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Newsletter 92- page 1(1)  
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# Sand in the wheels

Weekly newsletter - n°92 – Wednesday 22 august 2001.

## SHARING

### Content

#### 1- Water Privatisation in Ghana

*The Government of Ghana, in cahoots with the World Bank, intends to privatise Ghana's water supply. An open letter invites readers to express solidarity with opposition to this project, and sign the Accra Declaration on the Right to Water*

#### 2- An End to Self-Defeating Rhetoric

*There are many examples of situations in which corporate profits or high labor incomes are fundamentally dependent on government interventions into the market. In fact, there are probably few, if any, cases where this is not true. But, in virtually every case, the preferred approach of the right is to try to define away this intervention as somehow natural or inevitable. When progressives accept this characterization of the debate it puts us at a major disadvantage.*

#### 3- Developing Countries In Despair Over WTO Preparations For Doha

*In general, developing countries expressed frustration that there really has been no movement in the Doha preparation on issues of interest to them. The process so far, has concentrated on trying to get agreement on new issues (pushed by the EU and now US). while implementation issues have been subjected to a process of being increasingly watered down and marginalised.*

#### 4- Informal ECOFIN Meeting Liege - Write to Gordon Brown

*In a key development for the proposal, The Belgian Prime Minister Guy Verhofstadt has forwarded the Tobin Tax for discussion during the current Belgian Presidency of the EU. Specifically, he has placed the idea on the agenda of the informal ECOFIN (finance ministers) meeting in Liege for the 22nd September this year.*

### Water Privatisation in Ghana

Summary of the Issues: (From a new brochure published by Integrated Social Development Centre (Ghana) and Globalization Challenge Initiative (US). For full pamphlet, follow the link below :

[http://www.challengeglobalization.org/html/other\\_pubs/Ghana\\_Water.pdf](http://www.challengeglobalization.org/html/other_pubs/Ghana_Water.pdf)

There is a long history of social struggle in Ghana, as in many other countries, around the principles of social equity, and the accountability and transparency of governments and international creditors. It is in this context that the current struggle around the issue of access to safe and affordable water should be viewed. The underlying cause of the conflict is the issue of affordability. Should water be available and affordable to all or affordable only to a few privileged households and

businesses? Increasingly, clean water has become a commodity in Ghana - a commodity that too many people in urban and rural areas cannot regularly afford

It appears that the Government of Ghana, with the backing of the World Bank, has concluded that privatisation of the urban water system is the appropriate policy option for the country. Unfortunately, there has not been broad-based, open public discussion among the government, citizens and donors about the full range of alternative water management options. In fact, there has been very little transparency or citizen involvement in Government or World Bank decisions related to the water privatisation process. Citizens are concerned that management decisions are driven more by economic considerations than by considerations related to issues such as social equity, public health, and

environmental preservation. Concern is also growing as the news spreads about the negative impact of water privatisation in other countries.

**WATER IS NOT A COMMODITY! WATER IS LIFE AND LIFE IS FOR ALL!**

May 31, 2001

Dear Sisters and Brothers around the World:

We call upon organizations and individuals around the world to express their international solidarity with the struggle of the Ghanaian people to stop the privatisation of their water services. World Bank policies require the Government of Ghana to privatise water in order to gain access to external assistance and soft loans. Five multinational corporations have bid for the urban water service in Accra, most of them with annual sales larger than the GDP of Ghana, and all of them with proven records of socially irresponsible practices.

The National Forum on Water Privatisation took place in Accra, Ghana during May 16-19, 2001. At the end of four days of vigorous and exciting debate, the participants in the Forum founded the Ghana National Coalition Against the Privatisation of Water, called the "Ghana National CAP of Water" and drafted the Accra Declaration (below).

Express your solidarity! Show your support for the struggle to stop the worldwide attempt to commodify water for the profit and benefit of a few. Forward this message to others and then please take the following actions:

- Sign-on to the Accra Declaration (text below). Send your name and organizational affiliation to [global.challenge@juno.com](mailto:global.challenge@juno.com)

- Write, fax or e-mail messages to the following people and tell them to : Please stop the process toward privatisation of water services until the people of Ghana have an opportunity to debate and discuss a wide range of water management options, including community/public partnerships.

