many of the small, local mills because of inefficiency and pollution problems. The industry is responding with plans to build new, larger and more productive paper mills and machines that will use almost exclusively wood fibre.<sup>44</sup>

TNCs are waiting for China's economic borders to drop so they can prey on China's nascent consumer market. While increased trade and investment opportunities may generate more revenue for China, it is not required that China use these funds for forest protection and rural community support. What will happen to consumption levels if forest products are made cheaper and more accessible, if technology makes it easier to produce more forest products using more wood fibre and less agricultural fibre, and if, at the same time, logging and export/import controls are invalidates as trade barriers?

#### Citizen-based Initiatives to Advance Alternatives

After criticising the inadequacies of trade liberalisation bodies and the misdoings of timber TNCs, one wonders about the alternatives. What kinds of international trade are good? Is the only way to stop the destruction of forest ecosystems and the alienation of communities from their natural resources, to halt all international trade in forest products? If the nations are going to trade internationally, doesn't the world need a global body to oversee commerce in an international forest sector which is already well-established?

Trade in itself is does not have to be destructive for forests. But what kind isn't? From experience and common sense, it is clear that corporations are not guided by the necessary incentive to conserve forests and protect the human and ecological systems that comprise forests. Governments should not entrust timber TNCs with the power to self-regulate, which is essentially the outcome of free trade negotiations at the WTO. Instead citizens need to work together and with governments to develop fair and sustainable rules for trade.

Yet many questions arise when drawing lines between regulations that should be eliminated and those that should be kept. One country's environmental protection can be viewed as a threat to another country's economy and people. Trade restrictions to prevent human or ecological health risks from being imported along with goods can be controversial. This is especially true when the country imposing the restriction is an industrialised nation that has already built its wealth on international resource exploitation and is now ready to preach higher standards and enforce them through trade rules.

For example, the United States banned imports of untreated woodpacking material from China to prevent an invasive beetle from entering the countries and posing risks to forest ecosystems and valuable timber. While environmentalists, scientists and some domestic forest interests applauded the new policy as a step towards more precautionary trade policies, many in China criticised the measure as disguised protectionism. The same was true when the

EU banned imports of hormone treated beef and when the US banned imports of tuna caught with nets that are unsafe for dolphins.

How does one decide if a trade control is being used to promote fair and sustainable commerce worldwide or to promote one nation's selfish economic interests? Creating international standards for trade rules that protect forest ecosystems and communities is difficult. Who should bear the burden of producing forest products that meet high standards for community and ecological sustainability? Should it be the exporter, often a poor, resource rich nation that is trying to break out of the 'resource colony' mould? Should it be the importer, often wealthy, industrialised nations with high consumption rates? Should it be both?

These questions are being intensely debated by economists, trade experts and government officials. Yet there is a needed role for activists, academics and forest protection and community groups to better define the terms fair trade and sustainable commerce and develop a more workable model for international trade in forest products. Though recasting the model for international timber trade is a major task, it is clearly possible. By joining together to confront the WTO's Global Free Logging Agreement, citizen groups have already affected global negotiations on forests. But they need to continue to refine its joint strategy, through which each NGO works to address its own country 's trade and investment policies. This common work has already begun.

Some examples of well-developed fair and sustainable trade tools include:

- Third-party certification initiatives through which citizens are working with
  foresters and businesses to promote international and regional standards
  for sustainable wood trade. The Forest Stewardship Council is one of the
  best example of such as system that can provide rural communities in
  developing and developed countries with opportunities to get better prices
  for their goods by marketing them for wealthy and environment conscious
  communities in industrial countries.
- Purchasing policies which require government bodies, schools and companies to use certified wood products, non-wood products, or paper that contains a high amount of recycled content. Through these campaigns citizens can pressure companies to not buy endangered or threatened species or wood from ancient forests, or wood that comes from forms of forestry or processing that are destructive for ecosystems or communities. In the United States environmental groups have mounted a successful campaign pressuring the nation's largest distributor of wood, Home Depot, to stop buying and selling wood products from ancient forests. Campaigns to stop timber companies from operating in a certain region can also be successful but can sometimes run the risk of chasing the operation to another place where ecosystems and communities are equally vulnerable to damage.
- Bans and prohibitions, when not used unilaterally for political purposes, can be effective for preventing unacceptable forms of trade or forestry

practices, such as trade in an endangered species, in raw logs, or other trade which does not benefit communities.

- Import restrictions or treatment restrictions for wood products that are known to harbour exotic pests and pathogens that can invade and devastate forests in countries to which they are not native.
- Taxes or other fees to make sure that the full ecological values of forests are represented in the purchase prices of timber
- Requirements that promote substitution of wood or use of such alternatives to wood as paper made from kenaf and hemp and other kinds of non-wood fibre and construction materials made of steel.

While certification, consumer campaigns and trade prohibitions are not in themselves solutions to the global forest crisis, they are positive steps towards a trading system that minimises negative environmental and social impacts. These fair trade tools must be complemented with strong environmental protection and sustainable community-based forestry policies in individual countries. Citizen groups must develop their own networks and methods of monitoring and enforcing these policies. In addition, citizen groups must work to prevent standards for certification systems, procurement policies and other fair trade tools from being diluted to accommodate all timber and forest interests.

To advance on-the-ground forest protection tools as well as international fair trade tools, citizen groups also need to work with government and policies experts in international policy forums. Such forums include the United Nations, Convention on Biological Diversity (CBD), Convention on International Trade in Endangered Species, Kyoto Protocol on Climate Change, International Labour Organisation (ILO), and Intergovernmental Forum on Forests (IFF) among others.

Finally it is essential that citizen groups develop a better network among themselves to promote alternatives to industrial timber trade. They need to monitor and campaign on timber TNCs and trade and investment negotiations that may impact on forests and communities. They must educate the media and governments in Pacific-Rim countries about the connections between trade and investment and forests. They must increase the capacity of more citizen groups to follow the links between forest protection, community advocacy, labour and human rights and international trade.

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# Information Monopolies & the WTO

#### Roberto Verzola

#### **Information Goods. Sectors and Economies**

The sector of an economy that involves the production of information goods may be called the information sector.

Information goods, being non-material goods, are quite different from agricultural or industrial goods, which are material goods. When the bulk of the cost of a material good is in its information content, it partakes of the character of an information good.

An economy whose information sector has become more dominant than its agriculture or industrial sector may be called an information economy. Earlier, such an economy had been variously called a 'post-industrial' economy or 'service' economy. Some people today use the term 'knowledge' economy. The best example of such an economy is the US economy.

Information goods are different from material goods as follows: the true cost of producing an information good is concentrated on the research and development (R&D) stage – in creating that first copy of the final good. Once the first copy is created, it can then be stored and reproduced electronically at very little cost. If digital format is used, then perfect copies of the original can be made very cheaply over unlimited generations of copies.

# **Low Reproduction Cost**

The low cost of reproduction of information creates the basic contradiction within the information sector. On the one hand, it makes it very easy to share information products freely. On the other hand, it makes the potential profits from selling the product very high.

We share information all the time. The lower the cost of reproducing information, the lower the barrier in sharing it. Once information is released, it

tends to have a life of its own and gets shared among users until all who want it have gotten it. This reflects the social nature of information.

But because the free sharing of information goods makes it difficult to set high prices for them, commercial information producers tend to do everything in their power to prohibit the free exchange of information. If they manage to do so, they can create an artificial scarcity, which enables them to keep prices – and profit margins – high.

This is the whole concept behind intellectual property rights (IPR) such as copyrights and patents. IPRs prohibit the public from freely sharing information and give the information producer the exclusive right to use, make copies or sell the product. IPRs are, in effect, information monopolies. Today, they are the principal form of information ownership. The information economies of today are monopolistic information economies. Information monopolies make high profit margins possible.

We know that investments tend to go where the profit margins are highest. The high margins in the information sector encourage the shift of investments from the industrial and agricultural sectors to the information sector. The transformation of the US economy from an industrial to an information economy is simply the result of this natural movement of investments to areas which promise the highest returns.

## Cyberlords: Rent-seeking Class of the Information Sector

The propertied class of the information sector may be roughly classified into two: those who control the programmes, the data, or the content (the software); and those who control the infrastructure, the servers, the facilities or the equipment for distributing, using, or consuming the information goods (the hardware). Both of them are usually rentiers, earning their income in the form of rents extracted from users. The rents include patent and copyright royalties, license fees, subscription fees, entrance fees, usage charges, technology charges and so on. These rentiers of the information sector are the landlords of cyberspace. They may, therefore, be called cyberlords.

Cyberlords who control the software may be called information cyberlords. These include the owners of software companies, database companies, music, video and film companies, publishers, genetic engineering firms, pharmaceutical and seed firms, and similar companies who earn most of their income from IPR rents.

Cyberlords who control the hardware may be called industrial cyberlords. These include the owners of communications lines and equipment, radio and TV stations and networks, Internet service providers, theatre distributors and owners, cable TV providers and operators, integrated circuit manufacturers, and other firms. With these facilities converging towards a single global information infrastructure for data, voice communications, media, entertainment, financial transactions, payments, etc. the industrial cyberlords are consolidating, merging

and creating huge new monopolies that control large chunks of these facilities.

We can also include in the cyberlord class those highly-paid professionals who earn their living under the employ or in the service of cyberlords. The best examples are the top-level managers as well as the lawyers who serve cyberlords and who derive their income mostly from the payments of the cyberlords they work for. Lawyers, in particular, are absolutely necessary for copyrights and patents holders because these IPR instruments are basically legal artifices which can only be implemented through government intervention.

Cyberlords provide a social base for globalisation. Because the social nature of information keeps asserting itself, information products tend to spread themselves globally as soon as they are released, regardless of the will and intentions of the producers. Cyberlords, therefore, have no choice but to globalise their operations themselves, to follow where their information products go. Thus, they push the globalisation process incessantly to ensure that every country, every nook and corner of the globe, is within the reach of their mechanisms for rent extraction.

#### WTO: A Legal Superstructure for Cyberlords

To strengthen this global reach, cyberlords need a global legal superstructure for imposing their information monopolies and extracting rents. This global legal superstructure is turning out to be the World Trade Organisation (WTO). Under the WTO's persistent pressure, various international agreements have been concluded that protect and advance the interests of cyberlords. The most important agreement, without which cyberlords would not be able to realise their high profit margins, is the TRIPS agreement under GATT, which bound all WTO members to very high standards of IPR protection.

Since more than 90 percent of all IPRs in the world are owned by rich countries, this highly protectionist agreement is clearly in the interest of rich countries like the US and Europe. The TRIPS agreement was followed by other WTO agreements essential to the growth and expansion of the information sector, and which have been or are in the process of being concluded. These include: the ecommerce agreement, the information technology agreement, and the agreement on telecommunications. These agreements ensure low-duty or tax-free transactions, an increasingly deregulated playing field, the lifting of restrictions to the entry of foreign firms, and other policies beneficial to cyberlords, particularly those who operate globally. These also include agricultural agreements, in so far as they ensure markets for the genetically-engineered agricultural products (which may be seen as information products of the genetic variety) of information economies.

#### **Retaining Colonial Trade Pattern**

With the emergence of powerful information economies led by the US, there are now three major categories of economies in the world: the information

economies, the industrial economies and the agricultural economies.

Let us do a quick comparison of their typical products – agricultural crops like sugar; industrial manufactures like refrigerators; software programmes or movies on CD). To produce \$300 worth of sugar, one needs to plant lots of sugarcane, grow them for months, harvest them and then process some 2,000 pounds of sugar. A \$300 refrigerator would need a lot of metal, plastic, glass and other materials, as well as sufficient energy to process and mould them into a working appliance. A \$300 software on a CD can be copied within minutes for one dollar or so. Yet, in a WTO-ruled world, these products are supposedly of equal value. Clearly, the greatest returns will be enjoyed by the information economy and the lowest by the agricultural economy, with the industrial economy lying somewhere in between.

In the past, industrial economies enjoyed a favourable pattern of trade with agricultural economies. This colonial trade pattern kept erstwhile colonies under the former's economic control, although the latter had gained formal political independence. Similarly, we can expect information economies to enjoy a favourable trade pattern with industrial and agricultural economies. The high profit margins of information products will allow information economies to continue to extract large amounts of resources from developing agricultural and industrial economies. Agricultural economies which are trying very hard to industrialise in the hope of extricating themselves from the colonial trade pattern with their industrial trade partners will not necessarily succeed in doing so. By the time they reach industrial status, the US and Europe will have become full-blown information economies, thereby remaining in a very good position to continue such a colonial trade pattern.

Historically, therefore, the emergence of the global information economy can be seen as the third wave of a continuing globalisation process. The first wave involved direct conquest through colonialism. The second consists of the post-colonial expansion of industrial economies producing material goods. The third is the emergence of the global information economy.

#### First to Third Waves: A Comparison

Let us compare the three waves:

- The first wave was after slaves, precious metals and lands for raising export
  crops; the second wave was after new investment acquisitions, sources of
  raw materials and labour, and industrial markets. The third wave is after
  sources of mental labour, sources of information raw materials, and markets
  for information products.
- The third wave requires freer movement of information across national boundaries, further eroding the power of the State. While the State itself operated corporate monopolies during the first wave, and continued to be dominant over corporations during the second wave, it is much less powerful under the third wave. Global corporations are now assuming the

- dominant role in the State-corporate partnership, in close collaboration with supra-national institutions like the IMF, the World Bank, and the WTO.
- As in the first two waves, a mask hides the real intention to extract wealth
  from the rest of the world, using such phrases as 'information at your finger
  tips', 'world without borders', 'global village', 'instant access to the world's
  libraries', and 'free flow of information'.
- The global information economy imposes its own global rule to facilitate wealth transfer. Supra-national institutions curtail national sovereignty. The role of the nation-state shrinks, many of its functions taken over by private corporations, which strengthen their political voice and clout further. Corporate control of information, communications, and media infrastructures expands through privatisation and deregulation.
- New forms of wealth extraction emerge or old forms acquire new importance. Monopoly rents become the main form of wealth extraction. Royalties from intellectual property rights (IPRs) and other income from information rents assume major significance. Because of the huge disparity in profit margins, trade between information economies and other economies become even more unequal.
- We face new technologies of exploitation. First wave technologies were for the immediate plunder of our natural resources and human communities. Second wave technologies were based on material exploitation and intensive energy utilisation. Third wave technologies are invariably informationbased, centred on extracting the highest monopoly rents from one's control of information infrastructure or information content. The best example is the Internet. Advanced information and communications technologies make possible the convergence of media, entertainment, data, and communications. Genetic engineering and biotechnologies have likewise become fertile areas for information monopolies, like the patenting of life forms.

# High Initial Costs Filter Out the Poor

Will new information and communications technologies (ICTs) democratise benefits and make it possible for poor countries to catch up with the developed economies? Not likely. In fact, new ICTs are bound to exacerbate the existing gap between rich and poor countries, and between rich and poor sectors in every country.

Consider the nature of an information product, whether software, hardware, or a data connection: the initial costs (the development costs, the equipment cost, the leased line cost, etc.) are high, but the operating or recurring costs are low. Because the initial costs are high, few firms or individuals can afford them. These high initial costs serve as barrier, filtering out those who have little or no capital. But the rich who can afford the high initial costs then enjoy low operating costs (the cost of reproducing software, running equipment, maintaining a leased

line, etc.). This makes them much more competitive vis-à-vis those who have been excluded from the new ICTs because of the high initial costs. The more competitive rich will get richer, the less competitive poor will get poorer.

#### **Low-friction Capitalism and the Wealth Gap**

Software and information content can move around the world much more quickly than refrigerators or bags of sugar. The non-material products of the information sector can move more easily, much faster, and with less overhead costs. The same infrastructure for quickly moving information products can also serve for payments. The cost of transactions will go down dramatically. This makes possible what may be called low-friction capitalism. Low friction means less resistance to movement; information goods and money can move faster. The higher velocity of goods and money speeds up the various capitalist processes of acquisition, accumulation, competition, concentration, and the emergence of monopolies. Thus, the evolution from a multiplicity of small producers towards a few giant monopolies occurs much faster. The rich will get richer, and the poor will get poorer faster too.

Social change advocates who work in the agricultural and industrial sectors must grasp how the information sector and the emerging global information economy are qualitatively different from the material sectors of the economy. Only an appreciation of these new features can lead to an effective strategy against the increasingly powerful cyberlord class.

# **Strategy Against Cyberlords**

Such a strategy may be summed up as follows: oppose privatisation and fight for public domain information content, tools, facilities and infrastructure.

We should yield no ground in the cyberlords' efforts to increasingly privatise information, culture, knowledge and other non-material goods – including what are currently public domain material – through IPRs. This is the key struggle in the information sector. Information cyberlords will rise or fall depending on how this struggle turns out. In the software field, this is best done through the expansion of various forms of compulsory licensing of commercial information products and the protection of the people's freedom to use, share, and modify information tools and content. A strong lobby must be mounted against the patenting of life forms. We should propose non-monopolistic rewards for intellectual activity and the social sharing of non-material goods.

We should advocate various forms of community/public control or ownership over backbone information facilities and infrastructures, to minimise private rent-seeking through corporate control over such commonly used information facilities.

Such a strategy runs squarely against WTO principles, which are highly protectionist over IPRs and which favour corporate control over information facilities. As the legal infrastructure which cyberlords rely on for maintaining

their high profit margins, the WTO will remain major arena of struggle in the information sector. The setback WTO suffered as a result of the Seattle protests has opened some windows of opportunity to question the various pro-cyberlord WTO agreements, particularly TRIPS.

Developing countries must try to get these agreements postponed, reviewed, and modified, to weaken pro-cyberlord provisions and strengthen those provisions that increase public access and control over information content and facilities.

While the cyberlord class has become increasingly powerful, the source of its power is also the key to its weakness. This is the extremely low cost of reproducing information, which is the basis of the social nature of these goods. It is impossible to stop people from sharing information, regardless of the will of information producers and cyberlords. The more people freely share information, the weaker information monopolies will become.

#### **Our Future: Neo-slaves or Free Citizens?**

The colonisation of our countries that began in the 16th century hasn't really stopped. It just changed forms, coming in waves of globalisation that intrude into our communities, impose their unwanted rule, and squeeze wealth out of our people and environment. Each improvement in technology and transformation of capital creates new ways of extracting wealth from us, enriching further those who control the technology and our economy while impoverishing us, destroying local livelihoods, ravaging our natural resources, and poisoning our environment.

The resolution of this conflict cannot occur separately from other ongoing struggles in the agricultural and industrial arenas. Only a combination of demands involving the three major sectors can draw the support of the majority of the people in these sectors and bring about a new political structure that is in closer harmony with the social nature of information.

How we confront this extension of colonialism will determine whether our children and grandchildren will live as neo-slaves under a system as cruel and heartless as the colonial system of old, or as free citizens living in communities where knowledge and culture are again freely-shared social assets, where industrial machinery is appropriately designed to serve and not to enslave human labour, and where ecology is the organising principle in agriculture.

# War Over Water 'Water flows Uphill to Money'

#### VINOD RAINA

SINCE THE BEGINNING of the world, gravity has been nature 's engine to distribute water over the earth. But as mankind (marginally womankind) has progressed, we have reached a state of economic 'progress' that will finally defy nature and its gravity – no, water has not acquired wings, but with privatisation of water on the anvil, it will 'flow uphill to money', as a resident of the high desert in New Mexico observed after his community's water had been diverted for use by the high-tech industry.

There is, sickeningly, a consistent universal solution to all the problems of the world today - globalisation. So why should water remain confined to local regions or within national boundaries. The corporate solution is simple, let national governments hand over right to water to them; they will transfer water in bulk across nations and continents. And if in the process the poor and the needy are further deprived from their scarce water sources at the expense of industry and the rich, and corporations make profits, well what is wrong! In 1998, the Nova Company of Canada awoke the region to the fact that diverting or exporting Great Lakes water to regions of the globe that would buy it was a real possibility. Nova was granted a permit to ship tankers of Lake Superior water to Asia. The permit was withdrawn after protests from Canadian and US citizens and elected leaders. Then in October 1999, Sunbelt Corporation of California filed a \$10.5 billion claim under NAFTA because of British Columbia's withdrawal of a water export permit. Using trade agreements like NAFTA (North American Free Trade Agreement) and GATT/WTO, corporations smell blood in water trade, and the war over water is truly on. But like vultures, the corporations must first sight the carcass before swooping down, which is what the present water crisis gripping the globe provides them.

#### The Crisis

We live under a wrong illusion that there is an infinite supply of water on earth. Available fresh water has continued to be the same for over 2000 years, and it amounts to less than half percent of all water on earth. The rest is seawater or inaccessible in ice caps, ground water and soil. The population has risen over 33 times during these 2000 years. Consequently, United Nations estimates that one billion people already lack access to fresh drinking water, and within the next 25 years, the number of countries facing chronic water shortages will swell to 50 with three billion people, about 35 percent of world population. World Bank and United Nations estimates predict that by 2025, the demand for fresh water will rise by over 56 percent more than is currently available. While the only renewable source of freshwater is continental rainfall (which generates a more or less constant global supply of 40,000 to 45,000 cubic km per year), the world population keeps increasing by roughly 85 million per year. Therefore, the availability of fresh water per head is decreasing rapidly. Most stupidly, overuse, pollution, diversion and depletion of this finite source of freshwater is taking place at mind-boggling rates. Averages hide lies. It is not as if the increasing population has access, or is using equally, this finite resource. The United Nations reports that Europeans spend \$11 billion a year on ice cream (made mostly of water), \$2 billion more than the estimated total money needed to provide clean water and safe sewers for the world's population. More than five million people, most of them children, die every year from illnesses caused by drinking poor quality water. While billions go without clean water, North Americans use about 5000 litres of water per person per day!

Water inequality does not exist only between nations but within nations too. The ongoing unprecedented drought in India is affecting millions of humans and cattle, and is leading to famine like conditions and large-scale migration, even though the government takes pride in proclaiming that food godowns are bursting with huge stocks! Millions of people are scrounging for cupfuls of water and morsels of food on a daily basis. However, water sport amusement parks are sprouting all over the big cities and highways of the country and are being advertised prominently in colour, on the same pages of national dailies that allow no more than a centimetre deep news of the drought. Likewise in 1994, when Indonesia was hit with a major drought, residents' wells ran dry, but Jakarta's golf courses continued to receive 1000 cubic metres per course per day. In 1998, in the midst of a three-year drought that dried up river systems, the Cyprus government cut the water supply to farmers by 50 percent while guaranteeing the country's two million tourists a year all the water they needed. In Lima, Peru, poor people may pay a private vendor as much as \$3 for a cubic metre of water, which is often contaminated and has to be collected in buckets. The more affluent, on the other hand, pay 30 cents per cubic metre for treated water provided through taps in the houses. In Dhaka, Bangladesh, squatters pay water rates that are 12 times higher than the local utility charges. Indigenous people have been impacted in a particularly brutal fashion by the theft of their water. It is the immediate relationship that these people have to water that makes them especially vulnerable to any large-scale project that alters aquatic ecosystems.

Water inequalities have profound impacts on the food security of the majority of people on earth. Irrigation and crop claims 65 percent of all water used by the humans, compared to 25 percent for industry and 10 percent for households and municipalities. The annual rise in population and over-consumption demands higher food production, requiring larger amounts of water. But the world's expanding cities and industries are successfully competing and taking more and more water from agriculture every year. Throughout rural Latin America and Asia, massive industrialisation is disrupting the relationship between humans and nature. Export oriented agribusiness is claiming more and more of the water once used by small farmers for food self-sufficiency. The other major drain on local water supplies is the more than 800 free trade zones in the developing world where assembly lines produce goods for the global market. In such zones in Mexico, for example, clean water is so scarce that babies and children drink Coca-Cola and Pepsi instead! During a drought in northern Mexico in 1995, the government cut water supplies to local farmers while ensuring emergency supplies to the mostly foreign controlled industries of the region.

The Worldwatch Institute warns that an unexpectedly abrupt decline in the supply of water for China's farmers could threaten world food security. China faces severe grain shortages in the near future because of water depletion due to the current shift of limited water resources from agriculture to industry and cities. The resulting demand for grain in China could exceed the world's available exportable supplies. The western half of China is made up mostly of deserts and mountains, the bulk of the country's 1.2 billion people live on several great rivers whose systems cannot sustain such demands. For instance, in 1972, the Yellow River failed to reach the sea for the first time in history. That year it failed for 15 days, every year since, it has run dry for more days. In 1997, it failed to reach the sea for 226 days. The story is the same with all of China's rivers and with its depleting water tables beneath the North China Plain. As big industrial wells probe the ground ever deeper to tap the remaining water, millions of Chinese farmers have found their wells pumped dry. Around 300 Chinese cities are already facing severe shortages. These shortages come at a time when China will see a population increase in the next 30 years greater than the entire population of the United States. Conservative estimates suggest that the annual industrial water use in China could grow from 52 billion tons to 269 billion tons in the same period, and when rising incomes are allowing millions of Chinese to install indoor plumbing with showers and flush toilets. Worldwatch predicts China will be the first country in the world that will have to literally restructure its economy to respond to water scarcity.

The situation is not much different in the other billion plus population country, India. Most agree that the ongoing drought of the year 2001 is the worst ever, affecting the entire central belt, from east to west. Rivers and wells have run dry and over-pumping has either emptied aquifers or plunged them deep down. In the beach area of Madras, aquifers have got filled with saline water, ensuring that numerous high rise apartments and condominiums that have sprung up along the beach remain unoccupied, or have tankers ferrying water to them. With depleted rivers, a lot of hydropower generation has got badly affected, reducing power supply to farms and cities to alarming levels. And all this has happened during the winter months, when the water bodies are normally full after the monsoons. The coming summer, when temperatures soar above 45° Celsius in the drought belt, could be calamitous.

The official response around the world to such conditions and water demands is to build more dams and divert more rivers. We are now tampering with water systems on a scale that is totally unsustainable. The number of large dams worldwide has climbed from just over 5000 in 1950 to almost 500,000. In the northern hemisphere, three-quarters of the flow from the world's major rivers has been harnessed and tamed for power generation. In the US, only 2 percent of the country's rivers and streams remain free-flowing and undeveloped. All but one of England's 33 major rivers is suffering; some are now less than a third of their average depth. The Thames is threatening to run dry and already larger ships have to restrict their movements to high tides. Development has cut the Rhine River in Europe off from 90 percent of its original flood plains. Over the last 25 years, the Danube's phosphate and nitrate concentrations have increased six-fold and four-fold, respectively. According to FAO, 80 percent of China's major rivers are so degraded they no longer support fish. After the Pak Mun Dam was built in Thailand, all 150 fish species that had inhabited the Mun River virtually disappeared. The world's waterways are struggling with the full range of modern toxic pollution problems. At least 90 percent of the developing world's wastewater is still discharged untreated into local rivers and streams.

The Aral Sea basin shared by Afghanistan, Iran, and five countries of the former Soviet Union, was once the world's fourth largest lake. Excessive river diversions have caused it to lose half its area and three-fourths of its volume, while its surrounding wetlands have shrunk by 85 percent. Almost all fish and waterfowl species have been decimated in what is perhaps the planet's greatest environmental tragedy. Each year, winds pick up 40-150 million tons of a toxic salt mixture from the dry seabed and dump it on the surrounding farmlands. Millions of 'ecological refugees' have fled the area.

Where as advances in modern engineering have allowed governments to supply farms and cities with water and hydropower, the human, social and environmental costs have been enormous. There is simply no way to overstate the water crisis of the planet today. Till now, deprived and affected populations have been agitating for their share of land, water and forests with their governments. But instead of

radical reforms to address the grave water and ecological problems, the governments are likely to wash their hands off the water problem, by giving the control to corporations, which is bound to push the world to a nightmare.

#### **Commodification and Privatisation**

We are now in the era of 'Everything is for sale'. Even those areas of life once considered sacred, such as health and education, culture and heritage, genetic codes and seeds, and natural resources such as air and water. In 1997, \$157 billion worth of global public government resources were transferred to private companies, an increase of 70 percent in one year. A new global royalty now centrally plans the market, destroying lives and nature in its wake. As David Korten, former senior advisor to USAID, says, 'The world is now ruled by a global financial casino staffed by faceless bankers and hedge-fund speculators who operate with a herd mentality in the shadowy world of global finance. Each day, they move more than two trillion dollars around the world in search of quick profits and safe havens, sending exchange rates and stock markets into wild gyrations wholly unrelated to any underlying economic reality. With abandon they make and break national economies, buy and sell corporations and hold politicians hostage to their interests.'

As demand for fresh water continues to grow, more and more governments and corporations are considering the commodification of water – buying, selling, shipping and bottling. International trade agreements are increasingly the means by which environmental resources are valued and disputes settled. In industries ranging from wastewater services to bottled water to bulk water exporting, corporations are jumping to exploit water shortages.