1. His Excellency Mr. J.A. Kufuor Office of the President of Ghana Tel.: 233-21-676923/4 ext. 110 Fax: 233-21-676934 or 233-21-666528

2. Honorable Mr. Kwamena Bartel Minister of Works and Housing Address: Ministry of Works and Housing P. O. Box M27 – Ministries Accra Tel: 233-21-665323 Fax: 233-21-663268 Email: [mwh@ighmail.com](mailto:mwh@ighmail.com)

3. Mr. Peter Harrold World Bank Resident Representative, Ghana P. O. Box M27 – Ministries Accra Tel: 233-724/22037 Fax: 233-72-227887 Email: [pharrold@worldbank.org](mailto:pharrold@worldbank.org)

4. Trade Union Congress (TUC) Secretary General P. O. Box 701 Accra Tel: 233-21-62568 or 669675 Fax: 233-21-763920 Email: [tuc@ighmail.com](mailto:tuc@ighmail.com)

5. Commission on Human Rights and Administrative Justice (CHRAJ) Old Parliament House Accra Tel: 233-21-662568 or 669675 Fax: 233-21-667161 Email: [chraj@ighmail.com](mailto:chraj@ighmail.com)

6. Speaker of the Parliament The Speaker Parliament House Accra Tel. 233-21-668514 Email: [parclerk@ghana.com](mailto:parclerk@ghana.com)

Thank you very much and please send a copy of all your messages to the Ghana National Coalition Against the Privatisation of Water (National CAP of Water) at: Integrated Social Development Centre (ISODEC) P.O. Box 19452 Accra North, Ghana Email: [isodec@ghana.com](mailto:isodec@ghana.com) or [ramenga@isodec.org.gh](mailto:ramenga@isodec.org.gh) Fax: 233/21 311687 Tel: 233/21 30606

Sincerely, International Solidarity Committee for the National CAP of Water

**THE ACCRA DECLARATION ON THE RIGHT TO WATER** (19th May, 2001) At the end of 4 days of debate during the National Forum on Water Privatization in Accra, Ghana, which took place between the 16-19th of May, we the undersigned declare as follows:

- We are a diverse group of individuals and organizations drawn from various parts of the country, and from other parts of Africa, Europe and the United States; involved in the private, public and voluntary sectors and working at varying levels of society.

We are united by the following common principles, beliefs and values:

- o That water is a fundamental human right, essential to human life to which every person, rich or poor, man or woman, child or adult is entitled.
- o That water is not and should not be a common commodity to be bought and sold in the market place as an economic good.
- o Water is a natural resource that is part of our common heritage to be used judiciously and preserved for the common good of our societies and the natural environment today and in the future.
- o Water is an increasingly scarce natural



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resource, and as a result crucial to the securities of our societies and sovereignty of our country. For this reason alone, its ownership, control, delivery and management belong in the public domain today and tomorrow. o The public sector is legally and constitutionally mandated and designed to represent the public interest. The essential purpose of the private sector on the other hand is to make profit not to promote the public good. Any public benefits arising from the private sector's activities are incidental not designed. As a result, the private sector cannot be trusted with the public interest. o Citizens have the right to effectively participate (as distinguished from being informed) in the shaping of public policies which fundamentally affect their lives such as the control of water, and that government has a responsibility to enforce this right. o Community participation in the management of water systems is valid/legitimate, essential and beneficial to the overall effectiveness in affordable and sustainable water delivery. o Water management policies should be designed to ensure social equity such as gender equity, public health and environmental equity.

Guided by the above stated principles, we commit to: · Forming and promoting a Ghana National Coalition Against the Privatization of Water herein called "The Ghana National CAP of Water" which will be a broad coalition of individuals and organisations committed to the above principles and to the following objectives: o To conduct a broad-based campaign to ensure that all Ghanaians have access to adequate and affordable portable water by the year 2010. o To ensure that the right to water is explicitly guaranteed under the Constitution of the Republic of Ghana. o To ensure that the ownership, control and management of water services remain in public hands. o To promote public awareness and debate about the privatization process. o To promote alternative solutions to the problems militating against universal access to water including problems of public management efficiency.

We recognize: · The important role that the local private business sector can play, and should play, in partnership with communities, Ghanaian artisans and experts and local government in ensuring efficient and effective supply of water services. · The inability of the Ghana Water Company Ltd (formerly Ghana Water and Sewerage Corporation) over the years to provide efficient and effective services resulting in public frustrations and some loss of faith in the company. However these perceived and real

failures can only be appropriately understood within the context of the broader failure of governance and democracy over the years encompassing a wide range of institutions including the security services, the judiciary and many more. It is unlikely that the acceptable solution for the failures of these institutions will be to privatize them. · The severe shortage of investment in the water sector required to deliver adequate and affordable water to all. Whilst the severity of this resource problem is itself debatable, it has nevertheless led to solutions resulting in heavy dependency on foreign creditors (especially the World Bank) which has in turn compelled the country to accept rigid conditionalities that have limited our options for financing and reforming the water sector. · We recognize the close link between access to water and improved public health in view of the fact that nearly 70% of all diseases in Ghana are currently water related.