Two French transnationals dominate the world of privatised water — Vivendi SA, whose water division is Generale des Eaux, and Suez Lyonnaise des Eaux (which built the Suez Canal and has holdings of \$56 billion). They are referred to as the General Motors and Ford Company of the water world. Between them, they own, or have controlling interests in, water companies in approximately 120 countries on five continents and distribute water to almost 100 million people in the world. In March 1999, Vivendi purchased US Filter Corp. for more than \$6 billion in cash, making this merger the world's largest water company in North America with projected revenue of \$12 billion in annual sales. With close to \$90 billion in annual revenues, the US is the world's largest water market. Until now small-scale public-sector operators have almost exclusively controlled this sector. Vivendi is poised to promote the massive privatisation of the American water market.

Now the Dabhol power plant constructor — which has virtually blackmailed the governments of Maharashtra and the central government in India — the power giant Enron, having acquired Wessex Water PLC of Britain, is bidding for huge contracts against established players for newly privatised water services in Bulgaria, Rio de Janeiro, Berlin and Panama. The very familiar Rebecca Mark is

the CEO of Enron's recently formed water division, Azurix. Ms Mark, whom Fortune magazine named as one of the 50 most powerful women in the US in 1998, says she wants to change her lifestyle so she can ski every day and ride her horses, but not before she has fully privatised the global water market. She estimates its worth to be approximately \$300 billion (the World Bank places the value at closer to \$800 billion).

One form of privatised water familiar even in developing countries is bottled drinking water. The ability of municipal bodies, throttled with financial cuts, to supply quality drinking water is increasingly diminishing. So, enter private packaged suppliers. In the thirst rich country like India, brand names like Triputi, Ganga, Bisleri, wrongly claim to provide mineral water; Ganga of course claims its water is lifted from the holy Ganges. Worldwide, trade in bottled water is one of the fastest growing, and least regulated. In the 70s, the annual volume was around 9000 million litres. By 1980 this figure had reached around 19,000 million litres and by the end of the decade, the world was drinking around 6 billion litres of bottled water each year. In 1998 over 18 billion litres of water was bottled and traded globally, over 90 percent of it in non-renewable plastic containers. As the world's freshwater supply becomes more degraded, those who can afford it are favouring the packaged item, even though bottled water is subject to less rigorous testing and purity standards than tap water (Indians can feel reassured that the problem is worldwide!). A March 1999 study by the US based Natural Resources Defence Council (NRDC) found that much bottled water is less safe than tap water. One-third of 103 brands of bottled water studied contained levels of contamination, including traces of arsenic and e. coli, and at least one fourth of bottled water is actually bottled tap water the study found, a fact that is all too familiar in India.

Alongside the giants of the industry, such as Perrier, Evian, Naya, Poland Spring, Clearly Canadian, La Croix and Purely Alaskan, and thousands of smaller outfits, the big soft drink companies are entering the market in force. Pepsi has its Aquafina line and Coca-Cola has recently launched the North American version of its international label, Bon Aqua, called Dasani. Coca-Cola predicts that its water line will surpass its soft-drink line within a decade. These companies are engaged in a constant search for new water supplies to feed the insatiable appetite of the business and are engaging in the trade of water by tanker shipments and by purchasing water rights from farmers. In rural communities all over the world, corporate interests are buying up farmland to access wells and then moving on when supplies are depleted.

The global income gap is clearly reflected in inequitable access to bottled water. The NRDC reports that some people spend up to 3,000 times more per litre for bottled water than they do for tap water. For the same price as one bottle of this consumer item, 3,000 litres of tap water could be delivered to homes, according to the American Water Works Association. Ironically, the same industry that contributes to the destruction of public water sources, in order to

provide 'pure' water to the world's elite in non-renewable plastic, peddles its product as being environmentally friendly and part of a healthy lifestyle!

Bottled water is, however, a very small component of the projected global trade in water, the mass export of bulk water, by diversion, sealed bags and supertankers. Barges already deliver water to the islands in Bahamas, and tankers deliver water to Japan, Taiwan and Korea. A Turkey government water company had begun work to divert water from the Manavgat River, to be shipped across the Mediterranean to Cyprus, Malta, Libya, Israel, Greece and Egypt, until political tensions halted the project. The European Commission is looking into the possibility of establishing a European Water Network such that alpine water from Austria can flow into Spain or Greece, rather than into Vienna's reservoirs. A high-tech pipeline already transports quality spring water from the Austrian Alps to Vienna, and there are proposals to extend it to other countries. Similarly, several companies are exploring to meet the water shortages of England by large-scale export of water from Scotland, by tanker and by pipeline.

Several companies around the world are developing technology to make it possible to load large quantities of fresh water into huge sealed bags, to be towed across oceans for sale. The Nordic Water Supply Company in Oslo has signed a contract to deliver 7 million cubic metres of water per year to Northern Cyprus. Aquaris Water Trading and Transportation Ltd of England has begun the first commercial deliveries of fresh water by bag to the Greek Islands. But it is in North America that companies are lining up in numbers to trade in water. Several are directly involved with plans to divert massive amounts of Canadian water to water-scarce areas of the United States and Asia including West Asia, by tanker, pipeline, or rerouting of natural river systems.

Ominously, therefore, it wouldn't take long before many of these companies, helped by weak and willing national governments get a stranglehold in Asia. Apart from the lucrative market in water-starved areas of Asia, regions like the Himalayas and its river and lake system stretching through Pakistan, India, Nepal, China and Bangladesh, provides a vital source for fresh water mining. The consequent ecological damage could threaten the most populated region of the world.

# NAFTA and WTO

As mentioned at the beginning, the permit granted to the Nova Company to ship tankers of Lake Superior water to Asia, and the case filed by the Sunbelt Corporation of California has awakened the world to the imminence of large-scale water trading. Though in both the cases, the governments have acted to withdraw permission under public pressure, the legal validity of such withdrawals will set the course for future action. Sunbelt has already filed a claim for \$10.5 billion under NAFTA. Public outcry against the environmental hazards due to bulk transfer of water and the ethics of treating a universal public resource like water as a tradable good will have to pressurise not only the respective national

governments, but fight against multilateral trade agreements that not only restrict fresh environmental legislations but are being systematically used to dismantle existing environmental protection measures, in favour of trade.

NAFTA clearly provides the blueprint for the future of water trading. Its Chapter 3 establishes obligations regarding the trade in goods. It uses the GATT definition of a 'good', which clearly lists 'waters, including natural or artificial waters and aerated waters' and adds in an explanatory note that 'ordinary natural water of all kinds (other than seawater) is included'. It would, therefore, appear that we must confront the reality that under NAFTA and WTO rules, water export controls are prohibited. Moreover under NAFTA, Canada is also precluded from denying US investors and service providers the same access to Canadian water it allows Canadian companies, communities and residents.

Common sense and environmental ethics demand that water in its 'natural state' should not to be considered a tradable 'good' and, therefore, should be outside the purview of trade rules; however, under both the US and international law, water in its natural state is considered a commercial good. Moreover, a very large portion of water resources of all nations would already have to be considered as having entered into commerce, because it is being used to generate power, irrigate crops, support industry and service individual consumers.

The most likely source that places water at risk is Article XI of WTO that imposes a blanket prohibition against the use of quantitative export controls on any product destined for the territory of any contracting party. Which means that quotas or bans on the export of water imposed for environmental purposes could be challenged as a form of protectionism. Two recent WTO rulings suggest that precedents have been set up against environmental protection – American law to protect Asian sea turtles from shrimp nets and dolphins from drift nets has been successfully challenged, and Indonesia was forced to lift its ban on the export of raw logs – both bode badly for a nation's right to protect its natural resources. The West Coast Environmental Law Association thinks that these rulings will reverberate in all natural resource sectors. WTO of course has both the legislative and judicial authority to challenge laws, policies, and programmes of member countries if they do not conform to WTO rules, and it has the power to strike down these rules if they can be shown to be 'trade restrictive'.

There could be a mistaken view that Article XX of WTO can protect the environment and natural resources of a member country. According to this Article, member countries can still adopt laws 'necessary to protect human, animal or plant life or health ... relating to the conservation of exhaustible natural resources if such measures are made effective in conjunction with restrictions on domestic production or consumption.' However, the Article can only be applied in 'non-discriminatory' fashion and cannot be a disguised barrier to trade. Up till now, in each case the WTO has upheld the rights of commerce over the rights of environmental protection. To complicate matters, WTO does not recognise the authority of Multilateral Environmental Agreements (MEAs), making it inimical

to environmental laws.

As for legal measures to restrict water trading, ensuring that water in its 'natural state' should be treated as a nontradable good, in the opinion of the West Coast Environmental Law Association, is no longer feasible because of NAFTA and WTO, unless pressure is put to change the NAFTA/WTO provisions. The Association suggests that the best approach for preventing bulk water removals is the enactment of national legislations designed specifically for the purpose. This may not prevent corporations from attempting to buy water rights, but could insulate nations against investor claims.

# Towards a Water Conservation Ethic

Countries in Asia, particularly China and India, need to wake up to provide a lead such that their water resources do not become the next target of profithungry corporations, destroying in the process the already endangered Himalayan ecological system, the source of most of the fresh water in the world. Apart from studying the various legal strategies that can confront trade related assaults, what seems to be desperately required, even to overcome internal water requirements, is citizen action based on a Water Conservation Ethic. Such an Ethic would recognise that:

- Water belongs to the earth and all species.
- Water is a finite resource.
- Water is a part of an ecosystem, interconnected to land and biomass. It must be left where it is and is best protected in natural watersheds.
- Polluted water must be recycled.
- An adequate supply of clean water is a basic human right.
- Citizens and local communities have rights to decisions concerning water use and must be legally empowered.
- Economic globalisation policies are not water-sustainable.

As Georg Wurmitzer, mayor of a small town of Simitz in the Austrian Alps states, 'It is a sacred duty to help someone who is suffering from thirst. However, it is a sin to transfer water just so that people can flush their toilets and wash cars in dry areas ... It makes no sense and is ecological and economic madness.' We must recognise that the world is in the midst of a severe water crisis today. Entire societies and ecosystems are under threat. Governments are losing their right to protect their water heritage, or are willingly bartering them away. Most haven't even begun to address the issues of privatisation, commercialisation and trade in water. Yet, while they leave their water resources unprotected by legislation, they are actively negotiating and signing international trade and investment agreements that supersede national laws. But there must be hope; a radical rethinking of our values, priorities and political systems is urgent and still possible.

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# The Impact of Globalisation: Marginalisation of Hong Kong Labour

# Wong Hung

THE 20TH CENTURY witnessed the fastest globalisation of the world economy in the history of capitalism. Most nations in the world are now linked in a combined world system but with polarised and unequal development and power. The increasing power and authority of the transnational capital with the help of state and super-state institutions like WTO, IMF and World Bank is a main feature of this stage in the globalisation process. At the turn of the century, the proposed admission of China to the WTO marked the end of the long resistance of socialist China against joining the world capitalist system. In the 21st century, the speed of globalisation will accelerate and will incorporate most of the nations around the world. However, the impact of globalisation to most of the labour in the world is not an adequate and stable livelihood, but a life full of poverty and uncertainty.

Being one of the 'Four Little Dragons', Hong Kong has always been quoted as the most successful example of market capitalism and a model of the export-oriented industrialisation of the Third World. Since the 1960s, the Hong Kong government has adopted a 'laissez-faire/positive non-intervention' economic policy, which is currently recommended by the World Bank and IMF to other Third World countries.

After the open-door policy and economic reforms of China in 1979, Hong Kong's economy has been integrating with southern China to form a 'regional political economy' in which Hong Kong performs the role of a 'secondary world city'. Most of the production lines of the manufacturing industry of Hong Kong have already been moved into southern China. These factories in southern China employ millions of migrant workers from other parts of China. Hong Kong is also an ideal case for showing the marginalisation of workers caused by the

changing international division of labour and the formation of regional political economy. Hong Kong workers face the threat of economic restructuring, the rise of unemployment, and the importation of migrant workers. This experience is not unique to workers in Hong Kong, but is shared by millions of workers in the NICs. The marginalisation of Hong Kong's labour is a direct result of the globalisation and regionalisation process.

The incorporation of China in the WTO will accelerate this globalisation and regionalisation process and thus have an adverse impact on Hong Kong workers. However, labour is not just a production factor or an abstract figure, it is a real actor, which will shape against structure upon them. Hong Kong labour, like labour around world, will be more ready to fight against the oppression and exploitation upon them. The fate of Hong Kong's labour will depend on their future action and movement as well as the formation a solidary internationalist labour movement in the Asian region.

# Marginalisation of Labour

# Restructuring of the economy

Deindustrialisation in Hong Kong became significant and rapid after the early 80s. Employment in the manufacturing sector as a percentage of total employment decreased from 41.3 percent in 1981 to 18.9 percent in 1996. In 1986 the number of workers employed in manufacturing industry was 946,653. It was the largest industry in Hong Kong in terms of workers employed. Owing to the continuous outflow of production capital, manufacturing industries lost some 178,000 jobs from 1981 to 1991. This deindustrialisation process accelerated in the early 90s, and manufacturing industry lost another 570,000 jobs from 1986 to 1996. In 1996, only 574,867 workers remained in the manufacturing industry.

In line with other industrialised countries, the service sector in Hong Kong has generated more jobs since the 80s. For instance, wholesale, retail and import/export trades, restaurants and hotels increased from 16.2 percent of the working population in 1971 to 24.9 percent in 1996. Employment in financing, insurance, real estate and business services increased from 2.7 percent in 1971 to 13.4 percent in 1996. Nevertheless, the relocation of capital is not exclusively in manufacturing industry, some of the labour process in the service industry have also been relocated to other countries. For example the relocation of reception of calls to Mainland China by various pager companies, and the relocation of document processing to China by different banks, all signify the future trend of relocation of service industry, mainly the labour-intensive process, to China.

There was also a simultaneous change in the internal employment structure of manufacturing industries. From 1981 to 1991 the number of operatives fell 43 percent while non-production staff increased by 11 percent. Manual workers in manufacturing industries have been adversely affected by the trends of deindustrialisation and white-collarisation.

Table 1: Working Population by Industry, Hong Kong, 1981-96

Industry	1981	1986	1991	1996
Manufacturing	990,365	946,653	768,121	574,867
%age of total	41.2	35.8	28.3	18.9
Construction	185,999	164,268	187,851	245,440
%age of total	7.7	6.2	6.9	8.1
Wholesale, retail and import/export trades,	ı			
restaurants and hotels	461,489	589,918	611,386	757,239
%age of total	19.2	22.3	22.5	24.9
Transport, storage and communication	181,368	210,367	265,686	330,974
%age of total	7.5	8.0	9.8	10.9
Financing, insurance, real estate				
and business services	115,870	169,967	287,168	408,686
%age of total	4.8	6.4	10.6	13.4
Community, social and personal services	375,703	486,167	539,123	680,048
%age of total	15.6	18.4	19.9	22.3
Others	93,273	75,933	55,768	46,444
%age of total	3.9	2.9	2.1	1.5
Total	2,404,067	2,643,273	2,715,103	3,043,698
Source: Hong Kong 1991 Population Census Main	Renorts Table !	5 14 n 95 and	Hona Kona 19	96 Population

Source: Hong Kong 1991 Population Census Main Reports, Table 5.14, p.95 and Hong Kong 1996 Population By-Census Main Reports, Table 5.13, p.82.

# Displaced Manufacturing Workers

Many manual workers have been forced to leave manufacturing industries for other industries. Owing to their poor education, most of them could merely shift to low-paid, unskilled and precarious jobs in service industries. More and more manual workers, especially women, middle-aged and elderly workers, are facing the impact of economic restructuring. These displaced workers, who had earlier worked in manufacturing industries, encounter difficulties in securing jobs because their skills hold little market value.

While displaced manufacturing workers find themselves trapped in low-paid jobs in the service industry, those who remain in manufacturing industries often experience under-employment and receive lower incomes. Manufacturing workers experience a slower increase in wages and a deterioration of living standards. The real wage index of craftsmen and operatives in manufacturing industry decreased from 101.1 in 1993 to 96.9 in 1997.<sup>3</sup>

Comparatively speaking, production workers in manufacturing industries who can retain their jobs in the same industry, or who can find low-paid jobs in service industries are fortunate, although they have much lower incomes. Many laid-off workers are so unfortunate that they can never re-enter the labour market to procure other employment.

# The Rise of Structural Unemployment

During the late 80s and the first half of the 90s, the unemployment rate of Hong Kong stayed below 2 percent, which was extremely low when compared with the current situation in western industrialised countries. However, the scenario has deteriorated since 1995. In 1995 the official unemployment rate was over 3 percent for the first time since 1985. Nevertheless, after the financial crisis in Asia in October 1997 the unemployment rate experienced such a quick and tremendous surge that in early 1999 it reached its historically high level of 6.3 percent.

# Widening Gap Between Rich and Poor

Due to the rise in unemployment and the underemployment of marginal workers as well as stagnant wages, poverty and inequality in Hong Kong have worsened tremendously. The number of cases under the Comprehensive Social Security Assistance (CSSA) Scheme, the only government-financed income support scheme in Hong Kong, rose sharply from 66,675 in 1990-91 to 189,527 in January 1998. Among the different types of cases, unemployment cases had the highest rate of increase. In 1994-95, there were merely 5,302 unemployed CSSA cases, which increased to 14,964 in 1996-97 and then sharply increased to some 23,700 in July 1998. These figures demonstrate that a growing number of unemployed households are living below the minimum poverty line.

The first signifier of the marginalisation of Hong Kong labour is the deteriorating absolute and relative poverty. According to the data of the bycensus 1996, the Gini Coefficient reached its recorded highest level of 0.518 (Hong Kong Census and Statistics Department 1997). In 1971 the Gini Coefficient of Hong Kong was only 0.43. In the 80s the economic restructuring process induced a growing discrepancy in income, thus the Gini Coefficient was increasing and reached 0.451 in 1981 and then 0.476 in 1991. In the early 90s the process of economic restructuring accelerated, with a concomitant widening of the gap between the rich and the poor.

From 1981 to 1996, households with the lowest income have shown no sign of improvement in share of income, whereas there is a sign of decrease in the actual income of the low-income households. The 20 percent of the households with the lowest income, the first quintile, earned only 4.6 percent of total household incomes in 1981. The figure increased slightly to 5 percent in 1986. However, in the period from 1986 to 1991, the ratio fell back to 4.3 percent. During the period 1991-96, the ratio even sharply decreased to 3.7 percent. We can see that the income gap had widened in the 80s and the situation of low-income households has worsened significantly in the 90s.

Table 2: Decile distribution of household income, 1981-96

Decile group	1981	1986	1991	1996
1st(lowest)	1.4	1.6	1.3	1.1
2 <sup>nd</sup>	3.2	3.4	3.0	2.6
3 <sup>rd</sup>	4.4	4.4	4.0	3.6
<b>4</b> <sup>th</sup>	5.4	5.4	5.0	4.6
5 <sup>th</sup>	6.5	6.4	6.1	5.7
6 <sup>th</sup>	7.8	7.6	7.4	7.0
7 <sup>th</sup>	9.4	9.1	9.0	8.8
8 <sup>th</sup>	11.5	11.4	11.4	10.6
9th	15.2	15.2	15.5	14.5
10 <sup>th</sup> (highest)	35.2	35.5	37.3	41.8
Total	100.0	100.0	100.0	100.0
Gini Coefficient	0.451	0.453	0.476	0.518

Source: Census and Statistical Department, Hong Kong Monthly Digest of Statistics, December 1996 &

# Impact of Asian Financial Crisis

In the late 90s, the bubble economy of Hong Kong burst after the Asian financial crisis. As lots of employees faced unemployment and wage-cuts, the income inequality has been tremendously worsening. In 1990, the average income of the first quintile income households was \$3,450 and in 1997, the average real income of this group slightly increased to \$3,668. However, after the Asian financial crisis, the average income of this lowest quintile group decreased to \$2,645 for the first nine months of 1999. In other words, from 1990 to 1999 the real income of the poorest one-fifth households in Hong Kong has decreased 23.3 percent.

On the contrary, income of the wealthiest strata in Hong Kong has recorded significant increase. In 1990, the average income of the fifth quintile group was \$28,850; whereas in 1997, the average real income of this group increased to \$36,397. After the Asian financial crisis, their income still have recorded real growth and increased to \$37,115. The real income of the wealthiest one-fifth households of Hong Kong has increased 26.1 percent from 1990 to 1999. These figures clearly demonstrate that the impacts of the Asian financial crisis were mainly on the low income, unskilled employees. The impacts of the Asian financial crisis on the professional and administrative employees are limited. It also signifies that the process of economic restructuring in the early 1990s has worsened the income inequality in Hong Kong. Worse still, the economic downturn in the late-90s has further reduced the income of the working class; disparity between the rich and the poor is thus increasing.

Officials of the Hong Kong government deny the existence of poverty problem in Hong Kong and argue that income inequality exists in every capitalist economy. However, the government's claim that poverty is not a problem does not stand up to serious scrutiny, when the situation of absolute poverty is considered in Hong Kong. According to various poverty researches in the 1990s, about one in ten people in Hong Kong are living in absolute poverty (Liu, Yue and Lee 1996; MacPherson 1994; MacPherson and Chan 1996; Wong and Chua 1996). More than 600,000 of them were living at subsistence level with minimal expenditure. Owing to their low income and lack of resources, they have been socially excluded from social as well as economic participation in the mainstream society.

# **Causes of Marginalisation**

The globalisation of the world economy, the incorporation of new countries into the world system, and the accelerated migration of capital in the form of foreign direct investment by transnational corporations (TNCs), have all facilitated the establishment of an integrated international production system, now called the 'Changing International Division of Labour' (CIDL). The extensive migration of capital is cited as the major reason for the marginalisation of world labour, both in the developed countries and in the Third World. Some argue that it marks the end of the era of Fordist accumulation and epitomises flexible accumulation as the hallmark of the post-Fordist era.

However, the flexibility of capitalism is not new. Although the appearance of capitalism has changed, the essence of it – flexibility and eclecticism – remains unchanged. We should understand the current transformation of capitalism as being a specific stage of its development to achieve greater liquidity, flexibility, and freedom of choice.

Both the 'miracle' economic success of Hong Kong in the 60s and 70s and its rapid deindustrialisation since the 80s can be understood from the perspective of the CIDL, emphasising the role of Hong Kong in the regional political economy and the world system. The CIDL on a global scale and the resultant relocation of production in the 1950s made it possible for local export-oriented manufacturing, given its labour-intensive nature, to be competitive in international markets (Lui and Chiu 1993). Moreover, the formation of the international subcontracting network (mainly in the garment and electronic products industries) has facilitated the incorporation of Hong Kong into the world system through the TNCs. (Dicken 1986; Germidis 1980; Henderson and Cohen 1982; Lui and Chiu 1993)

With the advent of economic reforms in China in 1979, Hong Kong's economy has been gradually integrating with the economy of southern China, especially the Zhu Jiang Delta Region (ZJDR). Most of the manufacturing industries in Hong Kong have relocated their production to China to avail themselves of the cheap labour and rent there. (Chiu et al. 1997)

The importance of Hong Kong capital in financing China's rapid industrialisation and facilitating the integration of southern China into the world

system can be reflected by the major share Hong Kong capital has in the total foreign investment in China. Referring to Table 3, Hong Kong capital is the most important single investor in China. Investments from Hong Kong (and Macau)<sup>4</sup> accounted for 62.3 percent (US\$38,518 million) of total implemented foreign investment in China from 1979 to 1993. (Kwan 1994)

Table 3: Foreign Direct Investment in China by Countries, 1979-93 (cumulative)

US\$ million

Country	Contracted	implemented
Hong Kong/Macau	148,119	38,518
Taiwan	 18,437	5,055
United States	14,660	5,237
Japan	6,934	5,203
United Kingdom	 3,012	576
South Korea	2,173	550
Germany	1,458	527
Australia	 1,245	338
Canada	1,815	260
France	 920	602
Total*	 221,697	61,869

All of the above facts support the general thesis of the CIDL that production capital migrates from high-wage to low-wage countries. However, the real migration processes are much more complex than the abstract model. In the case of capital migration between Hong Kong and China, the flow is not unidirectional. Capital migrates from Hong Kong to China and vice versa. It is obvious that significant amounts of capital also flow from China to Hong Kong. In 1994, China surpassed Japan and became the second largest capital exporter country into Hong Kong. In 1994, the stock of FDI from China was HK\$ 96 million.

Capital from China can be divided into three categories – investment in the service sector, 'round-tripping' investment, and hot-money investment.<sup>6</sup> It is interesting to note the importance of round-tripping investment between Hong Kong and China, which is one of the reasons for the huge amount of investment from Hong Kong to China. Round-tripping investment refers to domestic investment made under the guise of foreign investment which is aimed at taking advantage of fiscal (tax-reduction, low-tariff) and other benefits available to foreign investors (export quotas) in a given country. (Kwan 1994)

A rising proportion of FDI in China is believed to be of this nature: investment capital originating in China, flowing to Hong Kong and then re-entering China

as foreign investment. Round-tripping investment from and to China via Hong Kong does not involve a net flow of funds between China and Hong Kong. Therefore, the magnitude of capital outflows from Hong Kong is much smaller than the nominal figure.

All in all, the out-migration of production capital from Hong Kong to China supports the general thesis of Changing International Division of Labour that production capital migrates from high-wage areas to low-wage areas and that the out-migration of capital has created unemployment in the host country. However, the flow of capital is not so simplistic and uni-directional. Capital (most of it belongs to provincial governments or large state enterprises) from socialist China also utilises every opportunity flowing from the deregulation and denationalisation process in China.

The above analysis of the inflows and outflows of capital between Hong Kong and China shows that the logic of the flow of capital is guided by a single principle – to earn as much profit as possible. The 'round-tripping investment' from China to Hong Kong; the increasing fragmentation of the production/circulation process of the TNCs; and the easy-turn direction of capital flows, all signify the essence of capitalism, that is, 'adaptation' and 'eclecticism' as suggested by Braudel (1982: 433). Capital flows from high-wage areas to low-wage ones, or from North to South, while investors will grasp every opportunity to increase their profit and flexibility. It reveals that the thesis of the CIDL illustrates only one specific phase of capitalism.

## Role of the State

The case of Hong Kong is characterised by small local manufacturing establishments under a non-interventionist state policy. The Hong Kong government would not support an individual industry or enterprise; whereas the other NIC governments, like Taiwan, Singapore and South Korea, are actively involved in strategic planning, training, and research and development activities. Hong Kong finds herself lagging behind in the technological upgrading of the export-oriented industry. Therefore, the survival strategy of small enterprises is to relocate their production processes to China and other southeast Asian countries rather than to retain their production base in Hong Kong by upgrading their technology level to compete with other NICs.

Capital and labour in Hong Kong are highly unorganised and capital accumulation is extremely fluid and fast. It needs a state which is as flexible as its capital and labour. The Hong Kong government, in trying to accommodate itself to the rapid economic restructuring in Hong Kong, is in fact part of a flexible regime of regulation.

The basic role of the Hong Kong government is to allow production capital to change its products as well as its industries smoothly and quickly. Therefore, the government maintains its detachment from subsidising any one industry. (Lui and Chiu 1993) Lacking long-term planning and a direction in social and

economic development, the Hong Kong government helps to intensify the adverse effects of deindustrialisation. The marginalisation of labour in Hong Kong is really reinforced by the state's non-interventionism.

We can see that the increasing collusion between capital and the state has made the state act for the benefit of capital and lose its 'relative autonomy'. The mode of regulation of the state of Hong Kong has become explicit in protecting, maintaining and extending the interest of national and global capital.

According to the Sino-British Joint Declaration and the Basic Law, Hong Kong will continue its capitalist system after 1997 for 50 years under the framework of 'One Country Two Systems'. Maintaining the stability and prosperity of Hong Kong is top of the agenda for the Chinese government. Faced with the threat of the retreat of capital before and after 1997, the main strategy of Chinese officials is to maintain the confidence of the capitalists in Hong Kong. Not only have verbal assurances been given by the top leaders of China to the capitalists time and again, but the allocation of political power in the Hong Kong Special Administrative Region (HKSAR) government also favours capital.

Capitalists continue to complain about Hong Kong's increasing social welfare budget and mounting labour legislation. Their reason is that these would destroy the cornerstones of the success of Hong Kong – minimal government intervention and low tax rates. Any increasing expenditure on social welfare and new labour legislation, to them, was a conspiracy of the British to destroy the financial tradition of Hong Kong, leaving the mess for the HKSAR government to handle. (Wong 1997)

Some Chinese officials seem to accept the arguments of the capitalists and publicly assert that the rapid increase in the social welfare budget will bring disaster to Hong Kong. In the various advisory bodies on Hong Kong affairs within the Chinese government, most of the appointed representatives are from commercial and business backgrounds. Only a few of them possess a grassroots or labour background. Thus, the attitude of Chinese officials reinforces the imbalance of power between capital and labour in Hong Kong. The Chinese state acts exactly as a super-state to protect the rights of capitalists and to entice them to continue their investment in Hong Kong and Mainland China.

The continuation of the imported labour scheme in the early 90s, and the cancellation of collective bargaining rights legislation by the Provisional Legislative Council in 1997, are evident examples of the increasing authority of capital over labour policies and legislation in Hong Kong. The widening imbalance of bargaining power between capital and labour is one of the main reasons behind the continuous marginalisation of workers in Hong Kong.

The formation of a regional political economy – Hong Kong in China – illustrates the existence of a political structure which controls the social and political environment of capital accumulation and induces the marginalisation of workers in the region concerned. The marginalisation of workers in Hong Kong is a direct impact of the policies of the state and super-state on workers, so

we should understand the marginalisation crisis of workers against this background. The marginalisation process is basically a product of class formation, which is conditioned by the economic, political, immigration and other related policies of the state.

# Impact of WTO: Rise in M&A activities

Although the migration of production capital from the developed countries to the NICs receives much attention, the majority of FDI is from developed countries to developed countries, the flow of this FDI being conducted in the increasing Merge-and-Acquisition activities of transnational corporations, mainly in banking and insurance, chemical and pharmacy, telecommunication and media. These industries are under keen competition in the global market. Moreover, the setup of the WTO tries to help transnational capital enter those 'green field' countries, whose industries are nationalised or follow 'import-substitution' policies. It is not just the market that transnational capital is interested in, but also the control of and merger with capital in the NICs and ex-Socialist countries.

Hutchinson, a Hong Kong-based transnational company, sold their UK mobile phone company 'Orange' to Mannersmann (MMN), a Germany-based transnational company. And the merger induced another company VOD to acquire MMN, which is a typical case of the rising M&A activities: some transnational corporations merge, push other corporations in the industries to follow suit and merge with other corporations.

Such M&A activities in reality is not a real migration of production capital, or migration of the production process. The real significance is the increasing monopoly of transnational capital, which is not good news for labour. The bargaining power of labour is decreasing as it faces the oppression and exploitation of monopoly capital. Hutchinson has a recorded profit of HK\$100 billion; however, its 30,000 employees will still have no pay rise in the coming year. This vivid example shows that in M&A activities, capital will be the winner and labour will always be the loser.

Furthermore, the impact of the merging activities will not be limited to manual labour. Owing to the duplication of departments which perform the control and management functions, many transnational corporations will make middle-rank technical and management staff, and even high ranking administrative staff redundant after the mergers. The joining of China in the WTO will accelerate the M&A activities between transnational capital in China, Hong Kong and other developed countries. Therefore, we may expect these M&A activities will have a negative effect on both the working class as well as the middle class in Hong Kong. The power of capital will be increased as a result of the 'constructed' picture of a keen competitive environment around the world, the marginalisation of labour will increase in scope and in depth, more employees will face the threat of redundancy, and more employees will be employed as part-time, temporary, contracted or sub-contracted workers.

Under the globalising world, especially after the setting up and functioning of super-state institutions like the WTO, World Bank and IMF, capital does not have their own nationality, but labour still remain divided, not only in their nationality, but also divided in their political affiliation, industry, skills, gender and race. In order to tackle the increasing authority and power of transnational capital, it is a critical moment for the labour movements to rethink and reformulate their strategy along a new direction towards internationalism.

#### **ENDNOTES**

- Academics from both neoclassical and Marxist traditions quoted Hong Kong as the ideal case of competitive capitalism. Friedmann (1990) praises Hong Kong as the most successful case of the invisible hand of the market. Harris (1986) claims the success of the NICs represent 'the end of Third World(ism)' and Hong Kong is given as one of the examples.
- 2. Census and Statistics Department, 'Structural Changes in Manufacturing Industries 1981-91' in *Hong Kong Monthly Digest of Statistics*, September 1993, p.119.
- 3. Census and Statistics Department (1999) Hong Kong Annual Digest of Statistics 1998. Table 2.12 p.26.
- Hong Kong and Macau are lumped as a single region in the statistics of FDI in China; however, most of the FDI comes from Hong Kong.
- 5. Census and Statistics Department (1995) Hong Kong Annual Digest of Statistics 1994.
- 6. Hot-money investment is a highly mobile investment, which grasps every opportunity to earn extremely large profits in the high-risk financial market. Due to its high risk, hot-money investment may lose extremely large sums of money all of a sudden.

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# Rescuing Free Trade from the WTO

Hui Po-Keung

# How Free is 'Free Trade'? And Whose 'Free Trade'?

The discourse on 'free trade' is largely dominated by economic doctrines advocated not only by neoliberals (or more precisely, neo-conservatives) but also Marxists and NGO organisations. For instance, a new local magazine. Globalization Monitor, has been criticising globalisation and the WTO from both classical Marxist and environmentalist positions. They criticise the 'free trade regime' advocated by the WTO will eventually transform labour into commodities, and will increase the income gap between the rich and the poor (Globalization Monitor Supplement, 2000/01, p.5). One article writes: 'The purposes of the WTO and its predecessor, GATT, include the promotion of trade liberalisation, the breaking of all economic protections and the elimination of all trade barriers.' It continues, 'The actual operation of the WTO since its establishment five years ago has been exclusively for the interests of free trade. The WTO completely ignores environmental protection, social equity, as well as sustainable development.' (Globalization Monitor No.2, Nov. 1999, p.9 and 11, my translation). They are certainly right that free trade/competition is not always a virtue; however, it is not always bad either, especially when it is really 'free' to every participant. Also, globalisation is not as all embracing and powerful as is commonly perceived, and it may even embody certain liberating potential (see Gibson-Graham 1996).

This short paper is, therefore, an attempt to rescue 'free trade' from the WTO and its advocates by adopting a historical and contextual analysis of the market and free trade, hoping to facilitate a more effective critique to the economic doctrines of 'free trade'.

According to mainstream economic doctrines, 'free trade' is essentially defined in terms of 'minimum' government intervention. In particular, according to these doctrines, the lower the tariff rate and the fewer the non-tariff barriers, the freer

the trade. Yet mainstream economic doctrines also define economic freedom as 'personal choice' and 'freedom of exchange'. Transaction should be 'voluntary' and the function of the government should be limited to the protection of private property and the enforcement of contracts. In addition, free competition should include free entrance and exit of participants, unlimited numbers of traders, transparency of market regulations and information, and last but not least, free competition will lead to zero profit.

If we take these doctrines/definitions seriously, we can see that, to say the least, they are contradictory to each other. For instance, minimum government intervention in general, and no tariff and non-tariff barriers in particular, does not guarantee free entrance to trade, especially in those sectors where huge initial capital investments are required to set up the business. Nor does minimum government intervention guarantee keen competition that leads to zero profit. Also, if there exist monopolistic market structures and/or geographical and cultural barriers to trade, protecting private property itself would not lead to the rise of free exchanges.

Therefore, what the WTO has been doing is to set up new regulations of international trade, which, to some corporations (especially the large ones), could mean freer trade. However, for others, these regulations could also mean less economic freedom. The work of the WTO includes the establishment of a trade regulatory regime aiming at regulating member states. In particular, it has targeted at the reduction of tariff and non-tariff barriers (including quota, trade subsidies, product standard, custom valuation, import licensing, pre-shipment inspection, voluntary export restrictions, and government procurement, etc.). Since the birth of GATT in 1947, there had been eight rounds of multilateral trade negotiations between member states. The first five rounds aimed exclusively at the reduction of tariff. Starting from the Kennedy Round, GATT began to handle issues related to non-tariff barriers, and problems of trade in agricultural products, trade in services, intellectual property, and the rules of origin.

The WTO and GATT have four guiding principles: non-discrimination, reciprocity, market access, and fair competition. These principles are not necessarily compatible with 'free trade.' For instance, anti-dumping duties, which are said to be for the guarding of the 'fair trade' principle by preventing 'excessive' competition, are in effect asking governments to control (import) prices.

Messerlin and Noguchi (1991) report an interesting case of how anti-dumping (AD) was used as a competition strategy to gain greater market share, instead of guarding 'fair trade'. The case was in mid-80s when

... the EU imposed a 20 percent AD duty on 12 Japanese exporters of photocopiers. In 1988, three years after the AD duty was imposed, a so-called anti-circumvention case was brought by the EU industry. It was claimed that the Japanese exporters had circumvented the AD duty by establishing assembly operations inside the EU that imported

most of the parts of photocopiers from Japan, adding very little local value. What is relevant here is not the mechanics of AD but the role of origin rules. The aim of AD is to protect a domestic industry that is injured by dumping. But, in a world where companies establish alliances with - and equity stakes in - rival enterprises, establishing which firms constitute the domestic industry is not always easy. In the photocopier AD investigation, Canon (Japan) subsidiaries located in the EU were regarded as foreign firms, while a Xerox (US) affiliate was treated as a European firm... What is interesting about this case is not only that the composition of the domestic industry was determined rather arbitrarily, but that a number of the firms who petitioned Brussels for protection had value-added performances that were lower than those of the Japanese firms. The reason was simple: these EU firms were basically in the business of importing and distributing photocopiers; they did not produce them. Some even had formal connections with Japanese companies. (quoted from Hoekman and Kostechki 1995: p.103)

Nor do the regulations of trade subsidies have anything to do with freedom of trade. According to WTO regulations, almost all forms of government subsidies are not allowed, because they are regarded as committing unfair/un-free trading practices. Subsidies include direct aids through grants, loans and purchasing shares, as well as indirect aids through tax recession, providing services and loan guarantee. However, constructions of infrastructure are not regarded as subsidies, though it is certainly true that without airports, highways, and railways, the transportation cost for corporations will tremendously increase. For those poor countries that are not able to provide their people with quality infrastructures, how 'free' is their trade?

According to Amaryta Sen (1994), the 'free market' as advocated by the WTO and the so-called neoliberals can at best provide 'free choice' to a limited number of people, i.e. those endowed with money and resources that enable them to trade. Even then, this freedom is partial. It is because many 'options' will not be provided in this market, and the most notable one is 'equality'. For those with no (or insufficient) means for transaction, this partial freedom is not even attainable. That is, 'freedom to choose' may not automatically lead to 'freedom to achieve'.

For instance, the operation of the international financial system has worsened the situation for the economic poor to practice 'free trade'. In fact, as the financial expansion gained momentum in the 80s and 90s, money, which is supposed to be the means of exchange, has been increasingly concentrated in the hands of a limited number of the new and old rich. According to a rough estimation, only 5 percent of the world money is used for commodities trading, 95 percent of the money has been transformed into a means of speculation. As a result, the majority

of the world population has been increasingly in lack of the means to do transaction. Even if their governments are now reducing tariff rates and non-tariff barriers, it still hardly makes sense to consider that their freedom to trade is expanding.

Trade regulations established by the WTO have been already very favourable to the large enterprises, especially those with a strong connection with the powerful states. However, it seems that transnational corporations (TNCs) and economic powerful states (such as the US and UK) have never supported the free trade principle wholeheartedly. What they really want is 'free' (and fierce) competition among other countries, other social groups such as workers, peasants and small retailers, etc. but not among themselves. Even those who advocate 'free trade' with the loudest voices are by no means taking free trade seriously. According to Chomsky (1999: p.66), Ronald Reagan, 'the postwar chief executive with the most passionate love of laissez faire, presided over the greatest swing toward protectionism since the 1930s.' And he cited Patrick Low, an economist working at the GATT secretariat, that 'the restrictive effects of Reaganite measures [are] at about three times those of other leading industrial countries.' Similarly, in the 17 years of 'Thatcher's Britain', public spending 'was the same 42.25 percent of GDP that it was when she took over.' Of course, in the name of deregulation, liberalisation and privatisation, most of the spending went to the big enterprises as subsidies and 'free lunch' - Thatcher's laissez-faire regime is criticised as hypocritical because of its subsidies to "sweeten" arms deals with the Malaysian regime' - instead of giving to the relatively poor population as social welfare. (Chomsky 1999: 67-8)

The Clinton government is not much better. In November 1996, the Clinton government 'voted alone (with Israel and Uzbekistan) against a General Assembly resolution, backed by the entire European Union (EU), urging the United States to drop the embargo against Cuba' (Chomsky 1999: 74). A Clinton Administration spokesman even openly declared that 'we do not believe anything the WTO says or does can force the Us to change its law.' (76) While on the one hand Clinton was advocating the principle of free trade, on the other hand, he forced 'Mexico into an agreement that will end the shipment of low-price tomatoes to the United States', because 'Mexican tomatoes are cheaper, and consumers here prefer them!' At the same time, having received significant campaign contributions from the telecommunications sector, the Clinton Administration in return passed the Telecommunications Act of 1996 and pushed through the WTO agreement on opening other countries' market for 'this staggeringly profitable sector.' (Chomsky 1999: 84).

Historically speaking, the violation of free market and free trade doctrines by the powerful states has been a consistent phenomenon. Economic historians have pointed out that 'free market' and 'free trade' in the most advanced economies have never existed. Polanyi (1957: 55), for example, argues that the origin of capitalism – in Europe – had never developed a 'free market' before the 19th

century. Fred Block continues this thesis and has shown that even in the US, the centre of the capitalist world economy in the 20th century, the development of 'free markets' is at best partial (Block 1990, 1995). Critics of East Asian development have also demonstrated that 'free markets' were never really the engines behind the rapid economic growth of the newly industrialising states in the region (see Amsden 1990; Lim 1983; Schiffer 1991; Wade 1990).

Nor did 'free trade' play a significant role in the historical development of the world capitalist economy. According to Paul Bairoch, the practice of 'free trade' is at best historical coincidence rather than historical norm. Europe could be characterised as a 'Free Trade Zone,' for approximately only one-fourth of a 200-year period between the 19th and 20th centuries. For most of this period, as well as the period from the 16th to the 18th centuries, Europe is better described as a sea of protectionism or mercantilism (Bairoch 1993: 16-29). And this does not only apply to Europe. From the beginning of the 19th century to the mid-20th century, the US had among the highest tariff rates of all countries. Although its tariff rates have since been tremendously reduced, other trade barriers such as voluntary export restraints, multifibre agreements and product standardisation requirements, have been implemented (Ray 1991: 343-9; Baldwin 1991: 367-9). Similarly, the newly industrialised economies (NIEs) of East Asia are also well known for state intervention in trade (Amsden 1989: 66-70; Wade 1990: 113-48).

On the contrary, underdeveloped regions, such as South Asia, Latin America, Africa and Southeast Asia, had been forced to open their market and to engage in 'free trade' under imperial domination. As a result, trade policies in these countries, according to the WTO standard, were much 'freer' than their colonisers in most parts of the 19th and 20th centuries. However, their 'free trade' policies have not brought them prosperity. In contrast, in the US and European countries where much more protective trade measures were adopted, capital has been accumulated much faster than their poor 'free trade' counterparts.

Indeed, Fernand Braudel takes this historical fact to its logical conclusion, and argues that not only should the 'free market'/'free trade' be distinguished from 'capitalism', but the nature of 'capitalism' is in fact 'anti-market'. (Braudel 1979: 562; 1982: 433; 1984: 608-22)

# The 'Trading' of 'Free Trade Ideology' through a Monopolistic Market Structure

Despite its main goal to establish a regime of trade consisting of sets of implicit or explicit principles, norms, rules, and decision-making procedures (Hoekman and Kostecki 1995: 20), the WTO and its advocates, most notably the US government, have been continuously selling the idea of 'free trade' to the world. Quoting a US trade representative, an article published in *New York Times* in the late 90s writes, 'it is the WTO that may be the most effective instrument for bringing "America's passion for deregulation" and for the free market generally, and "the American values of free competition, fair rules, and effective enforcement", to a world still fumbling in darkness.' (Chomsky 1999: 65) In

other words, one of the main tasks of the WTO and its advocates has been the dissemination of the 'free trade ideology', though the process itself is by no means passing through the 'free market'.

The 'trading' of the 'free trade ideology' is monopolised by a few telecommunication giants, as well as by large entertainment corporations and mass media. The concentration of communication outlets not only 'raises some rather serious questions about meaningful democracy' (Chomsky 1999: 71), but also reveals the fact that the 'market of ideas' is in fact not at all free. Unfortunately, the WTO is still widely viewed not merely as 'a code of conduct', but also as a 'market' (Hoekman and Kostecki 1995: 20), in which ideas of trading are freely negotiated in a public space. If the WTO is a 'market', then it can only be a market in a Braudelian sense – i.e. it is not merely an economic entity. Parties with unequal power, including business associations, trade unions, governments, consumer lobbies, and other social agencies, all participate in the battle of manipulating the policy outcome. This specific type of regulated trade negotiations may mean more freedom to certain groups of people, but certainly not for others.

There are of course many different 'trade-related' ideologies competing with each other. However, the competition is neither fair nor free. First of all, the members of WTO are exclusively governments. Social organisations such as trade unions and environmental NGOs are deprived the right and opportunity of 'selling' their ideas in the WTO 'marketplace', whereas powerful 'private' businesses have many channels to influence the governments. Moreover, the staff of the WTO, as well as of other international organisations – such as the World Bank and IMF – are mainly economists with neoclassical training. It is, therefore, not surprising that regulations established by the WTO 'are mostly consistent with what [mainstream] economic theory would recommend in many circumstances.' (Hoekman and Kostecki 1995: 87) Marxist and Keynesian ideas, not to mention those less visible alternative views on the economy, have rarely been brought into the WTO 'marketplace'! Doctrines such as 'the more the trade, the better the welfare' that are based on the theory of 'comparative advantage' and the assumption of unified national interests leave no room for alternative arguments that are regarded by mainstream economists as deviance.

And one should not overlook the monopolistic power of the telecommunication giants, media and entertainment conglomerates, as well as other ideology producing institutes such as neo-conservative research institutes, which have consistently produced 'free trade doctrines': For instance, the Heritage Foundation has constructed an index of economic freedom, which adopts a definition of economic freedom 'as the absence of government coercion or constraint on the production, distribution, or consumption of goods and services. Therefore, the Heritage's Index is dedicated to measure the governmental policies.' (Johnson et. al, 1999, p.52) The Hong Kong Policy Research Institute, a local think-tank full of neoclassical economists, has also produced another indicator

for measuring Hong Kong's market freedom. The index consists of two components. The first is the so-called 'objective' component, which includes four elements:

- 1. Government Influence (Government Public Expenditure as a Percentage of GDP; Proportion of Total Labour Force employed by Government).
- 2. Infrastructure (Proportion of Total Employed Person with Post-Secondary School Level; Proportion of Total Employed Person with Secondary School Level; Length of Public Road per Private Car; Telephone Lines Per Person; Electricity Consumption Per Person; Real Rental Indexes of Office Premises).
- 3. Flow of Information (Mobile Phone and Pager Per Person; International Telephone and Telex Traffic (Annual Average of a thousand minute) Per Person; Minute of Internet Access per person).
- 4. Mobility of Resource (Median Duration of Unemployment; No. of Agreements of Sales and Purchases of Property; No. of Transaction Sum of Sales and Redemption of Investment Funds; Proportion of Work Visa Granted to Total Labour Force; Residents Departure to Population).

The second component is a perception survey of senior executives from seven economic sectors. They are asked to assign scores (1-7) to statements such as 'p resent rules or trade practice impose restriction on my business to compete in the way I want'. (*see* page 97 for a complete list of the statements)

According to the Institute, these senior executives are on average with 24 years of work experience. Their firms have 464 employees on average and nearly 60 percent of the sample firms have annual sales of over HK\$100 million. (http://www.hkpri.org.hk/fmi/methodology.htm) In other words, the index is in effect a measurement of the freedom of the large enterprises, but has nothing to do with whether or not the small retailers and petty street traders are free to trade.

Therefore, the problem of the WTO and its advocates is not so much of their advocating of 'free trade', but rather of their halfhearted support to the practices of 'free trade'. Unfortunately, it is the WTO and its advocates who control the definition and dissemination of the free trade ideology. If the critics only criticise, and even dismiss, free trade by merely advocating the principle of environmental protection and social equity, the WTO and its advocates will exclusively monopolise the discourse on freedom of trade. However, free trade, market and freedom of economic life are too important to leave for the neo-conservatives and economists. There should not be only one interpretation of free trade and market, and there is dire need to develop an alternative discourse on free trade and the market.

# **Rescuing Free Trade from WTO:**

# Towards an Alternative Discourse of Market and Trade

Despite the appearance of being in opposition to the mainstream liberal economists, Marxists and other critics of capitalism have often failed to

differentiate 'free trade' from 'capitalism', and hence have forsaken the possibility of rearticulating the discourse on 'free trade' in a way that is more liberating and transformative.

Free trade and the market are not necessarily opposing to the government. In contrast, they need the government as much as the monopoly does. Outside the realm of the market is not necessarily the state, and vice versa. There are quite a number of other ways that one can organise economic, as well as social and cultural, activities. These non-market, non-state organisations include scientific associations, guilds in the past, and cooperatives of various kinds, to name just a few (O'Neill 1998: 2-3; Boyer 1997: 590). More significantly, the operations of governmental organisations in the real world have always embodied the logic of market and trade – the logic of competition and the exchange of interests – as well. On the other hand, all forms of markets, from the most competitive to the most monopolistic, have always embodied bureaucratic and other socio-cultural logic. Let us not forget what Polanyi has taught us: that the market is embedded into the socio-cultural life. In fact, the ideas of 'free trade' as advocated by the WTO and others is, as Bruce Kapferer and EP Thompson suggested, merely a 'bleached "capitalism", or 'a superstition', 'a self-validating essay in logic'. (Carrier 1997: 6 and 8)

Of course, 'forcing a child to follow general [boxing] rules to fight an A grade boxer' and 'asking poor countries to race with the rich ones by taking the same starting level' (Globalization Monitor, no.2, Nov. 1999, p.3) are certainly not fair. Similarly 'significantly cutting workers' wages and welfare in the name of strengthening competitiveness' (Globalization Monitor, no.3, Jan. 2000, p.4) is certainly not, at least to workers, a 'free trade' practice. However, criticising the unfairness of the competition but at the same time also adopting the same economic criteria of competition, namely productivities as measured by labour input and output ratios or cost and profit ratios, will certainly not be capable to transcend the economistic fallacy. Also, dismissing the whole notion of 'free trade' and 'market' because of the actual unfair practices of the WTO is certainly a misplaced critique. As we have discussed above, WTO regulations are by no means measures that really promote 'free trade', at least not from the point of view of the workers and peasants. More importantly, there is certainly more than one kind of competition, and more than one kind of trade. If the market is constructed in a way that competition is not exclusively one of prices, but also friendship, emotion, and creativity - it has nothing to do with the intellectual property right protection, which will only lead to the demise of creativity – then to ask a child to compete (not physically fight) with an A grade boxer is not necessarily unfair. And the child may be happy to engage in such competition voluntarily. In order words, if we can construct different rules of market and trade which enable the majority of the participants freedom to act and exchange, then it is no harm to advocate 'free trade'.

In fact, as I have argued, the market is not merely an economic system in a

strict sense. The presence and development of the market in history is not the result of a narrowly defined cost-benefit efficiency, but is largely due to the fact that it has satisfied many socio-cultural functions, which are of crucial importance to the everyday life of the people.

Market, commodities and money are essentially complex socio-cultural relations. They are embedded in various social customs, public obligations, political considerations, legal and administrative regulations, the consideration of social status and emotional factors, as well as material desires. However, modern capitalism (in the Braudelian sense) has been persistently reducing these rich and complex socio-cultural functions of the market into a mono-system, in which only monetary returns count. Yet this 'great transformation' has never been, and will never be, completed. Markets have remained as a place for all sorts of human interactions, though these interactions are increasingly subjected to economistic reductive pressures. If trading is really free, then all transactions should be able to reveal the rich cultural and material needs of the participants. If the commodity in trade is not reduced to a sheer means of capital accumulation, but remains as a means embodying with multiple socio-cultural meanings, then trading should not be understood as a sheer means for profits. It is also a means for fulfilling other socio-cultural functions. In that case, what determines the price of the commodity is not merely supply and demand in a narrow sense, but also the degree of intimacy between the trading parties, social customs, and individual emotions. Buying and selling are processes that construct and multiply social relations, and commodities are produced and traded for people's needs. That is what 'free trade' should mean

The flourishing of the alternative currency and trading systems in North America, Europe, Latin America and Asia in the last decade reveals the persistent struggle of the people to redefine the meaning of trade. Alternative trading systems such as the LETS in Britain, HOURS in Ithaca (New York), the Barter Club in Argentina and the Tlaloc alternative money system in Mexico (see Powell and Salverda 1998 for a summary) take trading not merely as a pure economic activity, but also as a socio-cultural game. It is a game because, according to the practitioners of these alternative systems, trading itself should be pleasurable. The prototype of the market is the fair, which, historically speaking, is a place of exchange as well as a carnival. In order to make this game significant to people's everyday life, these alternative practices do not exclude mainstream businesses, especially those that are capable to provide its members with daily necessities from food to housing to clothing. A more important reason for incorporating mainstream businesses into these alternative trading networks is the hope to transform the nature of [mainstream] businesses, by discouraging WTO's type of trading that is concerned exclusively with monetary returns. These alternative practices take a more affirmative position: to say 'yes' to the 'free market' that has liberating potential, instead of merely saying 'no' to the mainstream capitalist system.

Of course, these alternative trading practices are not problem free (I will discuss this in detail in another paper); yet by redefining the meaning of 'free trade', these practices have the potential of resisting the homogenising tendency that reduces trade into a sheer economic activity. This will enable us to look for alternatives to the monopolistic capitalism without completely dismissing market and trade.

If the development of historical capitalism is the result of the successful suppression of markets by the monopolistic capitalist forces, then abolishing and rejecting market and trade will only strengthen the anti-market, anti-free trade capitalism. In contrast, the construction of alternative free trade, as concrete practices and as a discourse, will be vital to fight the anti-capitalist battle, in order to reduce the polarisation tendency based on the exclusion of small and petty traders in practising 'free trade'.

According to Wallerstein, Braudel's intellectual project of redefining capitalism as an anti-market force will fundamentally change the meaning of the struggle between the left and the right. If we take Braudel's view seriously, then the ridiculousness of the debate between the right and the left on whether or not the state should intervene into the economy becomes apparent. In fact, the fundamental support of monopoly, the real enemy of the market and free trade, is from the state. Also, to guarantee free trade, we also need the state. Privatisation and deregulation will only lead to the abolition of competition, as these policies only transfer monopolistic power from the state to 'private' conglomerates. Therefore, the problem is not whether or not we need the state, but for whose interests.

It is important to note that the 'invocation of the "market" cannot be confused with the so-called neoliberal ideology of the 1980s'. And the battle against monopoly should not be confused with 'a hidden Poujadism honouring a putative "small business man". (Wallerstein 1991: 216) As capitalist monopoly is the real enemy of the market, and hence the real enemy of equality, the struggle against monopoly and for free trade should be understood as the struggle for world equality. From there Wallerstein (1991: 206) concludes with a provocative yet extremely important challenge to both the right and the left: 'It may be that the triumph of the market (in Braudel's sense), no longer being the sign of the capitalist system, turns out to be the sign of world socialism.'

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# Perception Statements of Senior Executives

# (Interviews by the Hong Kong Policy Research Institute)

- 1. The government is a major player in my business sector.
- 2. The government often intervenes the business sector I am in.
  - 3. Present regulations in Hong Kong impose restrictions on my business (a) to enter / exit a market.
  - (b) to buy / sell in a market.
- 4. Present rules or trade practice impose restriction on my business to compete in the way I want.
- 5. The physical infrastructure (i.e. transport, telecommunication) in Hong Kong is sufficient for my business sector to grow.
- 6. The soft infrastructure (i.e. technology, skilled labour) in Hong Kong is sufficient for my business sector to grow.
- 7. There is reliable legal protection for my private property.
- 8. There is reliable legal protection for intellectual property in my business sector.
- 9. There is reliable legal protection for my business and individual rights.
- 10. Information flows freely without censorship in my business sector.
- 11. Views opposite to the government are expressed and reported freely in my business sector.
- 12. Views representing different interests are freely expressed and reported in my business sector.
- 13. My company/organisation is free to acquire or dispose land or premises as my business needs change.
- 14. My company/organisation is free to raise or dispose capital as my business needs change.
- 15. My company/organisation is free to import/export the technology as my business needs.
- 16. My company/organisation is free to hire or fire the labour as my business needs change.
- 17. In my business sector, prices of goods and services can flexibly adjust by market forces.
- 18. In my business sector, prices are set by a cartel.
- 19. In my business sector, prices are fixed by collaborated effort.
- 20. Foreign enterprises are free to enter local market to compete with my business.
- 21. My company/organisation is free to compete for a greater market share of business.
- 22. My company/organisation is free to quote price according to change in supply and demand.