We reject: · The view that privatization (the participation of foreign transnational corporations) is the appropriate solution to the problems bedevilling our water sector. · The view that "to be private is to be efficient, and to be public is to be inefficient" · The view that the public sector, in this case the GWC Ltd, is incapable of being reformed to deliver water services efficiently and effectively to all. · The view that the participation of communities in the management of urban water supply is not feasible and cannot be efficient. · The commodification of water. · Efficiency solutions which result in the violation of social and environmental rights and justice such as the rights of workers, women, children and the preservation of the natural environment. · The World Bank imposed policy of charging rural and small town communities an upfront contribution to capital cost. This policy discriminates against rural and small town dwellers as it does not apply to those who reside in large cities. The policy has also resulted in excluding poor communities incapable of paying from enjoying their right to consume portable water.

We call upon: The Government of Ghana: · To reverse the decision to put the privatization process on a fast-track and to reconsider the broader decision to invite the participation of foreign companies into water sector. Instead, the GOG should investigate approaches which enhance and promote local businesses in cooperation with communities, local government bodies and the GWC Ltd · Publish the terms guiding the bidding process as well as the profile



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of the companies currently pre-qualified to bid. · Put all relevant documents in the public domain, including World bank mission, project and evaluation reports, the so-called Stone and Webster Report and/or the Transaction Advisor's Report etc. · Conduct a country-wide public debate on options for reforming sector, including but not limited to private sector participation. · Review the budget with the view to prioritizing allocation in favour of the water sector.

Parliament · Exert pressure on government to allow for broad debate and a possible review of the current decision to privatize. · Embark on wide-scale consultation with their constituencies and civil society in general. · Support a process of constitutional and legal reform to secure the rights of all persons to portable water.

The Commission for Human Rights and Administrative Justice (CHRAJ). · Make the Right to Water central to their campaign on the right to life.

The TUC, the PUWU and Organisations of working people. · Be at the fore front in the struggle for the right to water, and our right as a nation to keep our public utilities within the public sector. · Continue to work towards greater efficiency, accountability and good governance in all of our national life including the water sector. · To oppose the mortgaging of our water resources to foreign multinational companies, with proven record of the oppressions of workers rights and the promotion of corrupt and corrupting practices in other jurisdictions. · Women's Rights Organisation · To recognize and promote the right to water as crucial to addressing gender inequality and repression

The GJA and the Media Houses and Practitioners · To call for and support an informed and broad-based debate on the water privatization agenda and its effect on the right to water by all Ghanaians.

Religious Organisations, and all other sectors of Civil Society. · To raise the moral voice on the right to water and to lend their varied media to popular education and debate on the effects of water privatization.

Ministry of Health · To join the campaign to ensure access to safe, affordable water as a fundamental aspect of the commitment to improve the public health of the nation.

Donors, Creditors, Including the World Bank · To de-link external assistance and soft loans to the condition to privatize our water systems. · To commit to promoting true national ownership of policies as expected under the Poverty Reduction Strategy Paper processes currently being actively promoted by them. This requires, among others, respecting genuine national decisions which may not be in consonance with their opinion. · To fulfill the commitment made by the Ghana World Bank resident Representative, Mr Peter Harrold, at the National Forum on Water Privatization, to make the eradication of guinea worm the number one priority. This will require that public health, rather than cost recovery determine investment in water services.

We commit ourselves, under the banner of the Ghana National CAP of Water to pursuing these demands and commitments to their logical conclusions. We believe that under the new democratic dispensation we will be one with government in promoting zero tolerance to corruption, democratic participation, transparency and accountability. We, like the government believe that these are important tenants of democracy and good governance and are crucial to ensuring social justice and reducing waste.

## **An End to Self-Defeating Rhetoric**

By Dean Baker

What's the difference between conservatives and progressives? Conservatives support free markets, whereas progressives support government solutions to social problems, right? Wrong. Conservatives like the government every bit as much as progressives do, they just don't advertise this fact. In actuality, conservatives want the government to shape markets in ways that provide profits to corporations and high incomes to rich people, instead of using it to ensure a decent standard of living for everyone.

For example, with regard to airwaves and patents, conservatives expect the government to grant them exclusive rights and arrest competitors. Even in the recent battles over Social Security, conservatives have not been pushing a market solution -- rather they advocate a policy of government-mandated saving, which would put citizens' savings under the control of the financial industry. In all of these instances, conservatives are not pushing for a market solution. Their desired policies require large-scale government intervention in the market. Conservatives conceal



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this fact in their rhetoric, implying that they simply want the market to be left alone.

Unfortunately, progressives have generally been willing to accept the right's characterization of them. When the free market is depicted as the conservative solution and government as the progressive solution, the ideological conflicts are cloaked in misrepresentation. Progressives must expose the deceptions underlying the conservative position and clearly set out their agenda as simply an alternative form of government intervention.

It is worth examining specific cases where the right has demanded government intervention and depicted this as the "natural" or "free market" solution. A close look at these cases clarifies the way these government interventions take place.

#### The Airwaves

The airwaves provide the clearest case study of this problem. When radio airwaves were first commercialized in the 1930s, the government assigned frequencies to corporations for their exclusive use. It continued this pattern with the assignment of television frequencies in the 1940s.

The logic of assigning a frequency for exclusive use is difficult to contest -- if more than one broadcaster used the same frequency in the same place, then neither could be heard (or seen) by listeners or viewers. But there was no reason that the airwaves had to be parceled out in this manner. For example, they could have been made available for set intervals (e.g. hour-long blocks) parceled out through a lottery. Or they could have been auctioned off for set periods, either by the hour or by the year. If one considers the lost income from an auction of this asset, the government intervention on behalf of broadcasters runs to the tens of billions of dollars every year. (Earlier this year, an auction of frequencies in Germany, which were to be used for wireless communications, raised over \$30 billion.)

Remarkably, this huge gift from the government to the broadcasting industry is seen as a free market arrangement. When the public demands that conditions be attached to broadcast frequencies -- such as designating time for children's programming or for political candidates to present their agendas -- this is treated as interference with the market.

Neither progressives nor conservatives would want the resulting anarchy if the government withdrew

its regulation of the airwaves. Yet, progressives have let the right's preferred solution appear as a market solution.

#### Intellectual Property "Rights"

A similar situation exists with patent and copyright protection. Such protection is an explicit form of government intervention in the market. The government guarantees a patent or copyright holder a monopoly on a specific product (or process) for a designated period of time. It is clear that these interventions serve a purpose -- they provide incentives for innovation and creative work -- but they are nonetheless forms of intervention. In the absence of government intervention, anyone could sell copies of Microsoft software or Viagra, without getting permission from, or paying royalties to, Microsoft or Pfizer. By failing to recognize that patents and copyrights are interventions in the market -- and not the free market itself -- progressives give these forms of intervention a degree of legitimacy they do not deserve.

In fact, when patents and copyrights are discussed in public debate, they usually are referred to as "intellectual property rights." This would be comparable to having a debate over national health care being framed as a debate over how to best meet the "right to health care." Conservatives would never accept this language as the basis of the debate; yet progressives essentially concede the argument by accepting the way the issue is framed.

In the case of patents and copyrights, the language of intellectual property rights not only weakens progressives' political grounding, it seriously muddles thinking about the issue. The policy question that needs to be addressed is straightforward: what is the best way(s) to provide incentives for innovative and creative work? Patents and copyrights are one possible mechanism, but not the only mechanism. An enormous amount of innovative work takes place by scientists employed by universities, foundations or the government, where the hope of windfalls from patents would be close to zero. Similarly, a large amount of creative work -- including recorded music, writing, and the video production -- is supported by foundations, universities or other institutions. The earnings from having copyright protection for most of this work are trivial. There is literally no economic evidence to support the case that patents and copyrights are the most efficient means to support innovation





and creative work. In other words, this massive government intervention into the market cannot be justified on the basis of any body of economic research.

While conservative and mainstream economists are angered over tariffs that can raise the price of goods 10 to 20 percent, progressive economists have allowed patent and copyright protection to pass unchallenged, even though these forms of protectionism often raise the price of prescription drugs by several hundred percent. All the economic arguments concerning the inefficiencies created by tariffs apply equally to patents and copyrights -- but the size of distortions is far greater in the case of patents and copyrights.

Questioning patents and copyrights does not raise an issue about whether individuals should be rewarded for their creativity. This can be done under other systems. Nor does it raise a question about public or private control. Properly posed, the question is simply one of finding the most efficient way to support innovative work. Fuzzy thinking by progressives has not only given conservatives a rhetorical advantage on this point, it has prevented us from even posing the question in a coherent way.

#### Hampering the Trade Debate

The same sort of confusion hampers progressive views of trade as well. Conservatives (and some liberals) have characterized their agenda as "free trade," leaving progressives scrambling for justifications to prevent the downward pressure on wages and environmental standards that result from recent trade agreements. But there is no inherent connection between the ends pursued in these trade agreements and anything that can be called "free trade." The major thrust of most of these agreements has been to standardize the laws governing investment in order to facilitate U.S. investment in developing nations. The obvious and intended effect of this foreign investment is to place U.S. workers in direct competition with the lowest-paid labor anywhere in the world.