# **Beyond Seattle**

Walden Bello & Marissa de Guzman

SEATTLE HOSTED the World Trade Organisation's (WTO) third ministerial conference. It was to serve as the venue for the Millennium Round of discussions that would include a few more issues in the scope of the organisation. Seattle was supposed to mark the triumph of free trade and free markets at the end of the second millennium. But, with a certain twist of events, Seattle became the apogee for the collapse of an ageing institution with Jurassic techniques and measures in dealing with contemporary global issues. Seattle failed to live up to the original expectations ascribed to it. Instead, Seattle will forever be remembered as what could be the meaningful first-step in the ultimate collapse of the WTO.

For one all too brief shining moment in our history, Seattle was a picture of perfect conflict. Outside conference halls, disconcerted protestors were up in arms against Seattle police dissuading them from having their voices heard, their complaints listened to, and their deepest angers bared. Inside, trade ministers, WTO delegates, WTO advocates were convincing themselves that all was not lost, that they were on the right track if not just for a few realignments that need to be done. Outside, the diversity and multitude of the people was a welcome surprise in noting how dissatisfied and distraught they have become with what WTO had contributed in widening the North-South divide. Inside, the hot shots and trade gurus were heralding how WTO has become an indispensable ally of the developing countries in their struggle against poverty.

# Realisations in Seattle

What the failed WTO third ministerial did was open a window for a reform agenda now being flagged by the defenders of the organisation. It is even what they are convincing the non-government organisations (NGOs), the governments worldwide and the people to embrace and devote their efforts and lobbying to. They claim that reform is essential, timely and very much called-for. Both US Trade Representative, Charlene Barshefsky, and UK Secretary of State for Trade and Industry, Stephen Byers, are rooting for a reform agenda. They are united in saying that the WTO is ill-equipped to succeed in its goals and objectives at present with the powers vested in it and the character it has. Radical change in WTO structure and fundamentals is what they believe in.

We can, however, doubt the sincerity in the two's pronouncements. Could they actually be serious in their claims when the countries they represent are the two stoutest defenders of the inherent inequalities in the way the WTO operates? Their trying to win people in the reform bandwagon is a bloody farce since what this reform would actually do is strengthen an already Jurassic institution that is so fundamentally flawed.

Beyond Seattle, what civil societies around the world ultimately need to do is create pressures and mechanisms to cut the WTO down to size and limit its powers and reduce it to becoming just another institution in a pluralistic world trading system. Beyond Seattle, we must all lobby behind the issue that reform of the WTO is definitely the wrong agenda.

# Was There a Need for WTO?

Time and again, the developing countries are fed with the misconception and blatant lie that the WTO was born of necessity. We, in the third world, are made to believe that we need the WTO as our ally and security blanket as we join the fray in the global trading system. But we should ask ourselves if we really need it. What purpose does it, did it serve? And if we don't, then why has there evolved a WTO in the first place?

World trade did not need the WTO in its 17-fold expansion between 1948 and 1997. There was no crisis it had to answer to in 1995 when it was born. It could not have been a tool to ensure world peace since there were no wars at the time of its conception. Trade conflict has never been the precursor for any inter-state wars that took place during the time.

# Then Why Has It Been Created?

Do we actually need to stress the point that the WTO is an American brainchild? How loud does the world need it to be spelled-out that the WTO is another sneaky tool of the US to further its goals and serve its own interests?

The US has always been seen as a flexible player in the global game. Protectionism now if it serves them, liberalisation tomorrow if it serves them best. Whatever is good for its interests, it pursues and coerces the world to realign themselves to the US direction as well. Just as US blocked lobbies for the International Trade Organisation in the postwar because its creation would not blend well with the US's dominance at the time, so has the US fully backed the creation of the WTO in 1995 when it felt that the competitive global conditions

would now work to its advantage. Before, the US lobbied to protect milk and other agricultural products and leave it out of the General Agreement on Tariffs and Trade. Now, it was the US who fought for agriculture 's inclusion in the mandate of the WTO. Aside from agriculture, the US also brought into WTO scope the issues on services, Trade Related Investment Measures, and Trade Related Intellectual Property Rights; plus they introduced a formidable dispute-settlement mechanism, all in the name of protecting and preserving US advantage and interests.

The world did not need WTO at the time of its birth. The US corporate interests did. To say that WTO is essential to the survival of developing countries in the fast-paced globalisation today is another bloody farce to contend with. Most probably, the only one which needs the WTO at this point, the only one which finds the institution essential and beneficial, the only one which would find survival tough without the WTO is the United States of America. It is definitely not the third world.

# Does WTO Serve the Third World's Needs

In our world of relativity, balance is always key. Do the benefits the WTO offer far outweigh the setbacks and constraints it affords the third world?

Flat-out I would say no the question. We clearly see the picture that WTO mechanisms and structure serve the interests of the US. As it is, it cannot serve the interests of the developing countries that the US is raping of their resources. The WTO, being heavily funded by the US, has become a puppet of the US in laying out global trading rules which mask behind fair playing grounds for all when it actually creates a widening mismatch and 'no-contest' situation between the US and the rest of the third world. Practically every WTO mandate runs counter to the developing countries' best interests. The WTO, through the years, has become the South's nightmare with its unfair, unequal, and biased treatment in favour of the developed nations particularly the US.

## Should We Reform WTO

With reform comes the concept that what people in the North intend is a restructuring that leads to the strengthening of the WTO. Reform is a viable option when the subject is a fundamentally sound and fair institution that has just been mired or corrupted with untimely, uncalled for ills. However, when reform is made the battle cry for an ailing institution marred by inequality, unfairness, and deep-seated fundamental flaws with its philosophy, structure, policy and mandates, it ceases to become the attractive option it could have been. Reform of a fundamentally flawed institution is a painful sight. It ought not to be delved into. It is not the way to go.

The WTO has reached the point when its flaws fail to be covered up by fleeting traces of minor successes, if any at all. At present, what the WTO represents is the parody of inequalities being raised to a level of decision-making and passing as

momentous achievements in the third world's step away from poverty and unfair trade restrictions. The WTO at the onset claimed an image of the third world's champion, the defender of the poor and the weak, but just the opposite is true. The WTO has time and again institutionalised and sadly also legitimised inequality in every way imaginable within the institution through its preferential treatment and bias towards the North, especially the US.

It, therefore, fails to surprise us at this point how the WTO, along with the International Monetary Fund (IMF), has steadily lost its legitimacy. It has evolved into something highly centralised, deeply unaccountable, not the least bit transparent that continuously works to subjugate, control, overpower and dominate the rest of the world in order to preserve the advantage and interests of the minority of states, elites and global corporations.

The way the WTO operates as it does now highly runs counter to the burgeoning democratic aspirations of peoples and states around the globe. More and more, people and governments are reclaiming their stake in taking control of their fates and in their rights to dictate their economic, social, political wills. It becomes, therefore, imperative to stress and emphasise that the Jurassic WTO institution does not have its place within our present age of participatory political and economic democracy.

## What Needs to be Done

At this point, what becomes clear is that governments, NGOs, and civil societies around the world must not allow themselves to be brainwashed into thinking that reform of the WTO is the key to a better global trading order. Reform in the sense of strengthening an obsolete institution is merely a facelift or a prosthetic make-over to conceal blemishes in the form of deep-seated inequalities and fundamental flaws in structure, policy and mandates.

What we need today is the decentralisation and deconcentration of institutional power. We must all work towards the creation of a more pluralistic system of institutions where one can easily check on the other and where there is easy, flexible and sound interaction among them.

What we need to guard against is the continued threat from the North that without the WTO, there would be chaos in the global trading order. Veering away from the WTO the way it is now would not entirely bring us into a Hobbesian state of nature where 'life is nasty, brutish and short.' What we need is not an agenda of reform.

We need to work in concerted effort to use every measure we can devise towards the cutting down to size of the WTO. We must bring it down to the size of just another world institution working parallel with other organisations. It is in a more pluralistic, more transparent, less centralised global order where we could all start to carve our niches in the global trading system, based exactly on the inherent values we have, the precise rhythm we are accustomed to and the strategies we know fully-well would work best for us.

# **Beyond Seattle**

There are still quite a number who fuss about who actually won the battle of Seattle. Some observers say the protestors won it for the rest of the third world. A few adherents to WTO still claim the battle was half-won for them in the sense that there is now a clamour for reform. At this point, it does not matter what the final count in that battle is. What matters is what we do now to build on the gains from Seattle to finally champion our cause.

Beyond the media hype, the widely publicised circus in Seattle, the violent protests, the spirited pronouncements of Trade Ministers in the ministerial, what we ought to all focus on is what we must do now to pursue the spirit of Seattle.

Civil society must guard against the wily and sneaky North propagandists who are already starting to use the former in laying out a reform agenda. Civil society must unite in a concerted and informed stance to fight against reform.

Beyond Seattle, it is best to keep in mind what we learned from that November battle. We now know what needs to be done. We have flagged our sentiments. Beyond Seattle, the actual groundwork for our goals need to be laid out. Beyond Seattle, we must prove that there is substance behind the lip service in the protests. There is still a battle beyond Seattle. That battle is for us to win.

# Indonesia & the Reformasi

# Reflections on the Indonesian Women's Movement After Reformasi

# MELANI BUDIANTA

On September 20, 2000 six Indonesian women activists held an informal roundtable discussion at the office of National Commission of Violence Against Women in Jakarta. The topic of the roundtable discussion was the state of Indonesian women after the 1998 Reformasi movements. The discussants were Myra Diarsi (MD), Kamala Chandrakirana (KC), Ita F. Nadia (IFN), Saparinah Sadli (SS). Lies Marantika (LM) and Nunuk Muniarti (NM), human rights activists who played important role in the Reformasi movement and in founding several women's organisations. The discussion was moderated by Melani Budianta (MB), who wrote the following summary.

# Is women's movement declining?

MB: There has been an impression lately that there is post reformasi inertia or a decline in the Indonesian women's movement. Do you agree with this? If not, can we use this discussion to make an honest reflection and critical appraisal of the state and direction of Indonesian women's movement at present?

SS: Before doing this, we must know by what criteria do we judge whether a movement is slacking down or moving forwards.

MB: Visibility in the formal political arena, in the media, or in bringing about structural changes is the criteria that has often been used, but we can lay down our own criteria.

MD: Since 1998 the energy of many individuals active in the Reformasi movement has been sapped in taking care of the waste products of the New Order culture of violence. Political battle goes on, while on another level, the victims of violence keep on falling and somebody has to care for them. Many organisations like Kalyanamitra that in the past was forefront in doing advocacy,

since 1998 had its hands tied up with taking care of the victims of violence. There were so many forms of violence, you just name it, violence towards students, displaced people, individual women, violence in conflict areas. So the energy of many women's group are directed towards cleaning up the mess created by the New Order regime.

NM: At the same time we are suddenly confronted with structural problems that need to be solved immediately. Mainstream women's organisations that have for the past 35 years been silent are now at odds to face the spreading and overwhelming political and social changes in the country. It is ironic because these women's organisations, such as Perwari, Kowani, Wanita Taman Siswa, and religious-based women's organisations, were pioneers in their time. For more than 32 years during the New Order rule in Indonesia women's issues were restricted to issues of development, and women's organisation were coopted to support the ideology of State-Ibuism.1 Individuals and organisations who were not in that line and who had fought for reform had to work underground, only to surface during the reformasi. That was why they were not able to do high-profile political advocacy, something that fortunately now can be addressed by the National Committee of Violence Against Women.

IFN: There are, however, many grassroots structural changes and movement that were not recognised as women's contribution. The Women's Coalition, for example, has been working for policy changes. They served as critical observers of the meetings and discussions in the People's Assembly.

I also have criticism for 'Indonesianists' here and abroad who study the role of women in democratisation based on limited observation of what is occurring only in big cities such as Jakarta, Surabaya, etc. We must take into account for instance the extraordinary works done by the Independent Women's Union of North Sumatra, that cover agricultural sector as well as informal sectors in rural and urban areas. This is an example of grassroots organisations that are emerging in various regions, outside the big cities. Foreign observers often miss seeing the activities of Indonesian Workers Union as characterising Indonesian women's movement in general.

Another example is the activities of Committee of Women for Democracy in Surabaya, which involves all elements of democratic groups, including the women activists of PRD (People's Democratic Party), workers, and other human rights groups. In the small town of Jombang and in other places, there were women activists who formed new forums outside their mother organisations to connect with women activists in other organisations. The formation of these political forums is a new phenomenon that has not been adequately observed.

MD: In quantity, I believe that there is increasing awareness of gender issues among different groups, such as in the Christian, Catholic, and Muslim communities. Feminist theology has been more widely discussed, than say, 10 years ago. This progress has been made almost invisible by the grave social and political upheaval and the economic crisis. In the economic sector women's energies are concentrated in staying alive and in helping the family survive. This can be seen for example in the activities of YASPPUK (Foundation for Women in Small Industries) which has to concentrate in helping women go through the economic crisis. There is no energy left in handling economic issues at the macro level. On the other hand, economic analysts who are dealing with policy issues are oblivious to the fact that the economy is largely depending on women's incomes and energies.

SS: In all the cases and examples mentioned in this discussion we see a general pattern that women's movement is all over the country but not visible. It is a serious flaw that history fails to record the contribution of women in many fields, movements, science, politics, etc. It is our job to ensure that firsthand information is recorded.

# **Pluralisation of Women's Movement**

SS: In my observation, we are entering the third stage in the periodisation of the history of Indonesian women's movement. The first period is the pre-independence era, when women's movement was integrated into the nationalist politics of fighting against the colonial power. The second period was the last 32 years of Soehart o's rule, when women's movement was coopted into the ideology of the State. But even during this most repressive period, there were subversive force in the women's movements, for example in the works of NGOs such as Kalyanamitra, that empowered themselves with the necessary skills in advocating alternative perspectives. Now we are entering the third period when this underground subversive force comes to the surface and spreads all over the country. This third period also marks the pluralisation of the woman's movement. So I really do not agree and cannot understand why this period should be seen as a decline of women's movement.

MB: But the plural society in Indonesia is very problematic, with so many divisions and conflicts.

LM: In fact, women from many religious-based organisations have initiated efforts in solving this division and conflicts through inter-religious dialogues and inter-group peace activities.

MB: Ironically these efforts were dwarfed by the escalation of violence all over the country.

# Party Politics vs. Women's Politics

KC: We cannot evaluate the state of Indonesian women's movement at present without contextualising it in the current political and social condition of Indonesia. At least up to this moment the forces of the previous 'New Order' are strengthening and are controlling the arena. The women's movement is challenging this power and there are efforts in marginalising the women by the old forces. Actually women's movement is not visible because of several

conscious choices. The first choice is the decision not to join party politics. During the previous election, political parties made much effort to woo women's groups, but the women have chosen to stay out of the game. The cost is low representation of women in the formal political arena, such as in the House of Representatives. But this is a conscious choice because women see the weakness of party politics in establishing a sound political ethics and morality. Another cost is low media coverage, because formal political arena is where the limelight is. But I believe this was the right decision.

IFN: Moreover, women decided not to join political parties because they are against the dominant construction of what is called 'democratisation' and of what is defined as 'civil society'.

MB: What are these alternative concepts of democratisation and civil society?

NM: Women want to spread the understanding that politics is not all the barking and howling that we have now. Politics is not merely concerned with power but with social education and changing basic social system. The paradigm is based on women's lived realities, is connected with their identity as women. The Indonesian women's farmer association, for example, point out that women farmers are the ones who own and tend the seeds, but factories stole this ownership from women's hands. But it is hard to socialise what I call women's politics, which is different from the mainstream one. I agree that there needs to be a dialogue between the women and the mainstream. The problem is how to enable us to enter through their door but to exit through our door.

MD: But the processes to establish a dialogue are dialectical. We cannot assume that we can enter into a dialogue freely at any time. We cannot have a dialogue if the other party shut their door on us.

MB: The bottom line, then, is a power struggle. How can women obtain the necessary bargaining position in order to start the dialogue?

MD: I think this boils down to technical and practical matters. This is a matter of division of labour amongst women activists to do different tasks. Only three months ago the Indonesian Women's Coalition have got an opportunity to enter into the legislative arena, and that was only possible because Nursyahbani, the leader of the IWC, got the legislative seat.

MB: It means that there should be more than one political strategy and that women cannot opt to be out of the mainstream structure? (Agreements from the discussants)

MD: Yes. We tend to see our activism as a kind of calling, a call towards peace and humanitarianism. But when we are confronting others with different goals, then we are disregarded.

# Women's Plural Arena

KC: We have to recognise the plurality of the arena. First of all we have come to learn that the local arena is a hidden arena. National newspapers pay attention to national issues and are oblivious to local struggles. In that way they miss significant things occurring all over the region. A Women's Credit Union in Central Aceh, for example, started with specific economic concerns but ended up in raising awareness about violence against women. The North Sumatra Independent Women's Union is another important player. There is also the politicisation of previously apolitical groups, for instance the Foundation of Women Microentrepreneurs, which realised that their concern with women's economic condition couldn't be separated from efforts to secure political rights for women.

In the national arena we have managed to draw attention to the issues of violence and other human rights issues, in which women are key actors. Considering all of these we can say that women's movement is – not on the rise, not booming – but actually spreading its roots. One clear evidence is the founding of new institutions, such as women's crisis centres, which were not there a few years ago. Now the Fatayat NU (the women's wing of one of the largest Muslim mass-based organisations) has established 27 women's crisis centres in local regencies all over Indonesia. The National Committee of Violence against Women is another 'new animal'. It is neither NGO nor a government institution, something that might not be found anywhere else. The committee is functioning as a national mechanism. These are examples of how women try to find new forms of organisation that suits their needs, new instruments that eventually strengthen civil society.

Another phenomenon is the emergence of social institutions whose axis is independent of Jakarta. JKPIT (Eastern Indonesia Network for Women's Health) connects women from Papua to Kalimantan. The movements in Sumatra and Aceh indicate that despite the legacy of centralist structures, they really serve as new axis of the movement, because they decide their own agenda, completely detached and different from that of Jakarta. In this case, Jakarta women's groups are considered merely as partners. The regional movements have also shown their resilience in facing major difficulties and resistance, like the women of Aceh, who suffered many backlashes but managed to move ahead step by step.

The women's movement in the past three years has also managed to extend its social base to include religious and professional communities, lower middle class as well as women workers, and women of various sectors, including agriculture and mining. The Women's Network on Mining, for instance, is founded by people who realise that women have different interests and perspectives in the mining industries.

Another phenomenon is the politicisation of formerly apolitical organisations, such as the Foundation of Women's Microentrepreneurs, and the expressions of feminist discourse into humanitarian and democratisation issues. Not least important is the alliance-building between women activists and workers, human rights, environmental and pro-democracy activists.

# **Obstacles**

KC: These are some of the strengths of Indonesian women's movement that we can map at this present moment. However, we must also be ready to evaluate the internal obstacles and weakness of the movement.

MB: Let's take the issue of regional autonomy, which directly points to structural problems. What can we learn from the experience of the women of Aceh, who managed to gather 400 women and came up with significant proposals for saving the region, but when local government officials and political leaders made their decisions on Aceh, they behave as if the 400 women did not exist, as if what the women did had no relevance whatsoever to local politics?

SS: But if we consider the history of the women's movement, we can say that in Indonesia it started only two years ago. During the revolution women fought for freedom, but it was basically men's war. In the past 32 years women were exploited for a system that subordinated them. It is only now that we are beginning to have a feminist paradigm.

While women are in the process of defining this new feminist paradigm, the establishment looks at this process as a threat. We have nothing to lose but they have everything to lose. Men could see that during the recent crisis women could find jobs more easily and could better meet the demands of the market. It is a challenge for women to socialise their paradigm so as not to be feared. But it is not easy.

MB. Maybe as Kamala suggested, the key is to make alliances with other groups. SS. Yes, we definitely must work closely together with other groups and I could not agree more with 'gender mainstreaming' if this term is used correctly.

KC: One of the strongest structural obstacles is the resistance against democratisation. We can see this occurring in the whole controversy over regional autonomy, in the tug of war between the regents and the people's interest groups. Another problem that we should anticipate with regional autonomy is local bureaucrats' poor understanding of democratic issues, let alone its gender dimension.

SS: If we are not aggressive in pushing gender issues, no one will listen. Efforts in emancipating women always face external obstacles from people who are ignorant of it or who refuse to see that there is gender inequality or violence against women. I have given many gender workshops and the common remark is that 'what is the fuss about, I see no problem.'

MB: Besides external obstacles, internally the women's movement also face many divisions and conflicts.

SS: That should not be exaggerated! (Laughter from other discussants)

MD: We cannot remove the women's movement from its history, as it does not exist in vacuum. The conflicts and divisions are not personal but they came out of a historical context. Twenty years ago, for example, there was no such animal called the funding agency. But the funding agency has become a player

that serves both as a support system as well as an obstacle. It is an obstacle because it creates a dependency and competition between NGOs or groups. It is part of history that the movement is not free from this dependency and competition.

MB: Is it also part of history that women are divided on the lines of identity politics and thus find it difficult to arrive at a similar platform?

SS: It is one of our greatest obstacles that we always find it difficult to gather force as a pressure group. Despite their differences, why, for example, can't women be united to support the law against rape, like in the Philippines? It is a problem because Indonesia is too big, too diverse.

KC: On the other hand, I have to say too that the problem lies in the fact that we are still too small. The pro-democracy civil community in Indonesia, to which the women's groups belong, is only a thin layer in Indonesian society. When the society undergoes an overwhelming crisis like the one we had, a crisis that spreads to all aspects of life, this thin layer is overloaded with work. With the totality of the crisis, nobody can focus on one thing. There is no time for division of labour or planning. You just do what you can at a given moment.

SS: Still I think one of our weaknesses is that we do not have a focus that we can choose and agree together.

MD: But maybe the social and political reality does not allow us to do so.

KC: I don't think we could ever be so united or need to be.

MD: Just look at history. There is no time in history the men can agree with one another. Moreover the women's movement is always marginalised in mainstream politics, it is always resisted against. On the other hand, the fact that there is much resistance, so much controversy or bad feeling about what the women do, is the indication that the movement is actually on the rise.

MB: Nana (Kamala) you said just now that the movement was only a thin layer in society, but you also said earlier that the movement was spreading its roots everywhere. Can you explain more about this?

KC: It is a thin layer in the population of 180 million people, but this thin layer is very much rooted, and spreading its roots. And we have to recognise the fact that this thin layer is very diverse, plural, a fact that can be seen as both a strength and a weakness.

MD: In many cases people are hesitant to take a position, because it is just too easy to break a group apart because of differences in political positions. Take for instance the Coalition of Migrant workers that was united in their support of Kartini.<sup>2</sup> I suspect that if they should come to discuss the issue of women and men's relations, the coalition could break apart. In the eyes of some, Kartini's position, as a wife with a relationship with another man, did not lend itself to be defended. So religion, ideology, political affiliation, could easily be used to divide the coalition.

KC: Yet we also need to recognise the importance of new forms of alliances that

allows us to refrain from settling these basic differences. Plurality of perspectives, of positions is something positive, and this should not be used to discount the women's movement. In many of their actions women have managed to form short-term or temporary alliances to address one or other significant issue together, and afterwards to disperse and go to their own different paths. This is an effective political tool. So if people say women do not do politics because they do not go into political parties or do not serve in the House of Representatives, they are making a false assumption. By using temporary alliance as a political tool, Catholics and Muslims, or people from opposite camps who normally would not sit together can meet and work together for a common cause.

MB: S treet rally, signing petition or statements are forms of that temporary alliance often used during the reformasi. But many feel that what these forms of temporary alliance do are limited into a kind of symbolic gesture or rhetoric, which do not do much for structural change.

KC: Street rally is what the media likes to expose, but actually there are so many other elements in the movement ...

MD: ... like preparing academic manuscript for changes in the law and writing proposal for new laws.

SS: Sometimes I ask myself, is demonstration necessary? But I find that it is necessary to draw people's attention to an important issue. But of course we do not stop there. Afterwards everybody continues the struggle in different ways.

KC: Street rallies can also serve as an opportunity to do networking, and out of the new network many actions can emerge. The National Committee for Violence Against Women, recently worked together with LBH APIK [the Women's division of the Legal Support Foundation] and Derap Warapsari [an NGO founded by retired women police officers] to build the basis for collaboration with people in the criminal justice system who have, on their own, made important breakthroughs in their respective fields which benefits women survivors of violence. For instance, there is this judge from Cibinong [a suburban district in Jakarta) who allows a social worker to accompany woman survivors of violence in court. These small things are very important, and we need to show our appreciation for people who risk being jeered at by their peers and community by doing what they do. Other people might say that they challenge the law, but we tell them that they give justice to the people. And we can explain to the public the significance of what the actors do and why they need to be supported.

SS: Activists in the fields of law have put so much effort in pushing the legal system to give heavy penalty to perpetrators of violence. In each and every case judges need to be reminded and pressured through public campaign not to let the violators get away with what they do.

MD: In June 2000 the Supreme Court issued an instruction to give the maximum

punishment in rape cases. Given the strong bureaucratic culture of the Supreme Court, this is really a major progress that they are willing to issue such an instruction.

SS: These are only some examples of the women's efforts at structural changes. The presence of the National Committee of Violence Against Women physically [the office] in the back of the office of National Committee of Human Rights has worked as a constant reminder for the latter body not to forget gender issues.

MD: Your [Ms Sadli's] position as co-chair of the National Committee of Human rights definitely puts a strong pressure there, too. (Laughter of agreement)

SS: They always say everywhere I go, in any occasion I participate, I always bring gender issues. It is true because people still need to be constantly reminded.

MB: According to you (Ms Sadli), what is the most urgent agenda for women's women?

SS: The target of the women's movement is to establish democracy that is not only based on social justice but also based on gender equality. One of the most immediate agenda is to strengthen the Ministry of Women's Empowerment, because of their structural influence, by giving gender training to their officials, who unfortunately, have poor understanding of gender issues.

MB: If we can summarise now, can we state again the criteria by which we can measure how far the women's movement in Indonesia has progressed so far?

SS: Like what Kamala has mentioned earlier, the formation of new social institutions, new alliances, the expansion of the social base of the movement are some indicators that the women's movement in Indonesia is alive and well

#### **ENDNOTES**

- The New Order ideology that 'defines women as appendages and companions to their husbands, as procreators of the nation, as mothers and educators of children, as housekeepers, and as members of Indonesian society - in that order.' (Julia Suryakusuma, 'State and sexuality' in Laurie J Sears, ed. (1996). Fantasizing the Feminine in Indonesia, Duke University Press, p.101.
- 2 Kartini is an Indonesian migrant woman worker who was sentenced to death in Saudi Arabia because she was found pregnant outside wedlock. The fact that she was raped by a coworker who afterwards ran away did not reduce the sentence. Indonesian migrant workers at home formed a coalition to defend her case. She was later acquitted.

# Indonesian Women Move On... From Economic Crisis to the Political Arena

# CARLA BIANPOEN

### Introduction

'Gender' and gender concerns have never been a mainstream issue in Indonesia, although women's resistance dates back to the early 20th century. At that time, R A Kartini, a young girl from the Javanese aristocracy, made it known to the then ruling Dutch authorities that Javanese girls needed education. Besides education, Kartini raised questions about virtually every aspect of a woman's life, including religion and ethnicity. The principles enshrined in the state philosophy, 'Panca Sila', can be retraced in the correspondence she had with friends abroad. Yet, as women move on and enjoy many of the benefits she had desired at that time, persisting parallels between then and now can hardly be denied.

In 1928, two months after the Youth Pledge for One Country, One Nation, One Language, a number of women's organisations bonded together at the first Women's Congress held on December 22 of that year. While issues like education for women and polygamy were on their agenda, national independence became the focus and the women fought side by side with men in the struggle for independence from the Dutch. After independence the 1945 Constitution stipulated that all citizens had equal rights and responsibilities before the law. De facto, however, women remained restricted to the domestic domain.

The strength of this first Women's Congress, later called Kongres Wanita Indonesia (Kowani), then weakened as it subjugated women's aspirations to the 'higher goals' of state development, which intensified under the Soeharto regime (1966-98). Kowani is an umbrella for over 70 organisations including Dharma Wanita, the organisation for the wives of civil servants. By the late 50s-early 60s, one of Kowani's member organisations, Gerwani (Gerakan Wanita Indonesia), had developed into a strong organisation working among rural women, but after

1966 it was banned due to its affiliation with the outlawed Communist Party.

Having a Minister for the Role of Women did not help much in improving women's status during the Soeharto period. On the other hand, NGOs with a strong focus on women themselves began to emerge, giving birth to a new generation of women activists. Their consolidation was triggered by the economic and monetary crises in the country and articulated after what came to be known as the May rapes - the mass rape of women of Chinese descent in May 1998.

In Indonesia, 1998 was a year of devastation marked by a shattered economy, escalating political tensions, social unrest, and heightened repressive practices. Fear and mutual suspicion pervaded, exacerbated by racial riots and the May rapes - first reported by the Team of Volunteers for Humanitarian Causes, but denied by the highest authorities.

Interestingly, that horrible year was a turning point in Indonesian women's most recent history. For over three decades, women in the larger organisations had witnessed their primary concerns being ignored for 'the higher agendas of the male-dominated state'.

As the situation in the country deteriorated in the final year of Soehart o's rule, it became clear that what was once known, and treated as, 'the separate concerns of women', was in fact closely linked to the intricate game of politics. and a world from which women were usually excluded.

As one crisis followed another, and the oppression intensified in 1998, women became firmly convinced that they had a vital role in determining the political priorities of the country. They adopted a variety of strategies in this endeavour. Some used the traditional notions of a woman's 'proper role' as the pivot for their actions; others effectively engaged in bringing women's concerns into current policies; and, again, others gathered strength from the formation of a coalition among women, both of individuals and organisations, for greater coordination in putting their demands to the ruling order. In fact, each one's specific objectives and strategies were often integrated into the wider efforts to bring about change. Whether their march towards the political arena was in their role as concerned mothers, or as supporters of the political opposition, or as defenders of human rights, they all demanded a new, clean, and demilitarised government.

Yet, gender somehow still remained a non-issue in the mainstream of politics, so much so that of the 48 political parties emerging under President Habibie (Soehart o's successor), only the National Awakening Party (PKB), had a comprehensive gender plan. Even the Indonesian Democratic Party of Struggle (PDI-P), whose leader was a woman, Megawati Sukarnoputri, appeared to have no specific gender perspective.

Ironically, the mainstreaming of gender did become a reality, albeit in the negative sense, after the general elections in June 1999. When the PDI-P won the largest share of the vote – 34 percent – in the elections, and Megawati's popularity increased day by day, religious and political leaders expressed themselves strongly against a woman leading the nation. Megawati is not known as a feminist, but as

leader of the political party that had been oppressed for years, she became the symbol of women's fate and rising strength. The ensuing 'democratic' elections for the presidency from which Abdurrahman Wahid emerged victorious, demonstrate the state of affairs. Wahid, a close friend and staunch supporter of Megawati, whose National Awakening Party had only 13 percent in the June polls, ultimately became her contender and beat her by 373 to 313 votes in what is called the most democratic election in 32 years! The process of political manoeuvring was a virtual blow to the women's movement and democracy in general.

# **Unprecedented Solidarity**

Drawing their strength from an unprecedented solidarity forged in the midst of escalating oppression and the economic crisis, women's upsurge was to mark the year 1998. Early in the year, they first demanded at least 20 percent women participation in the government's World Bank supported labour-intensive projects, to accommodate laidoff workers as a result of the crisis. The demand was made to the World Bank President and the National Development Planning Board (Bappenas) by members of the Lotus Foundation, a lobby group pursuing women's rights as human rights, in coordination with other NGOs. World Bank President James Wolfensohn, who happened to be visiting in Jakarta on February 4, immediately took up the issue when touring a labour-intensive project, and Bappenas too showed interest. However, both the World Bank and Bappenas were slow in putting their initial agreement into action, and it was more than a year later that the 20 percent quota was incorporated in criteria used for project participation.

### Women as Mothers

Meanwhile, as the political situation deteriorated rapidly, and popular unrest was on the verge of exploding, a group of women held a brainstorming meeting. Hoping to prevent bloodshed, they decided to take to the street as mothers, assuming that nobody would shoot at mothers. Suara Ibu Peduli (SIP) or the Voice of Concerned Mothers, as they called themselves, was a group of young women from the middle class who, together with long-time feminist and professor of philosophy Toeti Heraty, had earlier launched the sale of affordable milk for toddlers and the elderly.

The women marched to the roundabout in front of Hotel Indonesia in the heart of the city, singing patriotic songs, chanting mother's prayers and offering flowers to passersby and the police, displaying banners with slogans such as 'Mothers Struggle for the Children of the Nation' and 'Peaceful Demonstration of Love'. The police, however, became suspicious and took Karlina Leksono, Indonesia's first and only woman astronomer, and Gadis Arivia, lecturer at the University of Indonesia, both members of SIP, and Wilarsih Noviana, who just happened to pass by to the police station where they were interrogated for 23

hours. No warrant was produced until an hour before their release the next day - not surprising as repression still reigned supreme. Their case drew massive local and international attention, and pictures of Karlina Leksono and Gadis Arivia appeared in almost every media.

SIP persisted in the role of mothers, providing affordable milk for children under five years of age and the elderly. Their efforts received much support with donations flowing in, while housewives from other parts of Jakarta started grouping themselves in similar fashion, using the SIP logo to support their distribution of milk in their own areas. Positioning themselves as mothers, however, did not prevent them from participation in the popular uprising to oust Soeharto and, together with women from all over Jakarta, they supplied food to the students who had taken possession of the parliament building. SIP later expanded with a membership of 4,000 women at the grassroots level. Many women came forward to form SIP subgroups called 'simpul' (knot).

# International Women's Day

Another example of the growing solidarity was displayed when women came together in a spontaneous grouping to celebrate International Women's Day, March 8, which officialdom had never acknowledged because of its alleged leftist associations. Apart from the women's organisations, Seruni - Seruan Perempuan Indonesia (Indonesian Women's Cell) - as the group was called, included housewives, professionals, Muslim devotees, Catholic nuns, Buddhist women, as well as Ibu Gedong Oka, who came all the way from Bali. 'Seruni' is the name of a flower of many traditional uses. Breaking traditional barriers of ethnicity, religion and class, they came together at a time of intense repression when gatherings were looked upon with great suspicion. The location was, therefore, held secret up to the last possible moment. A unique and important feature of this meeting was that the prayer was one for all, honouring the bold and courageous women from the history of all religions. It expressed a united and impassioned critique of prevailing injustice and unlawfulness. Today, Seruni continues to group women in peace-making actions. They include simple housewives and women of the elite who had never before demonstrated any interest of this kind.

# The May Rapes

A major stimulus to women's solidarity and political awareness came from the 1998 May rapes that occurred during the anti-Chinese riots in Jakarta. Following the incident, the Team of Volunteers for Humanitarian Causes, led by a Catholic priest, Sandyawan Sumardi, established a Women's Division headed by Ita F Nadia, director of the NGO Kalyanamitra (Women's Communications and Information Centre). The Women's Division, which prepared a report on the mass rape of women of Chinese descent, is also called Tim Relawan, or Volunteers Team.

When the atrocities happened around May 13, the full extent of the chaos and havoc was not known. However, the open call for action published in the Jakarta Post by Rita Kolibonso, director of Mitra Perempuan Crisis Centre. spurred statements from many even from such women's organisations as the Dharma Wanita and Kowani. But it was an interview of Ita F Nadia with the foreign press that provided a powerful statement, provoking a national and international outcry for justice.

The report on the incident, which was presented to the National Commission on Human Rights on July 8, observed that during the three days of riots in the capital city, a massive number of rapes of women had taken place, mostly of Chinese Indonesian women. It said 168 women and girls had been identified and proved to be either gangraped or sexually abused, while 20 women died. Government officials, including the Minister for the Role of Women, as well as the military and some civilians, slammed the report as a fabrication by NGOs, arguing that it was not based on solid evidence. The President, however, remained silent.

Meanwhile, all those involved in preparing the report – the victims, doctors, witnesses and human rights defenders - were inundated with death threats, anonymous letters and phonecalls. Team members revealed that these threats were directed also against their family members, children in particular. 'They know the details of the names of our children, what time they leave the house, where they go, what school they attend, and their other activities,' they stated. Yet the Team remained undaunted and persisted in helping the victims in whatever form possible, while untiringly speaking out against violence on women.

The revealing report of the violence and the wide media coverage that followed, were effective in putting pressure on the government. Although the most published names were Ita F Nadia and Karlina Leksono, they stand for numerous others who often risked their lives or livelihood because of their involvement in the Team. They, and their Team, opened the eyes of the people, and the world. The government's persistent silence in the face of human rights violations and crimes that continued to happen to women, and the prevailing terror that continued to haunt the lives of volunteers, counsellors and doctors, only strengthened the sense of solidarity among women of all groups and backgrounds. It also motivated an overwhelming number of volunteers to join the Team.

In another development on June 16, a month after the incident, a statement drafted by 16 prominent women of interdisciplinary academic and professional backgrounds, found support from some 4,000 people, who subsequently grouped under the name of Civil Society on Violence Against Women.

While the furore was going on, President Habibie maintained complete silence which led to massive deterioration of his popularity. A delegation of 22 women was then formed to see the President and demand a formal condemnation of the atrocities and rapes. After a lot of pressure, the President's staff reluctantly gave an appointment for July 15 to the delegation led by senior activist and human rights defender Saparinah Sadli. The meeting itself was the first of its kind over the past few decades. Initially reserved, Habibie took an hour to be convinced to issue a public condemnation, and promised to follow-up the demands outlined in the statement. The President ignored his staff's request to bring the matter to the Cabinet before issuing a statement, and asked the delegation to immediate draft a joint statement. 'May I have an opinion of my own?' he reportedly asked his staff. 'I think this is the right moment.' A week after the meeting, the President responded to the women's demand for a National Commission on Violence against Women. In the presence of virtually a complete Cabinet at Bina Graha, he invited Prof. Saparinah to form the Commission. However, it came into being only in October when it was ratified by Presidential Decree No.181/1998, October 1998.

## In the Political Arena

Different from the above-mentioned groups were the activities of those who proceeded directly into the political arena. The women in Gema Madani (Echo of Civil Society), for one, had started their efforts in early February, when the mood of controversy over the upcoming presidential elections was intensifying. Opposition voices were heard everywhere, and friends of Emil Salim, a one-time Minister for the Environment, tried to push him for a presidential or vice-president election. But for some time nothing happened.

Tired of the lingering deliberations, three women launched a movement that was to give courage to thousands of people to subscribe to the goals of Gema Madani. This move of supporting a candidate whose political vision emphasised equality in a pluralist society, helped to generate the dynamics of a civil society. Prof. Saparinah, Mayling Oey, a gender specialist and founding member of the Lotus Foundation, and Tini Hadad, director of the Indonesian Consumer's Foundation (YLKI), together with Agus Purnomo, director of the Foundation of World-wide Wildlife in Indonesia, then supported Emil Salim as an alternative candidate for Vice-Presidency in their first meeting on February 11.

Gema Madani's one-month action and statement was a breakthrough in usual political practices. Emil Salim's nomination, at a time when opposition was a bad word, provoked a commotion in the nation's political discourse. On record is the crucial role played by women in this breakthrough, and in all the actions and statements of their candidate, though the coordination and cooperation of their male peers must not be underestimated. Gema Madani was a movement consisting of men and women. The emergence of Gema Madani can be seen as a firm step in the formation of the civil society. Although Emil Salim did not make it to the Vice-Presidency, the actions aroused the spirit of the wider society, and the ripple in the sea has now become an overwhelming wave in the ocean. Gema Madani was later dissolved.

# 70 Years After

Another group that broke away from the traditional image of women was the

Koalisi Perempuan Indonesia untuk Keadilan dan Demokrasi (Indonesian Women's Coalition for Justice and Democracy). A small group of women activists in Jakarta brought together 62 women's groups and individuals from various educational, ethnic, religious and professional backgrounds to discuss strategies for bringing women's voices to the fore. In the weeks that followed, the membership increased to over 90 groups and individuals from across the country.

Formed on May 18, the Coalition joined the swelling force of students and the population who demanded that Soeharto step down. Their contribution to the President's resignation is a memorable one. They did not stop at this point, however, and continued the struggle for justice and democracy. One of their main efforts was to seek a wider unity among women. The rally on violence against women, held simultaneously on November 25 in several cities, was an impressive achievement. However, what stands out in their political engagements is the Women's Congress they organised in December 1998. As pointed out in their statement, the objective was to unite women from all walks of life, irrespective of education, religious, ethnic, or professional backgrounds. The agenda was to create a force strong enough to become a pressure group for mainstreaming gender concerns, and a platform to pursue justice and democracy.

An overwhelming number of participants – almost 600 – attended the threeday event which was held in conjunction with the 70th anniversary of the first Women's Congress. The meet, which was dominated by euphoric sentiments from women who had been caught in a 32-year period of repression, did not quite meet the initial expectations. One of the reasons might have been an unsatisfactory coordination between the organisers themselves which resulted in somewhat chaotic procedures of the Congress, among others a 'strike' by male reporters who felt they were being discriminated against. Some participants felt that the organisers from Jakarta had a hidden political agenda, namely the forming of a political party. There was a heated dispute over the Congress' name which led to a walkout by several participants.

Earlier, in a seminar preceding the Congress, Kowani had been upset as its chair had to share a panel with an ex-member of Gerwani, which had been banned by the Soeharto regime because of its affiliation to the outlawed Communist Party. In a press statement, Kowani also branded the presence of lesbians in the Congress as anti-religious, and others took exception to the inclusion of sex workers and lesbians in the presidium. The Congress organisers were, however, of the vision that they were women, and as such had the right to have a voice and be heard. The then Minister for the Role of Women, Tutty Alawiyah, reported to the President that the Congress had been infiltrated by communists, while the Aisyiah Muslim women's group also took disagreeing religious teachings as a reason for its decision to withdraw participation.

The first women's congress in the post-Soeharto era was to be a new awakening after 32 years of being virtually silenced. Exactly 70 years after the first Women's Congress in 1928, women were again seeking to form a common platform. Despite all the problems, it was a bold step, and the young women who attended made many breakthroughs, just as their predecessors had done 70 years earlier. One of these was the setting of a quota of 30 percent for women's participation in the MPR. This quota system has been taken up by other women's organisations.

The presidium elected as its head the noted woman activist lawyer and executive director of the Indonesian Women's Association for Justice (APIK) and member of the MPR, Nursjahbani Katjasungkana S H. Today the Coalition has branches in several parts of the country, and is on its way to be an alternative to the Kowani as an umbrella for women's organisations. Meanwhile, some of the original organisers have formed their own organisation, the Selendang Lila Foundation, with Myra Diarsi as its executive director.

# Educating Women Voters

As women's march to the political arena was increasingly viewed as a necessity, it was also realised that the upcoming general elections was an opportune moment. So Gerakan Perempuan Sadar Pemilu (GPSP) or the Movement for the Education of Women Voters, was set up in October 1998, by veteran activist Herawati Diah, and Debra Yatim of the Women's Coalition. The first Indonesian woman journalist to graduate abroad and the founder of the first English newspaper in Indonesia, Herawati Diah, who was also a member of the Gema Madani movement, had raised the issue of voter education during the final days of that platform. Since its foundation, the GPSP has brought together a legion of women who are now actively providing empowerment and gender-sensitive short courses. With support from UNDP, it had already covered over 80 locations in the Jakarta area by April 1999, and responding to invitations from Bandung (West Java), Surabaya (East Java) and Palembang (Sumatra). Active members of the GPSP included senior journalists Annie Bertha Simamora, Toeti Kakijailatu, Moeke Mashud, while media specialist Debra Yatim, political scientist Chusnul Mar'iyah and gender specialist Myra Diarsi were regularly involved.

When UNDP assistance came to an end, the movement transformed into a self-sustaining foundation. Still led by Herawati Diah, a change in the board members reflected a wider political focus. Since November 1999, the re-formed foundation has been working under the name of Gerakan Pemberdayaan Swara Perempuan (Movement for the Empowerment of Women).

# Beyond Jakarta

The upsurge in women's activism is certainly not limited to Jakarta. Everywhere in the country, women have grouped and acted against prevailing violence and taken a political stance.

In Makasar, South Sulawesi, a strongly patriarchal society and a basic stronghold of support for then President Habibie, women hav found the courage to act against public opinion. The Forum Pemerhati Masalah Perempuan (Forum of Observers of Women's Concerns), which has been active for several years,

held anti-Habibie demonstrations when he visited the region. Led by Zohra Andi Baso, a journalist and activist of the consumer NGO Yayasan Lembaga Konsumen Indonesia's (YLKI) Makassar chapter, 10 members of the forum also came to the presidential elections and called on political factions of the People's Consultative Assembly to speak out against the re-election of Habibie.

In the troubled region of Aceh, one of the women groups, Flower Aceh, an NGO for the empowerment of women, gained strength in mid-1998. Suraya Kamaruzzaman and her peers have initially grouped women in discussion groups in an effort to strengthen them vis-à-vis continued violence. They now adopt more direct strategies in promoting women's access to decision-making and violence counselling. But their outspoken critique of religious practices, which in their opinion violate the human rights of women, has met with hostility from fundamentalists.

In fact, a women's network called Kalyanamitra in cooperation with other NGOs had earlier on started to form a kind of pre-cooperative network and get basic food staples at affordable prices. Jaringan Solidaritas Perempuan, a women's NGO formed with the initial objective of defending the rights of women migrant workers, had started to negotiate their concerns with the Ministry of Manpower before 1998. And, responding to increasing violence against women, they managed to articulate the importance of human rights, the fight against violence toward women, and the empowerment of women at the grassroots level in rural areas.

#### Other Movements

Another striking phenomenon has been the emergence of young women leaders in gender-neutral movements/organisations. The International Forum on Indonesian Development (INFID), for instance, is headed by Binny Buchori as Executive Secretary, whereas the Indonesian Consumers' Foundation, which continues to make a significant impact, is led by Tini Hadad. The outspoken Consortium of Urban Poor, which has exposed the leaks in funds destined for the Social Safety Net, is coordinated by Wardah Hafidz. These three women represented over 500 NGOs, when they petitioned the World Bank to stop the Social Safety Net Adjustment Loan (JPS). Wardah Hafiz is currently a prominent advocate for the concerns and rights of the urban poor.

There are more young women taking the lead in movements or organisations that used to be headed by mens. Among them are Amanda Suharnoko, one of the three women in a total of 26, who chairs the Society for Inter-Religious Dialogue, and Sita Aripurnami, manager of a scenario-building programme called Indonesia Masa Depan (Indonesia's Tomorrow). Sita, a member of the Kalyanamitra, has taken a year off from the NGO to 'manage' 30 individuals from various backgrounds and visions to work towards a joint vision for the development of Indonesia.

# Women in the Arts

At first, the May rapes seemed to have left artists too stupefied to react, when in fact, it is their fine senses that are best equipped to grasp the implications of the horror. This was, indeed evident a few months later, in the works of 16 Indonesian women artists displayed under the title *Women in the Realm of Spirituality*, which was presented in Jakarta and Rome. Remarkably, striking changes were reflected in the works of senior artists like Wiranti Tedjasukmana (b. 1933) and Ratmini Soedjatmoko (b. 1925) who completely changed their style and orientation.

While Ratmini's paintings used to emanate a peaceful spiritual atmosphere, they now bring in new air to activism and movement. In *Srikandi Accuses*, the artist demonstrates a growing political orientation, using the symbols of the 'Wayang' shadow play. Likening the President (Soeharto) to Rahwana, a sly king who has many heads, the rape victims to drooping flower buds, and the brave women taking care of the rape victims to Srikandi, a strong woman figure in Wayang, Ratmini makes a powerful statement against victimisation of women by the political and security forces.

Wiranti, who used to depict static folklore, expresses her fury through *Justice Attacked*: Justitia in the attire of an Indonesian woman of Chinese descent, with her hair swaying in the wind, her body encircled by green serpents (the armed forces) and a saw in her hand, claimed justice. *Aspiration* and *I want to be free* speak of a growing sense of the self.

The exhibit of 18 artists (men and women) held in early December at the Cemara-6 Gallery in Jakarta was also a departure from the usual. They took women's human rights and violence against women as a central theme in a weeklong seminar that highlighted several aspects of women in the arts, theatre and literature. Another significant reaction came one year later, when Arahmaiani held her solo exhibition 'Rape'n'Rob' at Galeri Millennium. Here, the unbalanced distribution of power was viewed as a basic cause of the May rapes.

In the performing arts, Ratna Sarumpaet, a noted and the only woman playwright in Indonesia, had earlier taken a political stance. Ratna's play about the murdered 'Marsinah', a woman labourer, written a few years ago, has drawn much interest abroad, despite the fact that it has been banned numerous times in this country. Ratna has proceeded boldly, and not only in the field of the arts. In an even stronger effort to counter the political power-holders, she and her troupe, Satu Merah Panggung, advocated the opposition alliance of Amien Rais and Megawati Sukarnoputri. Later, she formed the National Forum for Democracy, a coalition of 167 groups and non-government organisations, and gained support from many prominent opposition figures. She organised a People's Congress coinciding with the National Consultative Assembly which was to reelect President Soeharto. She was promptly detained, thus becoming Soehart o's last prisoner, and the first to be released after he stepped down!

Since then Ratna has been involved in Jejak, an independent institution to foster reconciliation through opening up selected human rights cases, and

bringing justice to victims under the past regime. The first case which Jejak organised was a 'theatre of the real', a kind of tribunal to provoke testimonial evidence from the common public, on Marsinah. New evidence in the case has led Jejak to demand that the case, closed some years ago, be reopened. However, Ratna reveals she has received no response so far from the authorities.

## **Sethacks**

Indeed, the heightened awareness amongst women of the link of what used to be typical women's concerns and the 'higher politics' have brought a new touch to efforts of engendering politics and materialising a new understanding of the term

However, in spite of the promising upsurge of energies in 1998, there were disappointing setbacks. The worst among these was the rejection of Megawati as President. The ensuing debate reached a point where a group of women deemed it urgent to issue a statement condemning the use of religious dogma to discredit a woman's political rights. The statement was released on June 22, 1999, and in less than 48 hours received support from over 300 individuals, women and men, and organisations, all agreeing that women's political rights should be honoured in line with the 1945 Constitution and the law. The group, named Civil Society for the Political Rights of Women, stressed the significance of upholding justice and democracy and rebuilding the political rights of Indonesian women - regardless of age, class, education, religion, ethnic background and political beliefs. Specifically, the statement says there is no explicit stipulation in the Al-Quran that a woman cannot become a leader.

Signatories included well-known people in society, such as human rights activists Saparinah Sadli and Marzuki Darusman, Dharma Wanita Presidium head Hartini Hartarto, gender specialist Mayling Oey, lawyers Rita Kolibonso and Todung Mulya Lubis, the National Mandate Party (PAN) Deputy Chair Toeti Heraty Roosseno, respected economist Mohammad Sadli, playwright Ratna Sarumpaet, NGO activist Erna Witoelar, political scientists Chusnul Mar'iyah and Smita Notosusanto, to name a few.

But more than anyone else in the long list of signatories, it was the names of Siti Nuriyah Wahid, Omi Komaria Madjid and Khofifah Indar Parawangsa that caught the attention. Siti Nuriyah is a Muslim activist, heading over 200 pesantren putri (religious boarding schools for girls) and also the wife of Abdurrahman Wahid, leader of Nahdatul Ulama, the 30 million-strong Muslim mass movement. Wahid himself initially said he had no problem with a woman becoming President and had staunchly supported Megawati, becoming her opponent in the eleventh hour. Omi Komaria is a lecturer of English; she is well-versed in the teachings of her religion and is also the wife of Muslim scholar Nurcholis Majid, while Khofifah Indar Parawansa, a former legislator, was then a proponent of the National Awakening Party.

Khofifah in a subsequent television commentary said that nowhere in the

Constitution, nor in any law or regulation was gender specifically mentioned as a requirement for the presidency, and neither had there been any objections to these legal provisions. The statement which was given media coverage, triggered a continuous flow of supporters. Yet, this did not help much in the final manoeuvres of political players.

# A Ray of Hope

Meanwhile, dramatic as the unfolding of the women's movement has been, the new Cabinet emanates a stronger-than-ever political will towards engendered policies. The placement of three strong women in the current Cabinet significantly deviates from the past and is an encouraging step. What is more, though outmanoeuvred from getting to the top, as Vice President, Megawati is second in command in the government and holds the second highest power. As well, she is the first Indonesian woman to be in that position. Under the new government, some of the women ministers hold real positions.

Erna Witoelar as Minister for Human Settlement and Regional Development holds the key to integrate gender perspective into the area of development which has a tradition of one-sided male bias. As a former NGO activist, being both the founding member of the environmental NGO Walhi and the influential consumer NGO YLKI, Erna has long-time national and international experience. She has also been an active supporter of the Statement on Women's Political Rights. 'It is very important that I introduce gender-sensitive development in the whole setup of this department,' she had said in an interview after meeting with the media at her Ministry. She envisions that 'this will result in a more human, more environmentally sound, more pro-poor, and children-friendly as well as elderly and disabled friendly development.'

Khofifah Indar Parawansa has long questioned the raison d'etre of the Ministry for Women's Affairs. To everyone's surprise, she was recruited for the job and what was even more astonishing was that she accepted it. But Khofifah did not accept without conditions. She demanded that the post hold more authority. Her first move was to change the title of her office to Menteri Negara Pemberdayaan Perempuan, the State Ministry for the Empowerment of Women. She has moved fast, introducing what she calls the one-door policy, meaning that every regulation and law concerning women in all the ministries must come from her office and be legally binding; the implementation of the monitoring will also be with her office. She has also demanded that the National Family Planning Coordinating Board (BKKBN) be brought under her office, a demand that has met with great objections from the BKKBN, but was supported by a statement sent to the President by over a hundred women, including leading activists. The decision is made to change the vision that stressed population control at the expense of the reproductive rights of women, they stated.

Khofifah also wants at least one of the three judges on a panel on rape to be a woman. And last, but certainly not least, she has proposed an 18 percent hike of

the Ministry's current budget. At 34, she is the youngest in the Cabinet but has a record of being a bold politician with clear visions. Before she became Minister, she was a proponent of the People's Awakening Party, and a Deputy Chair in the House of Representatives.

Siti Nuriyah, the current First Lady, will be an important ally. Having an activist's background, her paralysed underbody never prevented her from taking part in street rallies and she continued in pursuing the objectives that women stand for. She holds a postgraduate degree from the University of Indonesia's postgraduate programme on women's studies, and is a board member of the National Commission on Violence Against Women. She is also involved in reinterpreting the *Kitab Kuning*, a compulsory reading in pesantren schools. The book, among other issues, deals with relations between men and women which the First Lady finds degrading for women. In an interview five days after she had entered her new 'position', she declared that she wouldn't limit her role to being her husband's *pendamping* (escort) only. The First Lady, who is intent on establishing women crisis centres in the pesantren, has said she will focus on violence against women, which is, in fact, an all-encompassing issue. For all the positive dynamics marking women's emergence in mainstream affairs, there is no prediction on its further unfolding.

# Women as Victims vs. Women as Fighters

Redressing Asymmetry in East Timorese Discourse

George Junus Aditjondro

Dedicated to Rosa 'Muki' Bonaparte Soares and Odilia Victor

This is the first international conference on East Timorese women which I have attended, and it certainly has not been the first one of its kind. I may have not been invited on earlier occasions due to my gender. This time, the additional clause, '... and International Law' is probably why I have been invited, since two years ago, I was commissioned by the East Timor Human Rights Centre (ETHRC) in Melbourne, Australia, to write a report on violence by the Indonesian state against women in East Timor (see Appendix). Or, I may have been invited by the Secretary General of IPJET (International Platform of Jurists for East Timor), since I became a member of this platform five years ago, during the Porto University conference on East Timor in Estoril.

Anyhow, the task put to me by the ETHRC in 1997, and consequently, my own attempt to rewrite and update my 1994 book on East Timor, had given me much to think about in writing about the East Timor tragedy from a gender perspective. The updated version of that book, which has faced serious difficulties in an attempt to find an English language publisher as well as in finding the right translators into Portuguese and Indonesian, has a brand new chapter dedicated to women, as well as one dedicated to the youth of East Timor.

Writing this ETHRC report and the chapter for my unpublished book has raised two questions in my mind. First, why has there not been more and earlier efforts to write about the Timor tragedy from a gender, and in particular, from women's perspectives? And second, how has this gender perspective been constructed? I will come back to the second point later, but let us first reflect on why the

women's perspectives have not been employed much earlier and more frequently in the activist literature about the Indonesian invasion and occupation of East Timor.

This under-representation of women in the East Timor literature is, I believe, a combined result of four factors, the first being the result of the systematic repression against the resistance's feminist arm, the OPMT (Organizacao Popular de Mulher Timor), or 'the Popular Organization of Timorese Women,' which was founded in Dili on August 28, 1975.

OPMT's founding secretary, Rosa 'Muki' Bonaparte Soares – the only female member of the Fretilin (Revolutionary Front for an Independent East Timor) leadership, a young fiery student activist and former member of the Casa de Timor in Lisboa, whom the Portuguese called 'Rosa Luxemburg' for her contribution to the negotiations with the Portuguese Decolonisation Commission in Dili – was captured by the Indonesian military and cold-bloodedly executed on the wharf of Dili on December 7, 1975. The Indonesian military probably had already observed her role during the unilateral independence declaration of Fretilin on November 28, 1975, when she was the one to unfurl the brand new flag of the Democratic Republic of East Timor (AI, 1985: 25; Jollife, 1978: 5, 162, 184, 269; Gusmao, 1990: 2).