A "free trade" agreement could just as easily be written to standardize education and licensing standards for professionals. Such an agreement would then put U.S. doctors, lawyers, and accountants in direct competition with the lowest paid professionals throughout the world. Instead of investing to build factories in Mexico or China, hospital chains might pay to support medical education in these countries, with the graduates

coming to work in the United States. Since U.S. professionals are paid far higher salaries than professionals even in OECD nations (doctors in the United States earn more than twice the average for doctors in other OECD nations), free-trade pacts of this sort would have the potential for enormous economic gains for the United States, as well as developing nations.

However, trade agreements have done little or nothing to increase the ability of foreign professionals to sell their services in the United States. This is because doctors, lawyers and other professionals have powerful lobbying groups that can prevent this sort of competition.

Progressives have played along with this charade by accepting the conservatives' framing of the debate. By accepting their definition of trade but then seeking to attach labor or environmental standards, progressives act as if trade agreements will somehow be made into good policy with a few add-ons. This, of course, overlooks the fact that the main outcome of trade agreements will be depressing wages and environmental regulations. While such labor or environmental standards may ameliorate the harm from trade pacts, they are unlikely to change the fact that these agreements will still lead to downward pressure on the living standards of the majority of the population.

A more logical approach would insist that free trade should mean first and foremost real free trade in professional services. Let our doctors and lawyers enjoy the same benefits from global competition that auto workers, steel workers, and textile workers already experience. And free trade definitely should not mean extending patent and copyright protection to developing nations. These forms of protectionism will impose enormous costs on developing nations and will hamper their growth by draining away billions of dollars in royalties and licensing fees. Furthermore, international patent protection can literally lead to millions of deaths, since it will price many life-saving drugs out of the reach of people in developing nations.

#### Protecting Social Security

Social Security provides another clear example where progressives have accepted rhetoric undermining their position. This is most obvious in the phrase "privatization." No one in this debate is actually advocating the privatization of Social Security. This would literally mean that the administrative structure that operates the existing



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system would be sold off and operated as a private company. Nor is anyone seriously advocating a system with no old-age security, where we just tell workers that they are on their own.

Instead, conservatives are advocating a system of government-mandated savings, where the government forces individuals to invest in some types of funds for their retirement. While this can be done through a centralized system, where the funds would be collected by the government, most proponents of individual accounts envision a system of decentralized accounts, where the government will effectively be requiring workers to place a fixed percentage of their wages on deposit with the financial industry. It is also worth noting that almost every serious proponent of this system also advocates extensive government regulation of these accounts, restricting them to relatively low risk investments. The accounts therefore require a government role even in control of the money.

This system would hand the financial industry tens of billions of taxpayers' dollars in administrative fees each year. It has absolutely nothing to do with a free market. If progressives let the right pretend that it is proposing a market solution for Social Security, they have given away the debate. Both conservatives and progressives are proposing systems in which the government ensures that workers are guaranteed a minimum level of retirement income. The real question is which system does it more effectively.

#### The Federal Reserve Board

One last example worth mentioning is the stock market. In the 1987 crash, and on other occasions, the Federal Reserve Board acted to prop up the stock market. This is not a neutral intervention solely for the good of the economy. Stock holdings are heavily concentrated among the nation's richest families. The richest one percent own nearly 50 percent of stock shares and the richest 10 percent own more than 80 percent of individually held shares. When the Federal Reserve Board makes a decision to prop up the market, it is making a decision to transfer wealth from the rest of the nation to a minority of rich people.

Most progressives fail to recognize this relatively straightforward point. Some even seem to believe that a rise in the stock market is a gain to economy as a whole, because many middle

income and working class people hold stocks as well. An analogy may make the issue more clear. Consider an across-the-board cut in the progressive income tax, such as Reagan's 1981 tax cut or President Bush's recent tax cut. While many middle class families may get a small amount of money from these cuts, the vast majority of benefits go to the richest segment of the population. The missing revenue is, of course, a loss to the entire population, which must ultimately be made up by cutting spending or raising other taxes.

The exact same logic applies to the stock market. The value of individual stock holdings are, in effect, claims against the nation's wealth. The greater the value of these holdings, the larger the portion of the nation's wealth is controlled by those who have stock holdings. The concrete manifestations of this wealth are felt most immediately in the prices of goods that are in relatively fixed supply: most obviously, housing. Tens of millions of families are paying more for homes or rent because the stock market has given a small segment of the population more money to bid up home prices. The effect of the increased wealth of the rich, from the stock market, on the standard of living of typical families will be felt in other ways as well, although the specific instances may be less dramatic.