Hence, in the absence of a strong organised women's 'voice', the main spokepersons of the East Timorese resistance have so far been dominated by males, in particular, Jose Ramos-Horta, Xanana Gusmao, and Dom Carlos Felipe Ximenes Belo. Even after settling for four years in Australia, I have never heard about a single anniversary party of OPMT to commemorate the fallen heroines of East Timor and what they stood for. In contrast, every year East Timorese in Sydney have attended packed anniversary parties of Fretilin and the East Timorese liberation army, Falintil, where East Timorese women mainly do the cooking.

Likewise, from all the CNRM schemes, before its name was changed into CNRT, which I have obtained from the resistance inside the country as well as from overseas, I have seen that Fretilin, UDT, Falantil, Renetil, Ojectil, and even some priests are represented in the national leadership, but not the OPMT. So, in other words, OPMT has not only been 'buried alive' by the occupation forces, but also by the (male) East Timorese freedom fighters as well. Hopefully, that has not been the case of the CNRT, where a female lawyer, Ana Pessoa Pinto, who is among us today, sits on the Council, and is also the highest female leader of the Fretilin's External Delegation, if I am not mistaken.

Second, as pointed out by Bella Galhos – my East Timorese sister who defected to Canada in November 1994, and whose steps I followed by fleeing to Australia three months later – East Timorese women have for long been excluded from participating in decision-making process (Galhos, 1997). She herself had to fight twice in international conferences on East Timor organised by the Porto University – in Sydney, June 1996, and Porto, July 1997 – to have time and space allocated for a special East Timorese women's panel discussion. Hence,

the more gender-specific experiences of women have not much been heard in many international fora on East Timor.

Third, in a traditional Catholic society like East Timor, where female virginity, monogamy, loyalty and obedience are the dominant norms, talking publicly about sex and sexual organs is taboo and where extramarital sex is a mortal sin, most East Timorese women hesitate to speak about and testify in public about their more gender-specific sufferings.

Fourth, the under-representation of the more gender-specific aspects of women's experience in the East Timor struggle is also a result of the media's image about the struggle. An image which focuses solely on male figures, such as the male guerrilla fighters (female fighters are rarely shown on television), Bishop Belo, Jose Ramos-Horta's so-called 'suitcase diplomacy' (da Silva, 1997), and the imprisoned resistance leader, Xanana Gusmao.

Maybe, the media sees the East Timorese struggle as a kind of Latin American liberation struggle, and Xanana Gusmao as a kind of Timorese Che Guevara, before he was captured and was transformed into a Timorese Nelson Mandela. The 1996 Nobel Peace Prize has further exacerbated the media's focus on East Timorese male celebrities.

Fortunately, an increasing number of women and men in the East Timorese and the broader human rights movements have tried to rectify that gender imbalance. From all the books on East Timor published so far, I have found Michele Turner's *Telling* (1992) to be the most 'gender-friendly'. I am proud to say that my life partner, Esti, has contributed to the Indonesian people's awareness about the East Timorese saga by translating this moving book into Indonesian, which was anonymously published by Pijar Indonesia during the last year of General Soeharto's dictatorship. It is a pity that after Michele Turner's tragic death in Tasmania, no other colleague has continued her work. Nevertheless, several booklets and special editions of bulletins on the sufferings of East Timorese women have been published by activists all over the world, which may compensate the lack of new information about this subject (see for example, Barreto, CDPM and APPTL, 1991; FETJC, 1996; FOET (WA), 1996).

This growing number of literature on East Timorese women, however, still suffers from a certain bias, and that is the main focus of my current paper. In most literature on liberation movements which I have studied, as a student and professor in this field, women have been framed in two different yet complementary roles: as victims, and as fighters. This applies to studies of women in the liberation movements in Africa, in particular in Guinea-Bissau (Urdang, 1979); in Asia, in particular, the Muslim liberation struggles in Mindanao (Siapno, 1994) and Aceh (Siapno, 1997); as well as lately in the former Soviet-controlled country of Chechnya (Dixon, 1996).

Now, contrasting that literature with the currently growing literature on East Timorese women under Indonesian occupation, it struck my mind that the focus has mainly been on the role of women as victims: victims of horrible crimes against humanity, ranging from torture, rape, forced motherhood, and being deprived of their stolen babies (see Gandara, 1997).

What seems to be missing is, I believe, an equally strong emphasis on the role of women in the East Timorese liberation struggle, as fighters. In this sense I cannot resist myself from attempting to revive, from the existing literature, the ghost of OPMT.

To get a better understanding on what OPMT actually stands for and what it had carried out in East Timor, Helen Hill's observation (Hill, 1978) is very instructive: although the Organicao Popular da Mulher de Timor (OPMT) had been mentioned in the Fretilin political statutes published on 5 January 1975, it was not actually brought into operation until the end of August 9, 1975. With the exception of some school teachers active on Fretilin Committee for Education and Culture, women had not played a significant role in the leadership of Fretilin, although they seemed to be as numerous as men in the crowds at pro-Fretilin rallies. The moving force behind OPMT and its founding secretary, was Rosa Muki Bonaparte, a student who returned from Portugal early in 1975. She became a member of the Fretilin Central Committee and was one the front's representatives at the May talks initiated by the Portuguese Decolonisation Commission. In a statement made on 18 September Muki Bonaparte described the OPMT as:

a mass organisation of the Revolutionary Front for an Independent East Timor – Fretilin – which enables women to participate in the revolution ... The creation of OPMT has a double objective: Firstly, to participate directly in the struggle against colonialism, and second to fight in every way the violent discrimination that Timorese women have suffered in colonial society.

The OPMT saw its tasks as being in several areas. The most urgent was caring for large numbers of children whose parents had been killed, particularly in the Maubisse and Turiscai regions. Here the organisation was directed by Fretilin to set up crèches, in cooperation with OPJT (Timorese Popular Youth Organisation) and OPMT appears to have made its headquarters at the Crèche Mau-Koli in Maubisse. They saw these crèches not only as emergency shelter for the children but also 'so that children will receive an education that will transform them into good revolutionaries' . Children of parents who were 'at the battle of production fronts' would also be cared for and educated.

Health and welfare was another area in which OPMT was expected to play a major part. Some of the 'women' s clubs' set up by OPMT were visited by members of the ACFOA (Australian Council for Overseas Aid) delegation and arrangements made for supplies of cloth to be sent through OPMT to these groups to be made into clothing by members. Another area of work which OPMT saw as an important task was 'to organise the more active and conscious women and to awaken those who are passive and submissive under the exploitation which they suffer'. The

Fretilin leadership clearly put a great deal of reliance on OPMT to mobilise women in support of policies which would radically alter traditional Timorese life. The ACFOA team which visited East Timor in October reported that a women's army unit of 100 had been formed at the border under a woman commander (1978: 192-3).

Jill Jollife's observation of the role of the OPMT/OPJT role in running the crèches in Maubisse during the short Fretilin interregnum, combining medical assistance with popular education and distribution of food aid, obtained from the International Red Cross and the ACFOA, is equally convincing (1978: 195-196).

The most recent eyewitness account of OPMT's work has been provided by Constancio Pinto, the former secretary of the resistance's clandestine front. He lived with his parents and siblings in the mountains of Aileu, south of Dili, during the first years after the invasion. According to Pinto, the OPMT would help other women, make crafts and baskets, and also cook for the guerrilla fighters and take food to the front lines. Of course, these women were also ready to use weapons when necessary, and many women guerrillas died fighting in the frontlines. The OPMT had its own political programme. OPMT activists often delivered speeches on women's issues. They also challenged some of East Timorese traditions like polygamy and berlake. Berlake was a form of bride price that men had to pay to a woman's parents before they could be married.

Fretilin outlawed both traditions in the Manual Politico, the party's political manual, because they were seen as acts of exploitation. Although the manual was distributed by Fretilin activists, mostly before Indonesia's invasion, and widely read and discussed, it was difficult to make changes in the relations between men and women in a short period of time. Nonetheless, women in the liberated zones had more freedom than they had before. Women participated as equals in political discussions, gave constructive criticisms in public meetings, and talked about how to continue the struggle. OPMT members were also active in educating children. As the struggle continued, women and men in East Timor became conscious that everyone should participate in the effort to fight against the common enemy, the Indonesian military. Men and women treated each other as brother and sister. Today in East Timor, men and women, no matter what age, call each other irma (sister) and irmao (brother). All of the East Timorese who have escaped to Portugal and to Australia continue to consider everyone as brothers and sisters. These terms, however, probably sound strange to those East Timorese who left before the invasion (Pinto and Jardine, 1996: 47-8).

Attempts to destroy this organisation began on day one of the invasion of Dili, when its founding secretary, Rosa Bonaparte was cold-bloodedly executed on the wharf. Three years later, there were still young East Timorese women, who were held by the local military command (Kodim) in Viqueque, for being OPMT members. As has been testified by Domingos Sarmento Alves, a young East Timorese leader who currently studies at Coimbra University in Portugal:

Every night one [OPMT member] would be taken by the troops and raped, sometimes as many as three rapes a night. We children had to watch this. This was when I began to hate the Indonesian soldiers who I thought were 'communists' (Tapol, June 1995: 21-2).

Attempts to rebuild this organisation was carried out in the mid-90s by Odilia Victor. But as soon as the occupation forces suspected her of being involved in OPMT, she was threatened by arresting and torturing her cousin, causing Odilia to seek asylum in the Australian Embassy in Jakarta in January 1996 (FETJC, 1996: 6). She eventually fled to Portugal, where the poor young woman died after giving birth to a baby girl in Lisboa in August 1997. May her soul rest in peace!

It is most likely that the Indonesian soldiers saw in OPMT – which had launched a progressive women's liberation campaign in areas where the resistance was strong – a reincarnation of Gerwani (Gerakan Wanita Indonesia or Indonesian Women's Movement), the radical women's organisation which was close to but not formally affiliated with the Indonesian Communist Party, PKI (Partai Komunis Indonesia).

Speaking of Gerwani, it is important to underline that this organisation was accused by the Indonesian military of carrying out ritualistic mutilation and killings of six generals and one lieutenant arrested by the pro-Communist faction within the Indonesian army on September 1, 1965. The alleged horrible acts of the Gerwani members – such as gouging the victims' eyes, cutting their genitals, and dumping their bodies in the nearby well – were fabricated by the military to incite opposition to and often the death of members of Gerwani and other sympathisers of the Indonesian Communist Party. After many Gerwani members were brutally murdered during the 1965-66 anti-Communist purge, many of the surviving ones were kicked out of their jobs, the parliament and other officially-recognised organisations, and thrown in jail (Edman, 1987: 25, 123-124; Crouch, 1988: 140; Cribb, 1990: 29; van Langenberg, 1990: 47-50; Budiardjo, 1996).

Ironically, the types of orgiastic killings which the military have accused the Gerwani members of having carried out against the Indonesian generals in 1965, have actually been carried out by the Indonesian military towards many of East Timorese freedom fighters, consistently from 1975 to 1996.

This is then a parallel between Gerwani and OPMT, namely that both became the target of a systematic violent campaign by the Indonesian military and the military-influenced media to stamp out radical feminism in Indonesia and East Timor.

However, while there are parallels between OPMT and Gerwani, the OPMT founders actually derived their inspiration from other sources, thousands of miles away from Indonesia. The founders of this Timorese feminist organisation were inspired by the social analysis, party platform, and examples provided by

PAIGC (Partido Africano de Independencia da Guine e Cabo Verde), which led the independence struggle of Guinea-Bissau and Cape Verde from Portugal (Urdang, 1979; de Jong & Buijtenhuijs, 1979: 157-68).

Rosa Bonaparte herself had visited Guinea-Bissau's liberated zones during that country's independence struggle against Portuguese colonialism. Some of her colleagues in Fretilin's central committee had visited another former Portuguese colony, Mozambique, where OMM (Organizao Mulher de Mozambique), the women's arm of the liberation movement, Frelimo, carried out a similar role as PAIGC's women's arm (Urdang, 1985). So, in other words, OPMT was much more inspired by their Lusophone sisters in Africa, than by the first Indonesian radical feminist organisation, Gerwani (Mar' I Alkatiri, personal communications).

But regardless of OPMT's source of inspiration, the 23-year systematic repression of this organisation is a violation of the East Timorese women's right to freedom of peaceful assembly and association, stipulated in Article 20 of the 1948 Universal Declaration of Human Rights. Therefore, it is a shame that so many international human rights monitors have not emphasised this point in their numerous reports about East Timor.

Fortunately, the emergence of OMT recently, which is represented in this conference by my sister, Maria Domingas Fernandes Alves, which I have been told is a transformation of OPMT, shows that this organisation has survived the 23-year onslaught.

The omission of attention to the OPMT, or to women in the armed struggle, is a major flaw in monitoring and reporting human rights violations in East Timor. Why? Because, once caught by the occupation forces, these women usually face harsher punishment by their captors, than women who play a more passive role in the struggle, as female relatives of male freedom fighters.

This omission, or rather neglect, I would say, is the result of various factors. In a more general sense, it is the result of the general picture of women and children as 'innocent victims' – a picture which certainly does not fit the struggle in Chechnya, where women were actively involved in the armed struggle against the Russian occupation forces (Dixon, 1996), or in the occupied territories of Palestine, where the youth *intifada* was born.

Also, there seems to be a parallel between East Timor and the Philippines, both being traditional Catholic strongholds, where the ideal picture of a woman is to be like the Madonna, the immaculate Holy Mary, with its strong taboo against pre- and extramarital sex (Hilsdon, 1995).

A third factor which comes along with East Timor becoming a traditional Catholic stronghold is the predominance of patriarchy, which is very obvious in the subordinate role women play in the Catholic church. Hence, all the attention on women — nuns and lay women — running orphanages, clinics, etc. focus on the traditional 'nurturing' role of women.

Fourth, since female freedom fighters do indeed face harsher consequences if

they are captured and detained by the occupation forces, it may have been a deliberate policy of the resistance leaders to hide East Timorese women, and especially feminist organisations, from public eye.

Fifth, as I discovered from my own work in documenting the human rights violations against women in East Timor, the denial of women's freedom of assembly is often not seen as 'gender-specific' human rights violation. Hence, some human rights monitors do not bother to include that in their reports. This, I believe, is a terrible mistake, because the existence and active operation of gender-specific organisations will guarantee more attention on gender-specific human rights violations. A parallel can be drawn by using a working-class focus: the existence and active operations of militant peasant organisations or trade unions will guarantee a less middle-class biased focus on human rights violations.

So, I believe that what is needed in the future is more balanced monitoring and reporting of the East Timor saga, not only on the human violations perpetrated by the occupation forces, but also on the struggle of the East Timorese people to earn their birthright as a nation, and in particular, the struggle of female freedom fighters. Therefore, the traditional portrayal of Timorese women as victims also needs to be balanced with more attention to Timorese women as fighters: fighters in the struggle to rid their country from the occupation forces, as well as fighters in the struggle to rebuild the country.

Therefore, from a more pronounced feminist perspective, East Timor supporters and resistance leaders should also actively support the emergence of feminist organisations in the occupied territory as well as among the Timorese in the diaspora.

In addition, more attention should be provided in analysing whether the Indonesian occupation, and the resistance against it, has had a positive or a negative effect on gender and age relations in the East Timorese society.

In that sense, it is worthwhile to remember, that the radical independence movement, Fretilin, influenced by female leaders such as Rosa Bonaparte, had explicit aims to eradicate traditions that do not encourage equal relations between the sexes, namely *berlake* and polygamy. Even under Indonesian occupation, Fretilin had gone as far as arresting its own president, Francisco Xavier do Amaral, in 1977, when he admitted to committing polygamy (Pinto and Jardine, 1997: 73).

During the relatively brief independence war in Algeria, gender relations in this very patriarchal Arabic society improved rapidly (see Fanon, 1980), to degenerate again after the war. What is the situation in East Timor, where the Indonesian anti-communist propaganda has forced the East Timorese Catholic Church, which is basically a patriarchal institution, to come to the forefront? Do the Timorese women still have to fight a battle on two fronts, a campaign with two objectives, as the late Rosa Bonaparte put it, or to fight two colonialisms, as Stephanie Urdang put it in the context of Guinea Bissau?

Finally, while the East Timorese and their supporters need to observe their

duty to recognise the role of OPMT and the double role which their leaders had played, both as victims as well as fighters, Indonesian pro-democracy activists need to observe their duty to fight for the belated recognition of the role that Gerwani had played in Indonesia as a radical, i.e. socialist feminist movement, for which their entire leadership and members had paid a very high price – many of them even the ultimate price.

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# Workers' Movement in the Struggle for Democracy

ALEX SUPARTONO

DURING 1998 INDONESIA caught the attention of the world. The economic crisis that occurred in a big country with 200 million people is indeed hard to ignore. This crisis also brought various changes in Indonesia - mainly encouraged by the revival of the students' movement. In that year the actions of Indonesia's students made the headlines of both the national and international media. It all started off in May 1998 with protests in several places demanding a clean and prudent government. These protests reached their peak as the students occupied the building of the MPR/DPR (House of Parliament) and pressed for the resignation of Soeharto, a tyrant who had stayed in power for more than 30 years. After Suharto stepped down, Habibie, his successor, failed to gain student acceptance for he was considered a part of the Soeharto regime.

Later, it was confirmed that the government under Habibie had carried over the militaristic traits that characterised the previous government when dealing with students, as well as mass actions in general. During the Habibie government at least two violent responses towards mass actions were recorded. First was the shooting at students in Semanggi in November 1998 and then the KPU incident where the peaceful protests of the PRD - demanding the dismissal of Partai Golkar and an end to ABRI (Army) interference in non-military issues - were countered with shooting and other militaristic conduct. The Military and the Indonesian government seemed to have failed to learn their lesson that harsh handling of mass actions would only be responded to by increased actions and militancy which, in turn, will intensify support for the protestors.

# Strengthening of Mass Movement and Weakening of Workers' Movement

It is indeed ironic that along with increased student militancy, the workers'

movement tended to weaken. Strikes still occurred in industrial areas, though fewer in number compared to earlier years. Yet these workers were cut off from the ongoing political upheaval. Their demands were not included in the agenda of the struggle for democracy led by students and other middle class elements. In short, the workers' movement and organisations did not play an important role in the unprecedented changes that were occurring in Indonesia. They did not participate in deciding the orientation and direction of the struggle for democracy. Classic issues of workers, such as low wages, poor working conditions, and even mass layoffs that were happening during the crisis, were not included in the reform agenda, receiving only slight mention in the activists' speeches.

A closer look will reveal that the strikes had actually been spreading during 1998, not only in the manufacturing sector, but also in other sectors such as transportation, service and mining. From a geographical point of view, these strikes also occurred in Sumatra, Irian Java and Kalimantan (outside Java). The main trigger of this strike wave was the economic crisis, a crisis that is a characteristic of the capitalistic system - the main cause for millions of workers losing their jobs.

Table 1: Lavoff in 1998

8:00	Number	Percentage
Manufacturing	1,333,345	24
Construction	1,030,840	19
Trade/Hotel	546,049	10
Transportation	323,169	6
Finance	184,517	3
Others	310	0.5
Other Services	1,994,206	37
Total	5,412,206	100

The workers' reaction towards these layoffs varied. There were some who saw it more as a threat, so they refused to participate in any activity - strikes included - that could be viewed as threatening their jobs. On the other hand, there were those who started believing that there was no other way but to fight against the system that had been exploiting them. However, as mentioned earlier, the expansion of these workers' actions remained as if cut off from the 'struggle for democracy' that was taking place. It gave the impression that the workers' movement was weakening.

The first reason was the workers' tendency to play safe. The mass layoff that was resorted to without any protest from the workers, caused others to fear doing anything and simply accepting things the way they were. Second was the domination of the middle class – especially students and intellectuals – in deciding the direction and orientation of struggle for democracy. The occupation of MPR (House of Parliament) by students, as previously mentioned, was truly exclusive. They forbade workers and other people from joining them with the excuse that they were concerned about agent provocateurs. Third was the shifting of attention of these activists from dealing with workers' issues to political ones – in the sense of gaining power at the elite level. It left the burden of homework on workers' issues – education, organisation and mobilisation – to the workers.

The weakening of this movement in the year of change in Indonesia was almost like an anti-climax, from the resurgence of the workers' movement in the 90s. The early 90s had seen massive workers' mobilisation — mass strikes frequently occurred which involved hundreds of thousands of workers. Among the most prominent was the one in Medan (1994) followed by a riot and arrested of Mokhtar Pakpahan. The five-day mass strike involving 15,000 workers of PT Great River Industry that was organised by PRD activists, and the strike of 20,000 workers in Surabaya which ended with the arrest and imprisonment of Dita Indah Sari, a prominent workers' activist, are other incidents. By a rough estimate, between 1994-97 there were 4,000 strikes that involved more than three million workers. Independent workers' organisations such as SBSI (Union of Indonesia Wealth Workers) found its moment to develop, as did PPBI (Centre of Indonesia's Workers Struggle).

This development did not automatically increase the awareness of workers or their capability in self-organisation as an independent power. The time of crisis showed that existing workers' organisations were neither capable of fulfilling their members' aspirations nor providing answers to the concrete problems faced in setting a course of action. Although the workers' awareness was fast increasing every time they joined an action, this awareness was not followed by enhanced organisational capability. The survival of organisations failed to pass the heaviest test during the economic crisis. They couldn't do much while witnessing the layoff of millions of workers. Workers who were willing to participate in the organisation had decreased since they chose to search for ways to survive rather than join activities that could be a threat to their jobs.

## Shift to Political Games

On the other side, workers' activists had changed their direction to politics on realising that the crisis in the economy was resulting in a political crisis for the Soeharto regime. The fellowship between students and workers that had developed during 1994-97 suddenly stopped, and at the very moment that it was critically needed. In factories, the situation was worse. As all attention was centred on the power struggle between the ruling elite and the students on the street, small workers' actions that sporadically took place faded from the limelight. The support from students, media and intellectuals, which in previous years the workers had enjoyed, had all gone. Everyone seemed engaged in pulling down Soeharto from power as well as in rejecting Habibie. The workers'

movement suffered a setback and was limited to actions inside factories for normative demands.

So the development of workers' organisations, which could have used the crisis as the best opportunity to expose the power of capital that had been sanctified with many privileges to exploit workers, did not result in wealth for all people in society. The crisis was the best time to have moved towards changing capitalistic relations that have been dominating life in general. Workers' organisations, which should have used this moment as an opportunity to strengthen the workers' position vis-à-vis the employers' – failed to perform in the Indonesian context.

So far it has to be said that the struggle for democracy in Indonesia has left out its most important element: workers. Now the workers have lost their chance to question the economic policies being executed under IMF diktat. As we are all aware, based on the experiences of workers' movements in other third world countries which have 'enjoyed' IMF support, the policies of this international capitalistic institution – dubbed as 'structural adjustment programme' – only inflict losses on workers, as it directs governments to efficiently use funds by cutting subsidies to the poor people and shifting the burden of debt on the people.

Thus the minor role played by the workers' movement – and people in general – in the struggle for democracy, has ensured that the fruits of victory will be enjoyed only by a small minority. The impact can already be seen. As students, intellectuals and journalists enjoy the 'freedom' to express their opinion, workers' action in factories ironically are met with military repression.

# **Role of Political Parties**

Even the newborn opposition of new parties could not channel the workers' aspirations. The 'big five' parties met with IMF officials and generally did not question IMF plans for the recovery of the Indonesian economy. The three other existing workers' parties gained an insubstantial percentage of the votes. Workers' issues were only raised at the rhetorical level – still far away from organisational strengthening. The most worrying issue still is the ignorance of elite oppositions to the long-term consequences of production activity under international equity. They were busy with 'palace gossip' and winning seats. They were racing to practice a 'clean and prudent capitalism' and saying that they were the most capable to guarantee the safety of investment in Indonesia. The democratic rights of workers in fighting for their interests through organisation only became a commodity for political speeches.

In short, nothing could be expected from the election for the workers' movement. The national election of 1999 was only an effort by global capitalism to create a legitimate government. Therefore this government can provide stability and security, and has the legitimate power to destroy every mass movement that has a potential to interfere with foreign investment of international investors

who financed the election. The funding of US\$110 million that was sponsored by UNDP to finance Indonesia's election is a most concrete example. Both the election's organisation and conduct was financed by the same institution. It means that the election was nothing but a formality.

The latest developments show a sad tendency among activists to think that workers' demands have nothing to do with political turmoil. This belief is the main hindrance for the workers' movement to join in the struggle for democracy. The activists' perception is that the political happenings are only a momentary affair that cannot solve concrete problems so there 's no need to seriously deal with them. Other parties, however, set a requirement for high political awareness among workers to be able to get involved in the struggle for democracy. It means that workers have to be able to talk about the political system, election and others issues that are popularly discussed, before they can enter the political scene. These two kinds of thinking - though contradictory - resulted in the same thing; not bringing in workers' issues into the struggle for democracy. The attitude of the activists is merely a coverup for their incapability to participate effectively in the changes, for their failure to formulate the functions and tasks of the workers' movement in a democratic struggle. They failed to make the connection between actions which speak out normative demands inside the factory and the education to raise political awareness among the workers.

However, looking back on its history, the birth of militant workers' unions have always been stimulated by their normative demands, such as working hours and working conditions. These demands basically have a political substance. For example, the demand to raise the minimum wages and oppose large-scale layoff can be developed into a serious political demand if linked with the IMF programme in Indonesia. The biggest problem of the workers' movement in Indonesia, besides military intervention in worker politics, is in connection with the concrete problems faced by the workers on a daily basis in the wider context of the crisis of capitalism. The demand and struggle of Indonesia's workers have not succeeded in positioning themselves in the international struggle against capitalism. The international solidarities have only percolated to the level of activists. For instance the boycott in 1996 by Australia's shipping workers of Indonesian ships as a reaction to the arrest of Dita Indah Sari, has not been seen by Indonesian workers as a show of solidarity. It has not been seen as part of a united international workers' struggle.

In the light of current developments and changes in Indonesia's political scene, it seems that the workers' movement cannot hope for too much. The demands and voices of the working class cannot be channeled through the elite class. This experience has to be seen as a back to basic imperative where the workers' struggle has to start with education, organisation and mobilisation.

# The Land Without a Ruler

Social Resistance & Spread of Ethnonationalism in Aceh

# NEZAR PATRIA

FOLLOWING THE REVOCATION of the military operation zone (DOM) in August 1998, the conflict situation in Aceh went into intensive escalation, which saw the rise of the students' movement. The students, demanding referendum as a solution to the existing conflict in Aceh, gave a new momentum to political radicalism and ethnonationalism, as it led to the revitalisation of the Free Aceh Movement (GAM). The students' also demanded that the Jakarta government bring to book the perpetrators of human rights violations which had occurred in Aceh when the DOM was in place.

There was no direct relation between the student's movement in Aceh and GAM. But the two radical movements coexisted and drew support from each other in the struggle against the slow political response of the transitional government towards a substantial solution for Aceh.<sup>1</sup> On the other hand, the process of rapid decay of the power structures following the fall of the central government also affected the local government, making it incapable of handling the deepening social crisis in Aceh.

The referendum demand vividly illustrates how a movement based on the ideals of universal democracy and social justice can articulate a local political imperative. Referendum became the main political demand of the students' movement to intensify political pressure, even as the central government used violence in Aceh to 're-establish political and social order.' <sup>2</sup>

Such conditions, of course, are a fertile breeding ground for a larger political rebellion. The idea of referendum voiced by students filtered down to the grassroots where the rural communities were dissatisfied with the political developments and had been traumatised by the violence unleashed by the Indonesian military during the DOM era. Very soon banners, graffiti, brochures,

demanding a referendum and calling for mass action appeared and the movement snowballed. Almost every corner of the region along the east coast of Aceh witnessed 'referendum campaign parades' which the local political and military authority could do little to control. Efforts to remove the banners or graffiti was strongly resisted by the local communities.

This snowballing agitation provided the political space for the Free Aceh Movement. As the students' movement did not include political education in their referendum campaign in the rural areas, there was little understanding of the meaning of referendum itself. The movement was more 'agitational' in nature than having a political agenda which would provide a democratic political perspective. This void opened the political space and offered an opportunity to the GAM to promote its programme. GAM's political activities quickly intensified and it organised programmes almost daily, especially during January-April 1999.

### **Historical Roots**

The fillip provided by the intense activities helped GAM to rediscover its capabilities, after being paralysed for almost a decade by the counter-insurgency operations conducted by the Indonesian Armed Forces (ABRI) during the DOM era. In fact, the idea of Aceh ethnonationalism had not previously been prominent in the local political arena, and it still is not part of the dominant political discourse in the rebel history of Aceh. To understand this one must go into Aceh's history, which tells of how the Aceh identity was constructed by its resistance to submission through various periods – from the era of the Iskandar Muda sultanate emporium to the age of Dutch colonialism and then Japanese fascism.

Aceh has been described as the centre of resistance influenced by its strong Islamic tradition during the 30-year-long war against the Dutch colonialists (1873-1903). In this phase, the ulema's role was one of the key factors inspiring a holy war against despotism. Although this war eventually ended in 1903 with the collaboration of the *uleebalang* (Aceh aristocracy), sporadic resistance continued under the ulema's leadership for more than 40 years after.<sup>3</sup>

That history of legendary resistance appears to have inspired this new manifestation of Aceh's love for freedom. The reemergence of traditional resistance bases in the region such as in Pidie, North Aceh and East Aceh shows that the rebel is still spurred by the tradition of resistance to uphold the dignity and self-esteem of the Aceh people. In fact, a historical link can be traced in Pidie, where the rebel leader Teungku Hasan di Tiro is the grandson of the great Aceh hero, Teungku Chik di tiro, and his family is also related to another former Aceh rebel leader, Teungku Daud Beureueh.

Resurrecting this historical link is without doubt a political investment, as GAM is using it to establish its historical credibility and legitimise its struggle. The move is strengthened by collective experience and memories of Aceh rebel resistance against the coloniser, and the belief in Aceh as the centre of Islamic

tradition, as an area with a glorious history in its relentless resistance against the coloniser. This belief has instilled in the rebel leaders and their followers a strong possessive feeling of belonging to a political community that had faced great challenges for national liberation during the freedom war era. The historical continuity constitutes a significant part in the Free Aceh Movement's ideology.

However, not all of that tradition of resistance and Islamic militancy can be can be completely claimed by GAM. Unlike the DII/TII rebellion led by Daud Beureuh, whose goal was to uphold and protect Islamic law and culture, the Free Aceh Movement focuses more on the demands for political and economic freedom that would make the Aceh nation a separate political entity. Therefore, the platform that GAM is promoting is geared to the revitalisation of Aceh ethnonationalism as a sovereign nation. It must be admitted, however, that in the early stages of this movement, it did not receive widespread support as it was not led by a big ulema like Teungku Daud Beureuh.

### **GAM** and the New Order

The emergence of the Aceh Free Movement coincided with the political and economic policies adopted and imposed on Aceh by the New Order. Of course, this is not a simplistic assumption that GAM was born as a response to the 'LNG (liquid natural gas) boom' in the 70s, but more as a response to the reconfiguring of relations between the state and the capital, and the extreme centralisation of economic decision-making during the New Order dictatorship. The increasing central control engendered in the Aceh people a feeling of being marginalised and this feeling found articulation in the Free Aceh Movement. In the early years of the New Order, Aceh was mostly ignored by the central government as it was not attractive economically. However, Aceh became a magnet for greedy politicians and economic mafia soon after the production of LNG began in the mid-70s, and the powers of the state began to be centralised and appropriated by the New Order regime, which also instituted severe repressive measures to deal with dissent.

The reemergence of GAM in 1989 was also triggered by the swift economic transformation across the Aceh region. The central government appeared to need special stabilisation in this region, and responded with extreme violence to GAM's efforts to at renewed agitation. Mid-1990 was a critical point in the resistance, when the government felt threatened by the open 'anti-Java' propaganda carried out by GAM and its rhetorics of separatism and armed opposition. At that time, the government felt no compulsion and displayed no tolerance for settling the Aceh problem through political accommodation and negotiation. Although effectively the GAM rebellion could not be knocked out till 1993, the institutionalisation of terror, development of a tight political and social supervision structure under the DOM, and using civilians in military operations had begun much earlier.

The Aceh people had rejected the New Order dictatorship and the response

was launching of military operations in Aceh. The rejection of this violence unleashed on the people pushed them to demand revocation of the DOM, and seek redressal for the suffering of the DOM victims. But similar strategies to silence dissent was adopted by Habibie's transitional regime. Pretending ignorance about what today has become the entire Aceh society's demand for action against the 'violence actors' during the DOM era, the government made no moves towards a political settlement of the escalating conflict situation in the region. In general, there has been not much difference in the central government's attitude towards Aceh in the last ten years, whoever was in power. Even the new Indonesian regime led by Abdurrahman Wahid (Gus Dur), appears not to have a formula to halt the armed conflict in Aceh.

### The Land Without a Ruler

Military practices in the DOM era, marked by the institutionalisation of terror and civil-military cooperation (the use of civilians in military operations), continued during the transitional regime. Although a substantive political settlement was, perhaps, not the task of a transitional regime waiting for a new administration to take over after elections, but Habibie's government did not give any attention at all to the demands of the Aceh people. Instead it despatched new 'non-organic' troops and also the PPRM (mass riot control troops) to deal with the Aceh situation, which acted like spreading oil on a blazing fire.

The conflict became more intense. This intensification of the conflict and the growing number of victims in the nearly year-and-a-half (August 1998-December 1999) after revocation of the DOM, indeed reflects a deepening crisis in Aceh. President Wahid, who had said he would be give priority to solving the Aceh problem during his presidency, instead has moved the snap the international links of the Free Aceh Movement. In one of his earliest presidential tasks, Gus Dur took a political journey to several countries, seeking international support for what he said was 'to avoid the disintegration of Indonesia'.

Today, there appears to be no way out. The government promise, by both Habibie and Gus Dur, to prosecute human rights violators in Aceh has not been realised, making the Aceh people more frustrated, and feeling that the Indonesia regime was not serious in looking for a solution. This situation has led Aceh society to think about separation from Indonesia and it has come closer to the idea of ethnonationalism as propounded by GAM, an idea which is strengthened by current national political developments. The continuing political uncertainty as a result of the weaknesses in the processes of democratic consolidation has also helped the spread of GAM's ideology in Aceh communities, mainly in the traditional resistance bases. Therefore, the Aceh people have been responding positively to demands for substantive changes in the political structure that would do away with the role of the military in a federal state, and public trials for human rights violators, issues which are identified with local interests. The 'power void' created by the slow process of national political consolidation has resulted

in a state that no longer protects citizen rights, but uses the apparatus of violence in managing socio-political conflict. The Aceh people are opposed to all forms of violence and, ironically, this opposition is reflected in the ever-increasing power of GAM's armed opposition.

The despair caused by the central government's attitude has made Aceh reject Indonesia as a 'nation-state' and in the process has revitalised Aceh ethnic nationalism sentiments.5 The people's opposition to violence had emerged in widespread protests in the runup to the 1999 general elections. The national political powers were keen to implement their Election agenda, and in order to ensure this and 'uphold stability' they sent more PPRM forces to Aceh. The Aceh people displayed a marked reluctance to participate in the election process. In three 'conflict regencies', the number of voters who had registered was no more than 20 percent, and a much smaller number actually voted. If it is assumed that political participation is an indicator of the belief in Indonesia as a 'nationstate', then the 'boycott action' becomes very significant, because the people rejected the state violence conducted through military operations. This impossible situation has led to Aceh being called 'the land without a ruler'.

### The Way Out: Militaristic or Democratic?

The facts clearly reveal that that the presence of more and more troops and various forms of military operations has led to widening resistance among the Aceh people. This resistance can also trigger more extreme violence, which will worsen the social and political situation, which will lead to further resistance that would provoke further military reprisals. The situation is very dangerous. Waves of mass evacuation have occurred, and more than 100,000 refugees are estimated to be living in various places in Aceh in miserable conditions. Though the wave of exodus tended to decrease following the pullout of non-organic troops by the central government because of political pressure, the trauma still remains. And the wave of evacuation swells when armed conflict between the GAM and the Indonesian National Army (TNI) intensifies. What follows is a deepening of the crisis and a 'deadlock' in the efforts of the opposition political elite to solve the Aceh problem. Therefore, the situation gets worse due to no positive political response towards solution at national level.

The problems of Aceh have been much recorded, and various human rights NGO's, both national and international, have launched campaigns. However, their effectiveness is not yet visible and they have not helped in stopping the continuing violence and violation of human rights. So the Aceh problem needs a much more complex approach that would move towards a political solution.

The first prerequisite of that peaceful solution is, of course, a withdrawal of those running the violence machine, the removal of the non-organic troops. That would help to create the democratic space for meaningful dialogue. The next step would be to seek open confessions on the cruelties inflicted by the state apparatus during the DOM and afterwards. Putting into action these two measures instead of attempting military solutions is the only way to a solution. The central government has only two options: institute steps that would facilitate a dialogue with local authorities who possess integrity and capability; or intensify its military actions, which would turn Aceh into a new killing field.

The success of the first option undeniably depends on how the local political powers are able to put pressure on and negotiate with the national political powers. For that purpose space must be provided for local leaders who have emerged from the Aceh conflict. The second option, to maximise violence, would lead to the process of national political reformation being destroyed by military action. The adoption of either option, tolerance or repression will largely depend on national political developments and also international support for the democratisation process in Indonesia.

### **ENDNOTES**

- 1. The slowness of Habibie's transitional government was also reflected in its handling of other human rights violation cases during the Soeharto dictatorship and the critical period immediately after. Except providing wider democratic space (liberalisation) such as press freedom, and freedom to set up political parties (multi-party), Habibie never touched upon a solution to political conflict through national reconciliation. A number of serious incidents of human rights violation in East Timor, Aceh and Papua, as well as the May rapes, student abductions, religious conflict and ethnic tension, were mostly ignored. As a result, human rights violations continue with impunity in the absence of political action.
- 2. The referendum demand was the outcome of a meeting of Outside Aceh Students (Mahasiswa Serantau), around January 1999. The Congress of Outside Aceh Students adopted a resolution that the solution of the Aceh problem must be through referendum. This decision is pushed by the ever-increasing armed actions in Aceh by 'unknown armed groups'. The authorities charge the Free Aceh Movement with those actions, although GAM has denied it. At a time when conditions were deteriorating, a new operation was launched, called 'Operasi Wibawa 98'. Local authorities defended the operation and said it was meant to uphold 'law and social order in Aceh'. That operation has triggered wider violence taking a toll of unarmed civilians and aggravating tensions between the military and the people. Such incidents spark ethnonationalist sentiments that are voiced by GAM. The Aceh student movements takes a middle path by presenting the referendum demand as a peaceful and democratic solution in the midst of existing armed conflict.
- 3. Concerning this Aceh War history refer to Paul Va n't Veer, (1986). The Aceh War, Jakarta, Graffiti Press. On Aceh during the National Revolution see Anthony Reid (1979). The Blood of the People: Revolution and the End of Traditional Rule in Northern Sumatra, Kuala Lumpur, Oxford University Press; and Eric Morris 'Aceh: Social Revolution and the Islamic Vision' in Audrey R. Kahin, ed. (1985). Regional Dynamics of the Indonesian Revolution, Honolulu, University of Hawaii Press.
- 4. The typical Free Aceh propaganda highlights Aceh's right to be a sovereign country. Also see speech transcript of Pidie Area GAM Commander: '... We the members of GAM who have fought since 4th December 1976 constitute the continuity of our ancestors'

- struggle, originated from the history which we must be responsible for today to bequeath to our children and grandchildren...'in Teungku Abdullah Syafiie (1999). 'Why Must Aceh Be Free', Jakarta, Kontras; unpublished seminar paper.
- 5. The terms 'nation-state', 'nation' and 'nationalism' in this context can be found in Anthony Giddens (1996). Nation State and Violence. Cambridge Policy Press, pp.116-17. Giddens explains the term 'nationalism' as a psychological phenomenon of individual affiliation to a set of symbols and belief which stresses on communality among members of a certain political structure. In the context of Free Aceh, that symbol and belief is developed based on historical awareness and also specific religion within the Indonesian 'nation-state'. Therefore, it is more ethnic in nature and more popular as ethnonationalism

# **Edging Modern (Indonesian) Ironies**

Budi Susanto S.J.

I WAS IN YOGYAKARTA during the Indonesian May 1998 Reformasi movement. On May 20, 1998, a day before Soeharto's resignation, hundreds of thousands of students and local people marched to the Jogia Sultanate palace courtyard to join other Indonesians in demanding Soeharto step down. The colossal (sic) demonstration involved both students and faculty staff from some 40 campuses throughout the Jogja area (Jakarta Post, June 14, 1998). Certain people and news media have attributed the fact that Jogja, luckily, did not suffer riots and looting - as it happened in Jakarta, Medan and Solo - to its cultural advantage. The Sultan of Jogja who, arguably, has been considered a communal symbol of power helped in keeping the popular movement orderly and nonviolent. As will be demonstrated in this presentation, the fact that the students and local massa rakyat (communal underclass people) had successfully ignited the mass demonstration is, I believe, because they were not afraid anymore to fight back against the Armed Forces of the repressive Soeharto regime. Such courage was demonstrated in the past four months. On the other hand, it was also likely that the street violence and fighting in the period had wearied the military and the police so much that they had to let the 'colossal' demonstration have its day. It was also true that the students and massa rakyat who joined the demonstration remembered and found the Sultan a communal cultural symbol of consensus, not the other way around.

It is a fact that a year after the Reformasi, there was a growing fear that the ruling (Jusuf Habibie) regime only made cosmetic changes to the previous New Order. This presentation will not offer answers or solutions to the questions about the disruption of Reformasi. Rather, I agree with the wise saying that says a great community - of thinkers - is created and known not by the answer it supplies but rather by the questions it asks. Why did the tide of Reformasi die down so easily and get disrupted? And which social class in Indonesia would find the dving down of Reformasi most congenial to their interests?

### The Past: Allures and Paradoxes of Modernisation

Introduced early in the 19th century, a Culture System, and a modern (agricultural) economic development plan of the Netherlands East Indies colonial government, were engineered in the territories. It was practised on the belief that if each enlightened citizen had sufficient knowledge and an awareness of objective facts, then understanding and harmony would automatically follow. The modern form of western power and knowledge were practised under a unitary system of government of the East Indies. For the Dutch, at least in 1877, the Culture System it imposed on the territories helped in paying off the East India Company's debt of 35,500,000 guilders, while funding an additional 664,500,000 guilders in reducing the public debt.

Yet a century later it was found that the beliefs propagated by both the western liberals and the conservatives have run their course and come to a dead end. The liberals, most likely, were unable to articulate or demonstrate the critical link between personal responsibility and societal change. The conservatives prefer to turn a blind eye to the reality of structural injustices and social oppression. The former continues to resort to individualism for solutions to societal changes through personal improvement only, whereas the latter calls for a return to family values.

Both ignored the causes and the destructive effects of poverty, racism and sexism and continue to lay the blame on individual victims. In this sense, both liberalist sociology and a conservative restoration of familial piety - in both the immediate and the extended family of the society – can hardly provide a consensus to deal with the recent SARA (Racial, Religious and Class discriminations) atrocities engineered and disguised by the Soeharto regime. An insightful analysis of the contemporary crisis in Indonesian societies, aggravated by the globalisation of both economic and political activities, and the degradation of popular culture is needed.

Nationalism once helped in finding a consensus to the emerging social and political conflicts accompanied with the modernisation of Indonesia. Nationalism, which had no precedent in the ideological tradition of Indonesia nor had any deep root in any form of social organisation, helped the first generation of modern nationalists see especially the need for a national language that was other than the colonial language. The realisation of such a need for a (national) identity was geared strategically to end the colonial 'divide and rule' policy. For the first time it was recognised that an identity was needed by the colonised people, and a common language was deemed the most important thing for the construction of that national identity. Though some writers of Indonesian history noted that it was less nationalism that created a common language, but that a common language – meaning, Malay as a lingua franca – helped create nationalism (Anderson 1990: 199). As it happens to the nation-building process of other nations, modern nationalism is a product of print capitalism which creates an imagined community. It 'is imagined because the members of even the smallest nation will never know most of their fellow-members, meet them, or even hear of them. Yet in the minds of each lives the image of their communion' (Anderson 1991: 6). The realm of imagination, for good or bad, becomes an arena and a common ground for the early Indonesian nationalists to deal with injustices as well as colonialism.

Taking a cautious awareness on that emerging nationalism, the Dutch colonial regime strategically invented two political and economic hegemonies of beambtenstaat (bureaucratic state) and economic dirigisme. Beambtenstaat, which has been continuously adopted into the Indonesian national government since the colonial days, is a huge extension of the state apparatus deep into (native) society and a proliferation of its functions. Non-political space like education, religion, irrigation, agricultural improvements, hygiene, mineral exploitation, political surveillance – all fall increasingly into the control of a rapidly expanding officialdom. The hegemonic beambtenstaat grow according to its inner impulses rather than any organised extra state demands (Anderson 1980: 97-8). The Indonesian dirigisme means a wide variety of mercantilist state interventions from direct ownership to nationalist strategies of industrial planning, and state authority over a range of economic activities from trade to investment (Hewison 1993: 44).

These two colonising political-economic strategies, which had been adopted since the Dutch arrival, were adopted and practised by the New Order regime. They took a different face as enshrined in the so-called dual function of the military, safeguarded by a related policy on the floating mass and exercising political surveillance. As neatly indoctrinated in the dual function, the Indonesian Armed Forces have permanent responsibilities in the fields of both national security and social-political-economic development. Under this banner, the military massively penetrated all hierarchies of the state apparatus and most aspects of its people's life (Anderson 1990: 115). People in the rural areas (below the regency level) are 'floating' away from the political parties because they are not to be distracted from the tasks of development which is planned for the poor underclass mass people.

### Society in Three Tiers

It is not surprising then that the New Order's shady economic development has followed an awkward logic of capital that produces rituals and clients instead of one that produces more capital. The dyadic patron-client relationship, which very often becomes very personal, demands much wit and manipulation to sustain the patronage. It can be reflected in the fact that people (clients) prefer to look at a person before them, rather than their colleagues at their sides. (Errington,

in Gesick 1983: 105-6). Moreover, the state and the ruling class also like to organise pompous ceremonies just for their vested political interests. Rather than public and national rituals being means to shore up the state, the state is a device for the enactment of national rituals. Power serves pomp, not pomp power (Geertz 1980: 13).

As regards the supposedly progressive, modern and enlightened upper and middle class people, unfortunately, their role has been quite awkward. They have been considered as *terpelajar* (smart, educated) citizens. However, the *terpelajar* people are not just better educated – they are the educated in a society of the uneducated. Their power derives not from their ability to disseminate new concepts in society, but from their ability to penetrate and conserve old and secret knowledge (Anderson 1980: 47). Two years before the 1992 Indonesia general election, various academic associations, which had been established based on certain religious beliefs, showed up as partisan and social classes rather than distinguishing themselves as independent and professional bodies. Such a delicate sentiment should not be ignored as this was also the time when people started to criticise the aging Soeharto mostly because of his corruption, nepotism and cronyism.

### The (Imagined) Present: Modern Forms of Violence, Atrocities and Wealth Identity

Why did the 1998 Indonesian reformation take place? Or, better to say, why did Soeharto abruptly resign as President of Indonesia after 32 years in power? The immediate cause of his resignation, in fact, was an ultimatum from the armed forces' leadership that he would be impeached if he did not step down immediately. Surprisingly, the military in turn were responding to the massive riots in Jakarta, which were precipitated by the murder of six unarmed and peaceful student demonstrators at Trisakti University in mid-May 1998. This fast and violent act of the military on the President was intended to put the mass riots under government control again. However, such repressive and ruthless reaction also shed some light on the quandary the government found itself in, being threatened by the underclass people – the massa rakyat.

Undoubtedly, the mastermind Soeharto conducted his murderous regime with cunning and a profound understanding of Indonesian history, its racial myths and violent obsessions deep-rooted in the Indonesian culture for more than three decades. Saya Shiraishi, a Japanese anthropologist, tried to understand the mind of a Bapak (Father) Soeharto, the ruins he has brought upon his country 's democracy, and the further terrors he is capable of producing in order to intimidate his own people. Shiraishi has argued that the new order Family State (the protégé bapak-anak buah relationship) creates New Criminals. The New Order media, ranging from children's books to television newscasts, often seem to celebrate, rather than deplore, the violence or potential violence of the streets. Thus, the deeper one's fear of such outside danger is, the stronger the grip of a bapak over one's life. (Shiraishi 1997: 34-5).

A systematic repression of democracy certainly has swayed the floating mass, the *massa rakyat*, and the middle class too, into considering that thinking or involving in politics is of no use and not worthy. More so when politics is incorporated into the scope of morality, or simplified and mythologised as activities related to dirty gossip, tricks and intrigues only.

The Jakarta *Pos Kota* daily newspaper (the second biggest in Indonesia) and various luxurious weekly news magazines have supported that view. These modern mass media help in creating images of a fearful and subversive *massa*. Consequently that works in reinforcing a sense of fear for a revolutionary potential in the underclass, which is often associated with communism and criminality – a fear deliberately cultivated by the government in different forms during the New Order.

Paradoxically, the latest form of this fear of the *massa rakyat* is now imagined and embraced by the government itself, and in so real and paranoid a manner. Siegel (1998) noted that it has been observed that most [criminals] were necessarily killed several times. They were killed and dumped in public places with their bodies badly tortured. The reason for that is probably because the unrestrained power (and wealth) of these underclass criminals are threatening an important element of the national identity, which is also core to the traditional identity of the upper and middle class, that is, one's shameful wealth and desires should be restrained, not let loose.

The fact that the 1998 May Reformasi could be disrupted probably has to deal with the idiosyncratic assumptions of the middle class in dealing with the injustices and atrocities committed by the repressive regime on the masses. Before and after the Reformasi, the economic crisis certainly hit the underclass people in terms of basic food needs. The masses were preoccupied mainly with buying up basic foodstuff such as cooking oil, rice and sugar. No matter what, the Jakarta May riot (May 13-14, 1998) and the accompanying violence and lootings committed by the underclass was considered by the middle and upper class as fearful and dangerous.

The attitudes and actions of the *massa* – without 'rakyat' – were considered as manifestations of their shameful desires (nafsu), something the enlightened middle and upper class Indonesians should distance themselves from. On the other hand, the elite class, somehow, would also consider that the looters should be forgiven and their actions were understandable because they were people dictated merely by shameful nafsu, a similar label for the Chinese. The WNI (Indonesian Citizen) people always have been accused of being wealth seekers – as commonly portrayed in the television and other modern mass media. The irony of one kind of racial politics in Indonesia with regard to Indonesians of 'Chinese' descent is that violent racism, lootings and rapes targeted at the Chinese are based and justified on a moral ground. It is not that 'Chinese' people should leave Indonesia,' but that they should become better Indonesians (Siegel 1998).

### Then, Network(ing) of Massa Rakyat Motions

Consider the power of the spectacular modern mass media, Weber commented that 'it is an ironic age in which technology and media that were supposed to bring about the global village have contributed to the revival of "ethnic cleansing" and religious fundamentalism.' He also noticed the ironies as expressed in the universal phenomenon that 'economic competitiveness goes hand in hand with mass unemployment, when "prosperity" means growing economic inequalities and when the much heralded end of the Cold War coincides with spreading social and political disintegration' (Weber 1996: 7). With increasing deregulation and globalisation in both political and economic activities, inequality between world powers and the marginal is growing; which is reproduced in the national as well as the local context between the underclass and the ruling class. This is especially so for workers who lack not only skills but also power. A vicious cycle is set in - people become poor because they lack power; and they lack power because of their poverty.

Global capitalism feeds on competition and profit. Our materialist desires fanned by the capitalist order are insatiable, for we will always be looking at what we lack instead of what we already possess. Therefore, it necessarily suppresses such potential altruistic values as love, freedom, sharing of feeling and desires of a personal or communal level. To rationalise its decadence and mercantile philosophy, bourgeois society creates a system of binary oppositions which gives the illusion that the system's tendency toward decadence is balanced by an equal tendency toward wholesomeness. Thus, as Woman is binary to Man, so leisure is to work, personal life to public life, the domestic sphere to the political, the emotional life to the economic.

A classical paradigm of democratisation sees cultural production as the romantic and mimetic representation of the tradition of the national authority, its values and practices, which are largely that of the majority. Cultural innovation is regarded as a departure from the unchanging deposit of indigenous heritage, however it is defined. Again, liberal sociology and conservatism can hardly find a consensus of the culturally determined ironies they inherited.

Is there still any chance to reform the repressive Indonesian New Order into a civil and democratic society? Indonesia, a country composed largely of peasants and workers, is not a developed democratic society in which civil rights and obligation are taken for granted. Is there an alternative pattern of building a civil society and practising democracy in this country? Several Indonesian scholars have argued that civil society and democratisation are exclusive and bourgeois concepts of the enlightened non-underclass people. A social movement which will mobilise people of different social classes to put their trust in each other so to communicate and act collectively is surely a goal to be attained. Such kind of mutual trust to be cultivated and embraced by the massa rakyat for each other, can only be attained if we can go back to the deep-seated paradoxes and ironies in the Indonesian culture.

It is important that we do not just denounce easily these conflicts, contradictions, paradoxes, ironies and binary oppositions in our culture. The intricacy and assistance they lend in concealing and masking the defects and injustices of the system need to be looked into carefully. Lurking in the social norms which we have taken for granted, or in the different forms of cultural productions, these paradoxes and ironies do not make for easy disclosure and disarticulation. In the last five years for example, which coincided with the time of growing repression of the Soeharto regime, kethoprak, a (traditional) underclass performing arts in Indonesia, has re-emerged as one of the most popular political theatre. Kethoprak's rustic, rude, vulgar and messy theatrical forms, the trivial sounding dialogues, costume and stage decoration, seem as if they are meaningful, classical and ancient. Trivial as they might seem, the signs and images of kethoprak are hardly engineered as romantic mimeses of ancient or eternal wisdom and laws (Budi Susanto 1997). As one of the best-liked popular performing arts in Indonesia, kethoprak prompts us to a comparative study of the meaning and value of realism. A modern Hollywood drama of realism claims to be an imitation of real life disguising how much it is just a representation, very often than not, a distortion claiming itself to be truth. A movie theatre with its stage setting and stage rituals distances its audience, thus constantly reminding its audience itself that it is a reproduction . *Kethoprak* does not appear realistic, but it certainly is!

Another example is a 1998 best selling novel entitled Saman written by a 'feminist' author. Her idiosyncratic novel is considered one of Indonesia's postcolonial works. Shaped by postmodern problematics, a post-colonial literature has been primarily characterised by intertextual paradoxes and ironies, adopting the strategies of recycling features of the dominant culture to challenge its own foundation and its various discursive practices from within, Saman has much appreciation for the marginalised people and the consciousness to challenge the master-narratives of Indonesian history. It rejects realism, refuses textual closure, and attacks the binary constructions of mainstream concepts and language. While many radical artists and political cultural activists consider ironies to be powerful and subversive, others look at it with suspicious eyes. After all, deconstructing ironies is a double-edged business. The politics of reading can have ironies read in a way that may both reinforce or undermine the existing power relations (Hutcheon 1994). These two examples as well as several other underground bulletins, newspapers (i.e. Suara Independent, Expose) and internet information and data are possible targets or channels to be explored in deconstructing the repressive politics and cultures of the New Order. These cultural practices can served as examples of disclosing moments, disjunctions or simply as twilight zones marking the failure of the national 'translation' of the new order in transferring, disguising, and abusing age-old paradoxes and ironies for its own ends. They, therefore, also mark where subversion is possible. The ironies and political language employed by the New Order for so long to organise and order the Indonesian people have to be played around with. (Siegel 1986 & 1997).

Deconstructing ironies as part of the socio-cultural mobilisation should in no sense be interpreted as revenge or a mere reversal of the existing power relations. The Soeharto family, his cronies and the Indonesia military regime never drop the massa rakyat from their rhetoric. But never are the massa rakyat represented as they are without distortion. Passionate memories of the dangerous mass are constantly recalled and reproduced orally and in writing (During 1999: 185). The 1998 Reformasi gave evidences that Soehart o's manipulation of the (Javanese) national and traditional 'pomps' as well as the repressive doctrines of the military generals of the 1945 generation become vulnerable symbols for the democratic young generations and underclass people. In this sense, the New Order perhaps has learned a lot from the first President of Indonesia, Sukarno, how to deal with the massa rakyat. Sukarno used to speak to the memories and conscience of a community that had shared a climactic historical experience.

A political subversion from the bottom, from the massa rakyat up, should be initiated and based on a new belief - thanks to the capitalist modern mass media - that the importance of a text is not in its origin, but its destination (Barthes 1977: 148). How a people read their own history, the meaning of their culture products and social norms should not be closed to different identified social classes only. The identity of a nation, as well as of an individual, in a postcolonial society is formed rather as an activity than a static, authoritarian construction. The underclass massa rakyat, a people without access to bureaucratic or other institutionalised forms of political muscle, usually would not go much into the politics of representation. They would innocently presume that thoughts, words and reality are united in one realistic representation. An alternative approach to read our culture, history and our people; an alternative communicative mass media - without any hierarchical and dictatorial status are among the things that certainly would be easier to disseminate and networked.