The amount of wealth that has been transferred through the run-up in the stock market over the last decade is truly staggering. If today's price-to-earnings ratios were to fall to their historic levels, it would destroy approximately \$7 trillion of wealth, an amount equal to approximately 500 times what the federal government is currently spending on welfare. The Federal Reserve Board's policies over the last 20 years -- most notably the propping up of the market in the wake of the 1987 crash -- have helped to engineer this transfer from the rest of the nation to the wealthy. The fact that many progressives have even applauded the market run-up shows how completely disoriented our rhetoric has left us.

It is likely that the stock market bubble will ultimately burst, and this run-up will be reversed. It remains to be seen how the actual dynamic of the crash will unfold, and who will end up as the big losers. It's reasonable to believe that many of the wealthiest investors will have gotten much of their money out of the market near the peaks, allowing pension funds and less affluent families to enjoy the losses.

## The Inevitability of the Natural Approach

There are many examples of situations in which corporate profits or high labor incomes are fundamentally dependent on government interventions into the market. In fact, there are probably few, if any, cases where this is not true. But, in virtually every case, the preferred approach of the right is to try to define away this intervention as somehow natural or inevitable. When progressives accept this characterization of the debate it puts us at a major disadvantage.

Instead, progressives should expose the government's role in the right's preferred solutions. Progressives should always ask whether government intervention can be structured in a way that better serves the majority. Finally, and most importantly, progressives must stop arguing from a script drafted by the right.

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## Developing Countries In Despair Over WTO Preparations For Doha

By Aileen Kwa

'There is a development deficit. The marginalisation of many developing countries in the global economy is an attestation to this fact. And this is a true reality check. It is clear we are in a state of impasse. We characterise the situation as discouraging, discomfoting, demoralising and in some instances, even depressing'.

Malaysia's Statement at the WTO General Council Meeting in Preparation for Doha Ministerial Conference 30 July 2001.

The World Trade Organisation conducted a 'reality check' to assess how close or far apart Members were in agreeing on a common agenda for the Ministerial in Doha in November. In preparation for this assessment, a report on the current state of preparatory work for Doha was issued by the Chair of the General Council, Harbinson and WTO's Director General, Moore (Job (01)/118).

Developing countries, angered by the biased process of consultations so far, the lack of progress in areas of interest to them, as well as in disparagement over the lack of accurate representation in the report on specific issues,

used the opportunity of this 'reality check' to voice their concerns.

Two main issues were highlighted by developing countries: 1) There has been no progress at all on implementation issues - any such report by the chair is being overly optimistic and 'not factual'. 2) That there is no growing consensus on the new round - as the Chair and DG's report seem to suggest.

In private interview, a delegate from Africa said that the report 'was not a reality check. We do not think it reflects what went on in the consultations. It is quite imbalanced in the way weight is given to one position over another'. Pakistan's Ambassador Akram, in the WTO General Council, said that the report, 'reflects a sense of underlying optimism, which we believe, may not be justified by the realities on the ground'.

Developing Countries' Assessment of Reality: Process 'Depressing', No Movement on Implementation, No growing consensus on New Round, No Agreement on New Issues, No Internal Transparency

Developing Countries Find Preparatory Process for Doha 'Depressing':

In general, developing countries expressed frustration that there really has been no movement in the Doha preparation on issues of interest to them. The process so far, has concentrated on trying to get agreement on new issues (pushed by the EU and now US). while implementation issues have been subjected to a process of being increasingly watered down and marginalised.

Malaysia, voiced that

'by focussing mainly on the issues that are currently outside the scope of the WTO, we create the impression that these are the only main issues that would make or break the Doha Ministerial Conference. Clever drafting cannot resolve fundamental difficulties and this has to be recognised. It is clear we are in a state of impasse. We characterise the situation as discouraging, discomfoting, demoralising and in some instances, even depressing'.

India's Ambassador Narayanan, commenting on DG Mike Moore's opening statement, that without a launch of a new round, the WTO would be rendered 'irrelevant' said at the meeting:





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'I have to say that his argument is not particularly convincing. I am afraid the approach suggested by the Director General ignores past experience of developing countries, current realities of power equations and obvious future risk. It is a matter of some regret for me that the Director General who has been a close observer of the way the implementation issues are handled by the major trading partners for nearly two years now, should be advising developing countries to accept new asymmetries and imbalances in order to remove past asymmetries and imbalances. In this context, my own assessment is that a new comprehensive round of negotiations, mainly aimed at removing even the limited policy space available to developing countries in area of crucial development interests to them, will only result in a net additionality to the existing asymmetries and imbalances'.

Ambassador Akram, of Pakistan, commenting on the process and the report said,

'Mr Chairman, we may have spent 35 plenary meetings in preparing for Doha. But I think if we are frank with each other, we should admit that we have not moved very far forward on the road to Doha.'