It is true that during the past (1910-1930s), modernity and wealth in a certain sense were appropriated into the nationalist discourse and became symbols of the new nation. That puts the colonised at the same level of the coloniser. In Soehart o's New Order, as a matter of fact, modernity and wealth suggest bisnis (derogatory form of 'business'), an inappropriate, notorious notion which suggests that wealth is located somewhere else, in an unspecified place in society and that is usually associated with the 'Chinese.' The berakal and beradab (educated and cultured politeness) middle class Indonesians easily suspected the Reformasi, because they already had fear for the alienated bernassu (full of desire) mass who did the rioting, looting and raping. Therefore, the modern bisnis class people can imagine themselves as the (Chinese) victims who have done something shameful, desirable and improper (Siegel 1998: 101). Thus, a modern (bisnis) national identity has immediacy in the daily lives of massa rakyat, not because it provides a lofty example but because it exhibits all the defects of ordinary contemporary society. And when the elite rakyat is separating themselves from their mass rakyat, then, the modern Indonesian people, the middle and upper class in particular, come to mark the limit of national identity. For a popular community of the underclass people, the meaning of life is located not in the presence of any historical truth but mostly in its absence.

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# Victims of Development in Asia

# Vietnam in Development: Advances & Challenges

NGUYEN MINH LUAN & LE THI NHAM TUYET

IN 1986, THE SOCIALIST REPUBLIC OF VIETNAM embarked upon a radical path to economic development through a major restructuring of its economic and political systems. The series of economic reforms implemented since then have reinforced its goals of establishing a multisectoral economy with a socialist orientation, operating under market forces and administered and regulated by the state. This paper looks at Vietnam's development experience in the postcolonial era and examines the success of the 'Doi moi' - renovation - as a strategy for economic and social development.

### **Profile**

Vietnam lies in Southeast Asia, bordering China in the north, Laos and Cambodia in the west and bounded by the Pacific Ocean in the east and south. The country is made up of part mainland and part sea and continental shell, including many islands and archipelagos. The total surface area of the land is 330,991 sq. km, stretching longitudinally in the shape of letter 'S'.

The widest part lies in the north spanning 600 km, while the narrowest part is less than 50-km-wide in the central region. Territorial waters in the Eastern Sea spreads over nearly one million sq. km, while the coastline running from Mong Cai in the northwest to Ha Tien in the southeast is 3,260 km long. Land borders with China stretch across 1,400 km, Laos 2,067 km and Cambodia 1,080 km.

Vietnam is geographically diverse with wide variations in topography and monsoon-influenced climate. Lying in the tropical and semi-tropical belts, the land is mainly mountainous and hilly with flat plains in the coastal delta region accounting for a mere quarter of total land area. It is rich in marine wealth, possessing the most varied marine life among the countries of the Indochina peninsula.

Vietnam's population, according to the 1999 decadal census, stood at 77.26 million – an addition of 11.9 million people over 10 years. In terms of population, Vietnam ranks second in Southeast Asia and 13th among the countries in the world. The ratio of women to men in the country is 50.8:49.2, with 76.5 percent of the people living in the countryside. The population is not distributed evenly across the country, the average density of population being 231 persons per sq. km – in 1989 the figure was 195 persons per sq. km. It is densest in the northern delta, the figure being 17.4 times greater than that in the sparsely-populated high plateau. The population is young, with children under 14 years of age accounting for 34 percent of the total population, and 58.5 percent, or 45 million people, being of working age.

Literacy is very high at 91 percent among the population over 10 years of age, up from 88 percent in 1989. About 7.6 percent of people 13 years and more had received higher education - 2.3 percent being trained technical workers or professionals, 2.8 percent secondary vocational trained, 0.7 percent college level, 1.7 percent had university education and 0.1 percent had achieved higher standards.

The Vietnamese people are as diverse as the land they live in. The country is home to 54 ethnic groups, the largest being the Kinh people who constituted 86.6 percent of the population in 1989. The remaining 53 ethnic minority peoples make up 10 million of the total population. Only four of these 54 ethnic groups - the Kinh, Hoa, Khmer and Cham - reside mainly in the plains, coastal areas and midland, while the rest inhabit the mountainous regions. The areas where the minorities live are some of the poorest regions of Vietnam; and yet, throughout Vietnam's history, the 54 ethnic groups have lived together in solidarity as a great family of nationalities.

The 1999 UNDP Human Development Report ranked Vietnam 110 among 174 countries on the basis of life expectancy, education and income. However, calculated on actual income per capita, the country ranks 133 in the world.

The political base of the government is the mass organisation, the Vietnam Homeland Front, and its member-organisations, in accordance with article 9 of the 1992 Constitution. Among the member organisations are the Vietnam Federation of Trade Labour Union, Vietnam Farmers' Association, Ho Chi Minh Communist Youth Union and Vietnam Women's Union.

The mass organisations participate not only in the establishment of the state agencies and law-making, but also oversee the management of the state, monitor operations of the state agencies, and help implement the regime 'of the people, by the people and for the sake of the people'. All activities of the state has to be based on the principle: 'people know, people discuss, people take part in, and people check'.

### The Colonial Era

The history of the Vietnamese people is a history of centuries of relentless struggle against invaders and colonial and imperial domination – in recent times mainly against the French and the Americans. It was in the mid-19<sup>th</sup> century that France began intrusions into Vietnam as part of its ambitions to colonise what was then called Indochina. But it was only in 1900 that they could firmly establish themselves in that country, overcoming the resistance put up by the freedom-loving people.

Vietnam continued to be a French colony till 1945, characterised by a colonial and semi-feudal regime and a backward agricultural economy. Rice was the main crop, the countrywide land for rice cultivation being 4.56 million hectares, with an average productivity of 10.7 ta/ha [1 ta = 100kg approx.]. Landlords, who made up a mere 2 percent of the number of households in the country, owned 52.1 percent of the arable land, while the labouring peasants comprising 97 percent of households owned only 36 percent of cultivable land. Industrial production was insignificant and mainly served the colonial masters as a measure to exploit natural resources as well as the labour of the people.

Ore extraction was a lucrative business for the French. Investments in mining shot up from 18.7 million francs in 1924 to 184.40 million francs in 1928. Mining area in 1929 was seven times higher than that before World War I. The total value of mined ore in 1919 was 4.6 million dong and increased to 18.6 million dong in 1929 [1 dong = 11.46 francs]. Coal was the main ore, accounting for 77 percent of total mining activity, followed by tin, iron and other minerals. The minerals extracted were, however, not for local use but were exported as raw material.

The development of processing enterprises such as weaving, alcohol, cement, brick-tile, glasses and matches mainly focussed on exploiting the cheap local labour for the expanding consumer markets in Indochina and the Far East region. These industries adversely impacted upon the traditional handicraft occupations of Vietnam, and fetched maximum profits for the French monopoly capitalist.

More than 90 percent of the Vietnamese population were illiterate at that time. According to statistical data in 1939, the number of university students accounted for only 0.3 percent of the population, and there were only three universities in the whole of Indochina. Medical facilities were very poor with the availability of only 0.23 doctors per 10,000 population.

Colonial repression fostered the growth of nationalism in Vietnam and people began to organise themselves in different parts of the country from the 20s. The Marxist-Leninist organisations were consolidated by Ho Chi Minh and the Indochina Communist Party was born in 1930 whose foremost intent was to fight colonialism, even as it organised resistance against Japanese occupation of the country during the Second World War. In 1941, Ho Chi Minh founded the Viet Minh, a broad-based unity front that included people from all sections of

society, which had become a powerful force and enjoyed widespread popular support by the end of the war.

### The August 1945 Revolution

In August 1945, the Viet Minh, under the leadership of the Communist Party or Workers' Party as it was then called, successfully carried out a revolution which overthrew the feudal throne, and pushed back the colonial invaders. On September 2, 1945, President Ho Chi Minh read the declaration of independence, proclaiming the establishment of the Democratic Republic of Vietnam. However, the French did not easily accept defeat and the newborn nation was almost immediately forced into war to prevent the return of the colonial power. It was several years before the country could be totally liberated.

The years 1945-54 were a period of resistance and national construction carrying out a war of resistance against the French colonialists for complete freedom and independence and at the same time building up a young new power. A general election had been held on January 6, 1946, to elect the first National Assembly of the new Vietnam. This first legislature adopted the country's Constitution, which declared that 'Vietnam had become independent... Vietnamese nation had all the rights to freedom... Vietnamese women had equal rights with men to enjoy the rights to liberty of a citizen....'

The effects of national construction were seen in agriculture which improved considerably because of the introduction of policies lowering land tax and temporarily redistributing land to the poor. Agricultural production touched three million tons in 1954 – 13.7 percent higher than 1946. The rate of increase in agricultural productivity during the nine years' war in the north was 10 percent per annum. After years of hard struggle, the anti- French resistance war culminated in a glorious and 'resounding victory [that shook] the globe' at Dien Bien Phu on May 7, 1954.

However, Vietnam's problems were far from over despite the victory at Dien Bien Phu. Even though France acceded to the terms of the 1954 Geneva agreements and withdrew its forces, its erstwhile American advisors did not. In violation of the international agreements, the US set up a parallel government in Saigon and divided the country to 'halt the spread of communism in Southeast Asia'. Over the years, US presence swelled with the advisors being augmented by more than a million American troops, even as resistance within South Vietnam continued to grow against the US-supported military governments. In the two decades of the undeclared American war of aggression in Vietnam which included an intense aerial war against the North, more bombs were dropped on this small country than the total bombs used in World War II. The chemical, biological and incendiary bombs destroyed 70 percent of cultivated tracts, laid waste 10 million hectares of productive lands, killed and maimed countless numbers and did not spare Vietnam's neighbours, Cambodia and Laos, whose land and people suffered the same fate.

This new war of resistance also did not discourage the nation-building measures initiated earlier. In just two years, 1955-57, the people in the North undertook and completed major land reforms which gave land to the tillers. Peasants became masters of the countryside, and agricultural production improved. The next step was the collectivisation of agriculture, which was undertaken over 1958-60. In these three years, agricultural production, in spite of natural calamities, recorded an annual rate of increase of 5.6 percent. The dominant role of state enterprises in the national economy was established. And the annual rate of increase of industrial production was 21.7 percent. National income per capita from 1955 to 1960 increased two times, while social purchasing power went up by 70 percent.

### **Planning for Economic Development**

It was in 1961 that Vietnam initiated planned development for industrial growth. Under the first five-year plan (1961-65) – which was implemented amid the US bombings in the North and the war of aggression in the South – industrial bases were re-established and new ones set up. Basic industries such as power generation, engineering, metallurgy, chemical products, building materials and so on were established and developed to help create the base for an industrial nation. One of the biggest achievements of industry was the provision of effective services to the agricultural sector, especially in the fields of water conservancy, machinery and farming tools, and fertilisers and pesticides. With these inputs from industry, the traditional mono-crop and low-yield pattern of agricultural production changed comprehensively and it was able to meet the requirements of food and industrial raw materials as well as for export. By 1965 the annual growth rate in terms of value of total agricultural products was 4.1 percent.

Educational facilities were improved and most communes in the delta, midlands and mountainous regions had their own primary and secondary schools, while senior secondary schools were set up in the districts. Of the 16 million people in the North, 4.5 million were able to go to school. Health infrastructure also grew with hospitals in 70 percent of the districts, and primary healthcare covering 90 percent of the communes in the delta and 70 percent of the communes in the mountainous regions.

In spite of these developments, agricultural production could not be assured, dependent as it was on the vagaries of nature. In 1971, heavy typhoons caused widespread damage to crops, leading to food scarcity. So during 1971-73 agricultural activities embraced animal husbandry as a major source of food, while forestry was developed to promote the economy in the mountainous regions. The next two years were devoted to economic restoration as rice fields destroyed by the bombings were filled up, irrigation systems restored and upgraded and land reclamation and reforestation promoted. In 1974, both harvests of the year saw bumper crops, and industrial and handicraft production over-fulfilled targets of the plan by 4 percent, an increase of 15 percent over the

production of the previous year. In the 1974-75 academic year, 6.63 million people, an average of one in every four. There were 55,475 students studying in 39 universities, and 69,813 students enrolled in 195 vocational secondary schools. There were 5,513 qualified doctors, 21,035 assistant doctors and 43,499 nurses – an the average 11.7 doctors for every 10,000 population.

During the war years, production was even stepped up to meet the requirements of food while political security and social order were firmly maintained. The total value of industrial production went up 16.6 times from 1955 to 1975, an annual increase of 14.7 percent. The per capita industrial production in different sectors went up by: power generation 13.8 times; coal 4.8 times; cement 25.2 times; and paper 14.5 times.

The protracted anti-US resistance war ended and in May 1975 the South was completely liberated, bringing to a close a chapter in Vietnam's history marked by heroic sacrifice and courage of the Vietnamese people in thwarting the imperialist designs of the most powerful country in the world. The US spent \$150 billion on the undeclared war, sending in 2.7 million American troops armed with state-of-the-art weapons of mass destruction; 58,000 Americans died in the war, 304,000 were wounded in action and 75,000 were disabled. For the Vietnamese the cost of this war can never be fully computed: while an estimated three million Vietnamese lost their lives in the 20 years of war, three out of every five households having lost one member or more, the long-term effects of the trauma of war and chemicals such as Agent Orange take their toll even today.

### **Reunification and Reconstruction**

The decade following the war was devoted to political integration of the North and the South of Vietnams which saw the establishment of socialism in the country as the people worked for reconstruction of their war-ravaged country. On April 25, 1976, general elections across the country elected a common general assembly for the unified Vietnam, the sixth legislature of the National Assembly. The 1976-80 five-year plan focussed on the restoration of the industrial, agricultural and communications establishments in the North and rebuilding of the war-worn countryside in the South. It was a time of consolidating the state economy and collective economy in the North, of carrying out reform and readjustment of private industry and commerce in the South, of bringing part of the agricultural lands in South and south-central Vietnam under collective farming, of redistributing the social labour force. However, progress was slow as productivity did not match investments of labour and capital, national income did not ensure social consumption, prices fluctuated and financial markets and the currency situation did not stabilise. In short, the life of the working people was still difficult.

Therefore, the 1981-85 five-year plan was geared to a step-by-step reform of economic management and the abolition of state subsidies, creating the fundamental prerequisite for the development of a market economy. During this period, the average annual increase in agricultural production was 4.9 percent as against 1.9 percent during the 1976-80 plan period; the corresponding figures for national income being 6.4 percent against 0.4 percent. However, even the 1981-85 plan failed to realise the goals of basic stability in the economy and social security for the people, the inflation rate in 1986 touching a high of 774.7 percent.

There were manifold reasons for the slow economic growth. The country was under siege and scarce resources had to be diverted for the defence of the country in the border conflicts with neighbouring states, while a US-led embargo adversely affected trade and even interrupted humanitarian aid. Agricultural production was frequently affected by floods, typhoons or drought and there was not enough food to feed the country 's population.

Foreign debt was very high as was unemployment at almost 30 percent. A major cause for the slow development was that Vietnam had been building socialism in a dogmatic style, strictly imitating the experiences of other countries, and the mechanisms of central planning and state subsidy were viewed as having many negative consequences. Besides these, in the zeal to carry out revolutionary policies, some grave mistakes were made, which further aggravated the situation.

### **Renovation and Restructuring**

It was at this critical juncture that the national congress of representatives of the Vietnam Communist Party was held in 1986 which engaged in serious self-criticism of the party's leading role in nation-building in the spirit of 'looking straight to the truth, analysing the truth, speak out the truth'. While celebrating all that was good, it underlined the mistakes made, and attempted to draw major lessons from these experiences. Based on these self-reflections, the party laid out a plan for comprehensive renovation and development of a multisectoral economy, marking a turning point in the building of a new Vietnam.

With the foundations for a move towards a market economy having already been laid, the fundamentals of this renovation, or Doi Moi as it is called, were to further develop the economy and society along a defined road that would maintain national independence, create wealth for the people, build a strong country, and move forward to modernisation while ensuring a fair and civilised society. This strategy put people in the central position, for the people and by the people; economic development would go hand in hand with cultural and social development to harmonise economic growth with social progress, for a better material and moral life, and for higher standards of living.

In this spirit of renewal, successive five-year plans were laid out up to the year 2020 and a series of economic reforms were proposed that would facilitate the commercialisation of agriculture and the establishment of private businesses. Among the new policies formulated were those which sought to empower state-owned enterprises to be self-sufficient, and to encourage the expansion of private sector enterprises. In December 1987, the Law on Foreign Investment was passed

which aimed at opening up the economy to attract foreign investments and encourage exports.

The emphasis of the first plan (1986-90) was on three priority areas: food production, consumer goods and exports. Over the five years marked improvements were registered in the performance of certain core sectors and the average annual increase was – power generation (11.1 percent), cement (11 percent), steel (8 percent) and tin (16 percent). Exploration and exploitation of crude oil was launched with foreign direct investment (FDI) and production jumped from 40,000 tons in 1986 to 2.7 million tons in 1990. There was an overall improvement in quality due to investments in private sector enterprises and adoption of technological advances in production processes.

All these improvements, however, failed to pull the country out of social and economic crises and burning socio-economic problems remained unresolved. The high rate of inflation continued, living standards of salary earners and social allowance beneficiaries deteriorated steadily, and many state enterprises, small industry and handicraft co-operatives began stagnating, running at a loss, or were forced to close down.

Based on the experience of 1986-90, Vietnam focussed on a stable strategy for socio-economic development for the next 10 years, with stability as the key task for the 1991-95 plan, which would create conditions for rapid growth in the period thereafter. So the general goals of the 1991-95 plan was to overcome the difficulties and challenges for economic and social stabilisation, to strengthen political stability and eradicate social inequities.

However, in the early 90s, a major blow to Vietnam's goal of rapid economic development came from the collapse of the Soviet Union and Eastern European socialist countries which led to the sudden loss of major export markets as well as resources for capital investment.

Over a long time, 70-80 percent of Vietnam's total imports came from the USSR and the socialist countries in Eastern Europe, and these countries accounted for about 50 percent of Vietnamese exports. Vietnam had fraternal ties with these countries which provided finance and other resources for investment and development activities on easy terms. Various co-operative programmes, joint ventures and labour agreements had to be abruptly dissolved or dramatically altered into free market trading relations. The application of the principles of equal price exchange in the international market and settlement in hard currency led to a foreign exchange crisis in the country and high inflation — in 1990 increase in the rate of inflation was 67.1 percent, and in 1991 it went up to 67.5 percent. The value of exports fell from Rouble & Dollar 2.404 billion in 1990 to Rouble & Dollar 2.087 billion in 1991, and imports registered a sharp decline from Rouble & Dollar 2.752 billion to 2.338 billion.

Domestically, however, there were significant achievements in the first decade of Doi Moi. On the agriculture front, a high and stable annual rate of growth of 4-4.5 percent was attained, with an average food production of 400 kg per capita

per annum -1.5 times higher than the average in 1985. The high productivity has led to near self-sufficiency in agriculture and ensured supplies for the export market.

The 1996-2000 plan sought to build upon the experiences of the previous decade. Its priorities were outlined as:

- to carry out simultaneously three economic objectives promotion of industrialisation with high and sustainable growth rate and efficiency, firm and stable macro-economy, and preparation of the prerequisites towards a higher level of development after 2000;
- continue to carry out consistently and in long term the policy of multisectoral economy;
- · to harmonise economic growth and social development;
- to closely combine economic development with national defence and security; and
- to combine development of important economic regions but avoid big gaps in development among different regions.

In this plan period, too, Vietnam's precarious economic stability received a serious jolt, affecting its goal of achieving a high and sustained growth rate. Just as the economy was recovering from the turmoil caused by the collapse of the Eastern Bloc countries, the Asian financial crisis erupted, severely affecting Vietnam's export market.

Many Asian countries that experienced the crisis had replaced the USSR and Eastern European countries as Vietnam's trading partners and 70 percent of Vietnam's export market was in Asia and 70 percent of its foreign investments came from Asian countries. The financial crisis coupled with internal weaknesses in the economy led to a fall in the rate of increase of GDP from 9.3 percent in 1996 to 8.2 percent in 1997, 5.8 percent in 1998 and 4.8 percent in 1999, with an annual GDP growth of 6.94 percent.

However, in 2000, the fall in the rate of growth of GDP was arrested, while the main targets of the five-year-plan were reached or even over-fulfilled – the export quota registered its highest increase at 21.3 percent, higher than the plan target of 11-12 percent.

Progress was also achieved in other spheres with improvements being visible in people's lives: training-education improved in terms of quality, scale and material infrastructure; over one million jobs were created annually; significant advances were registered on the fronts of hunger elimination and poverty reduction, a fact which has been appreciated by world opinion; and foreign ties and active economic integration were expanded.

According to figures computed by the Asian Development Bank (ADB), the average GDP per capita (in US dollars) in Vietnam in 1998 was 320, while in Indonesia it was 540, China 780, the Philippines 887, Thailand 1850, and Malaysia 3202.

### The New Millennium

The year 2000 was the last year of the decade-long focus on stable strategy for socio-economic development. The strategy, though it was adopted and implemented during difficult times, did further Vietnam's goals of economic development, transition to a market-oriented socialist economy and international integration. The enhancement of economic capacity over the 10 years has created favourable preconditions for strengthening the process of industrialisation and modernisation. On the threshold of a new millennium, the country's progress on various fronts can be summed up as follows:

- · Despite severe drawbacks, the economy registered the highest-ever growth rates. The annual GDP growth rate was 7.5 percent registering an increase of 2.06 times over the 10 years.
  - Agriculture: annual rate of growth of production was 5.4 percent, outstripping the plan target of 4-4.2 percent; food output per capita, which was 330 kg in 1990, increased to 435 kg in 2000; the projected value of agricultural yield in 2000 is 17.5 million dong/ha against 13.5 million dong/ha in 1995;
  - Fisheries: the average growth was 8.8 percent per year and fisheries accounted for 10-12 percent of the value of agricultural production. It has become a key export sector, accounting for 25 percent of the agricultural export turnover and about 8 percent of the gross export turnover nationwide. Forest cover increased from 28.2 percent in 1995 to 33 percent in 2000.
  - Industry: the value of industrial production grew by 12.9 percent in 10 years, against the plan target of 9.5-12.5 percent. Productivity of crude oils shot up 6.1 times, electricity 3 times, cement 4.6, processed steel 13.9, clothing 1.3, and paper 3.8 times.
  - Exports: The export value of industrial and handicraft products rapidly grew by 7.7 times in 10 years, with value of industrial exports in 2000 comprising 70 percent of the gross value of the country's export turnover. There were positive changes in foreign economic activities, especially in recent years. In the initial years, balance of trade was heavily weighed down by imports with the ratio of export to import in the 70s being 1:4. This ratio improved greatly and was 1:1.06 in 1999. The annual average export turnover went up from \$304 million over 1976-80 to \$5.646 billion in 1996-2000. In 1999, it touched a high of \$11.523 billion.
  - Foreign investment activities started taking off in 1988 and in July 2000, there were about 3,000 projects of 700 enterprises from 62 countries with total registered capital of \$36 billion and working capital of \$16.89 billion.
  - The services sector has seen multi-faceted development, its value increasing by an average of 8.2 percent per annum over the 10 years, though lower than the plan target of 12-13 percent.

- Infrastructure has developed and expanded rapidly, especially in the areas of the traffic control, information technology, power, irrigation and water supply, and industrial zones.
- The country's economic structure changed considerably as the share of agriculture though demonstrating an increase in absolute value in GDP decreased from 38.9 percent in 1990 to 25 percent in 2000, with corresponding increases in the share of industry and construction from 22.7 percent to 34.5 percent and services from 38.6 percent to 40.5 percent respectively.

Implementation of current policies promoting private ownership and multi-faceted businesses led to several changes: in agriculture, the state's share is 3 percent, with the informal sector accounting for 97 percent, while in the services sector, state-owned and non-state owned enterprises are equally balanced. However, even with the transition to a multi-sector economy, the state-owned sectors have the key role. At present, the whole country has about 22,120 private enterprises, 15,480 cooperatives, 130,000 cooperative teams or production collectives; and 100,000 private farms. In 1999 the private sector accounted for 49 percent of the GDP against 40.2 percent contributed by state enterprises, foreign invested enterprises accounting for the balance.

Despite all these achievements, some inherent weaknesses and shortcomings of the economy still remain.

- Prolonged stability continues to elude the economy which is susceptible to external fluctuations and marked by low levels of efficiency and competition

   especially in the state-owned sector poor product quality and high prices. The financial and banking systems are weak and lack transparency, while investments in development are fragmentary, lacking long-term vision. Human resources are not capitalised and technological skills are not advanced, while poor managerial qualities hamper effective industrial growth. Also the cumbersome and inefficient government machinery hinders proper implementation of plans and policies, thus reducing their efficacy.
- While a number of pressing and serious socio-cultural problems are slowly being tackled, it is difficult to solve them entirely given the enormity of the problems. Unemployment is high both in the cities and the rural areas. The quality of training-education imparted is poor, especially as teaching is not combined with practical training, and educational fees are high compared with the people's average income.
- Increasing pollution of the environment is posing serious problems in some regions. Healthcare services remain undeveloped and backward, adversely affecting the poor, who need the services most.
- The two major social evils of drug addiction and prostitution have not been controlled while HIV-AIDS is becoming widespread.

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• The issue of corruption, waste and bureaucratic red-tapism among a large number of officials and party members has become very serious.

These are the shortcomings that Vietnam hopes to overcome in the first decade of the 21st century. It has chosen the path of more deeply and comprehensively promoting the course of Doi moi in order to develop all internal resources and potential, especially human resources, maintain political and social stability; strengthen the market economy with a socialist orientation and rapid industrial development with scientific and technological advances for achieving its goals of modernisation and industrialisation, economic and social equity, as well as environmental protection.

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From Asian Tiger to Asian Beggar, Yeon-hee Cho • Why Women, Why Work, Wilma Villar • Women in Small Business Hardest Hit, Foundation for Women in Small Business . Organic Farming, An Alternative for Survival, Akatiga • Development Paradigm and New Alternatives, Somkiat Pongpaiboon • Conditions in China After East Asian Financial Crisis, Feng Xiaoshuang • Grassroots Trading Initiatives in Negros and the Philippines, Raymundo Tenefrancia • Community Currencies: An Innovative System to Promote Economic Self-Reliance, Jeff Powell & Menno Salverda • Balancing the Power of Money, Menno Salverda • KSSP and the People's Plan Movement of Kerala, KK Khrishna Kumar . Know the Country, Change the Country, All India People's Science Network • The 1997 Financial Crisis and Asian Progressives, Joel Rocamora



### **Hunger Amidst Plenty**

Asian Exchange, Vol. 14, No. 2

Food Security, Safe Food and Sustainable Agriculture in the Context of Global Trade Negotiations, Sarojeni Rengam • Globalisation, Poverty, and Food Security, Utsa Patnaik • Yellow Winds of Change in North Korea, Erich & Marilyn Weingartner • DPRK's Stunted Generation on the Slow Road of Hunger, Erich & Marilyn Weingartner • Changing Strategies for Future Action and Solidarity, Farida Akhter • On the Famine Trail, Sumit Chowdhury

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### The Dispossessed: Victims of Development in Asia

Vinod Raina, Aditi Chowdhury, Sumit Chowdhury (eds.)



Development in Asia, particularly in the past fifty years or so, has been conceptualised, articulated and implemented by national governments with a stated objective of enhancing the quality of life of entire populations of the respective nations. This top down model has given rise to an uneven development visible in Asia.

There is a strong and growing feeling amongst a lot of people's groups that the net impact of such development in terms of impoverishment and

marginalisation is affecting very large populations, particularly in Asia. Jointly, the burning ambition of many national governments in this region to attain NIChood status in the shortest period of time and the development solutions being forced upon them by multilateral lending agencies like the IMF and the World Bank are only furthering and intensifying these processes of impoverishment and marginalisation. Whereas such development may be benefiting and enhancing the life of a minority in these countries, a large population is paying a price for such gains of the few and they are truly victims of development.

This research on adverse impacts of development is an attempt to provide data on the extent of displacement, marginalization and impoverishment in the Asian region. This compilation is confined to two areas falling largely under impact created by environmental degradation and industrial malfunctioning.

An attempt is made to provide a balanced view about the problems as possible. The debate is essentially not between 'pro' and 'anti' stands, but about choices that minimise or eliminate adverse environmental impacts, reduce risks due to industries and social justice.

Country profiles: The country profiles are a critique fo the development policies in ten randomly selected economies in Asia. (Japan, South Korea, and the economies of Sri Lanka, Nepal, Malaysia, China, teh Philippines, Thailand. India and Pakistan.

Over 80 Case Studies and 750 Definitions: Sharp and crisp definitions and descriptions of environmental, industrial and social problems in Asia are compiled in the book's glossaries.

Instances of environmental and industrial disasters in Asia come alive with moving stories of human agonies.