#### No Movement on Implementation

Implementation issues has been highest on the agenda of developing countries at the WTO. 'Implementation' represents the broken promises, and inequities which have emerged as a result of the Uruguay Round package for the South - for example, in TRIMS, TRIPS, Agriculture, Textiles, Anti-dumping. Since Seattle, much time has been spent on some topics under 'implementation', but with no results because the developed countries have been unwilling to yield.

Addressing the inherently biased nature of the WTO's QUAD-and-Secretariat-driven negotiating process, Pakistan, criticising the Chair and DG's report said:

'Particularly in the area of implementation, it is impossible to conclude that there are, I quote, 'welcome advances' or 'positive developments' or 'some headway in the process'. On the contrary, there has been an obvious lack of political will on the part of our major trading partners even to engage in discussions and negotiations, much less to respond positively, to the concerns and proposals relating to implementation. In fact,

virtually no consultations were even convened with regard to two of the major areas of Implementation ie Textiles and Anti-dumping.'

Akram then posed the questions: 'Are the major trading partners politically incapable of responding positively to the main Implementation concerns of the developing countries? Some of the news that we read may indicate that that may be the case. Alternatively, are they holding back their responses on implementation issues mainly for tactical reasons, in order to extract concessions from developing countries on their ambitions and objectives for Doha?'

India also pointed out in their intervention that of the 97 tirets on implementation issues in the draft ministerial text for Seattle, decision on 3 tirets were taken in December 2000.

According to India, 'If you take into consideration the fact that most of the implementation proposals have been on the table for nearly 3 years now, the fact that these issues and concerns have to be addressed and resolved latest by the Doha Ministerial Conference which is barely three and a half months away, the fact that subsequent to December 2000 when only three decisions were taken, no decision has been taken on any implementation-related proposal.'

In sum, India's view was that 'there is no significant change in the attitude of the major trading partners. I would say that the element in your report which indicates that the 'progress at this stage in achieving concrete results has not been as rapid as might have been hoped' is a gross under-statement'. In fact, India's Ambassador Narayanan went on to say that 'we are terribly disappointed and distressed about the lack of progress in dealing meaningfully with implementation issues and concerns which have been on the table for a long time now'.

Zimbabwe, speaking on behalf of the African group, also said that on implementation issues, 'we can all agree that more progress will be required before Doha. Quite frankly, the current situation is far from satisfactory and challenges us to intensify the search for urgent and meaningful solutions'.

Malaysia also commented that they were 'very disappointed that there has not been any substantial outcome on any of the implementation related concerns, and we wish to remind Members of the General Council Decision to resolve these

matters at the latest by the Fourth Ministerial Conference'.

No Agreement on New Issues, No Consensus on New Round

The LDCs, fresh from their Ministerial meeting in Zanzibar, reiterated the position taken there. Representing the LDCs, Tanzania said that 'Ministers considered the so-called Singapore issues that include investment, competition policy, environment, transparency in government procurement and trade facilitation. Given the fact that the issues are complex, and divergent views exist and that the new issues are yet to be fully understood, especially regarding their implications on LDCs' development, the Ministers were of the view that the study process should continue in the working groups and that time is not ripe for LDCs to undertake negotiations for multilateral regimes on these areas'.

Pakistan, on the same subject said: 'We note that considerable time has been spent on consultations relating to some of these issues, and some of the 35 meetings have been expended on this exercise; certainly more time on these issues than on the issues relating to Textiles and Antidumping. But, we see little prospect of bridging the gap and reaching consensus on a negotiating mandates for these issues.'

Malaysia also stated in no uncertain terms that they were not interested in any of the new subjects - investment, competition or trade facilitation. In fact, on trade facilitation, Malaysia said 'My delegation is unable to accept the report's assertion that there seems to be some degree of acceptance that a negotiating mandate would probably be that as outlined in paragraph 25. It was clear from the consultations that apprehension remained as to whether new rules were needed.'

On behalf of the African group, Zimbabwe in the meeting, commenting on the Chair and DG's report on new issues said: 'I must say with all frankness that we are disappointed by the way in which these differences have been portrayed. For example, on the relationship between trade and investment, your Report says some members want the work of the working group 'prolonged'. This reflects a judgement on the time frame. The issue here is for the Working Group to complete its task / fulfil its mandate, and not merely prolonging its existence.'

## India's Assessment of Current Situation

Ambassador Narayanan, seemed to voice many developing countries' perceptions of the process so far. He said that India's assessment of the current reality was that a) Without meaningful results on implementation issues and concerns, Doha Ministerial is unlikely to succeed b) There is no great enthusiasm for a comprehensive round involving a wide variety of new subjects as proposed by some major trading partners; in fact, there is considerable amount of resistance; c) The 'all or nothing approach' is risky in as much as it is likely to result in 'nothing' rather than 'all'

Green Room, Non-transparent Consultations Continue Mike Moore, referring to the issue of internal transparency in Doha preparations, said that 'internal transparency and participation have been greatly improved'. He backed this statement by stating that 35 plenary meetings of the Council, formal and informal devoted to the Doha process have been conducted.

Contrary to his assertion, however, Jamaica, commenting on this Doha process at the informal General Council meeting held on the 27th July (in preparation for the 'reality check') said that they were very disappointed that they have been left out of the informal consultations that have been going on.

The truth of the matter is that Green Room consultations still take place in proliferation. Many developing country delegates are not invited to the myriad informals organised each day on different topics. This lack of internal transparency makes it much easier for the majors in the WTO to split the ranks of developing countries when push comes to shove.

Looming Pitfalls For the South While developing countries seem to be holding their ground for the time being, pressures on them are now intensifying from all sides. According to an Asean delegate, there will be increasing pressure tactics from the EU and others. Many African and Latin American countries do not want the launch of a new round. However, many rely on Aid and trade preferences. 'One call to your boss, to tell your man to cool off. That's all it takes. We can expect this in the days to come'.

African countries in particular, will be targeted with pressures of all forms. The powerful driving the WTO, after all, need their compliance to prove that even the poorest are in agreement. Indeed,

the proponents of a new round have been using Egypt in the North, and South Africa in the South, to work on their African colleagues. Kenya in the East and Gabon in the West have also been targeted to change their positions and become ring-leaders for a new round.

The battleground has shifted, from Geneva back to capitals. Unless trade ministers, under pressure from the powerful countries also feel the heat from civil society resistance in the next two months, it is unlikely that they will be able to stand their ground. With meagre offerings of market openings, aid packages and more technical assistance, Doha could launch a limited new trade round, with a mandate that gets expanded as the round progresses.

One prominent NGO leader from the South, commenting on this possible eventuality, said that should a new round be launched, Genoa may just be a daily reality in Geneva next year.

Aileen Kwa.  
Focus on the Global South  
<http://www.focusweb.org/>

### **Informal ECOFIN Meeting Liege - Write to Gordon Brown**

By Steeve Tibbet

I know that in the past you have expressed support for the Tobin Tax as a way of reducing the amount of damaging and destabilising currency speculation in financial markets. As you know it could also raise considerable resources for development objectives.

In a key development for the proposal, The Belgian Prime Minister Guy Verhofstadt has forwarded the Tobin Tax for discussion during the current Belgian Presidency of the EU. Specifically, he has placed the idea on the agenda of the informal ECOFIN (finance ministers) meeting in Liege for the 22nd September this year.

Presumably the Belgians will be looking for support for the issue from other member governments. The British government could and should support such a move, or at the very least not oppose it. The British are seen as crucial players in the debate and other member states will be watching carefully.

If you have the time and the inclination to do so, I think a letter to Gordon Brown making these

points would prove invaluable. You could also say that this idea has widespread support but that it requires political leadership to make it a reality. Apart from War on Want many UK organisations support the tax, including the TUC, Oxfam and Unison. In addition, more than 147 UK MPs have signed a House of Commons motion in favour, while as many as 225 MEPs have voted for a study of the tax. The idea has gained a great deal of political momentum in recent months and it is up to us to move it up the political agenda.

Thanks in advance for your time. Please let me know if you get any replies.

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Model letter to Gordon Brown, to reach him before 15 September 2001.

Please amend text as you wish.

Dear Mr Brown

Informal ECOFIN Meeting Liege

As you know, the Belgian Prime Minister, Guy Verhofstadt has raised the Currency Transactions Tax (CTT) as an issue for discussion during the current Belgian Presidency of the EU. Specifically, he has placed the idea on the agenda of the informal ECOFIN meeting at Liege.

Presumably the Belgians will be looking for support for the issue from other member governments. I feel very strongly that the British government should support such a move.

I personally strongly support the CTT or Tobin Tax as a way of reducing the amount of damaging and destabilising currency speculation in financial markets. It could also raise considerable resources for development objectives.

You will know that many respected organisations support this idea, including the TUC, Unison, Oxfam and War on Want. Also, more than 100 of your own party's MPs have signed a Commons motion in favour. This is an idea that has



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Please circulate and distribute.

widespread support but requires political leadership to make it a reality.

Yours sincerely

I urge you to prepare a positive response to Mr Verhofstadt's proposal and to give the Tobin Tax the attention it deserves.