attac

Sand in the wheels

Weekly newsletter - n°94 – Wednesday 05 September 2001.

ANOTHER EUROPE, ANOTHER GLOBALIZATION

Content

Another Europe for another globalisation

by Arnaud Zacharie

The Citizens' European Congress

On 22nd and 23rd September, the Citizen's European Congress will be held within the Liege

University. This congress will be organized by ATTAC - Belgium in partnership with the Belgian NGOs and the trade unions FGTB and CSC; it will be about the alternatives to another Europe and another globalisation. The aim of this Congress, which will happen in the mean time as the Ecofin Summit while the Belgian Presidency of the European Union, is to bring out the convergences between social movements and the citizens from Europe and from all over the world, all this taking place after the Alternative Social Summit of Geneva (June 2000), the Pan-African Summit of Dakar (December 2000) and the Social Forum of Porto Alegre (January 2001). These movements will all meet in Brussels, next December, during the large demonstration of the Laeken Summit.

What is Ecofin?

This institutional logic of the European Union is so complex that the citizens often see in it a source of opacity and a democratic deficit. Thus, the European Commission, composed of representatives of the Member countries who are not democratically elected, have an important power, since they have the proposal's monopoly and they are the guardians of the Treaties. The European Parliament, democratically elected since 1979, has been given a very limited power of co-decision and control on the Commission and on the Budget. The major decisions of the European Union are actually taken during the Summits gathering Ministers of each member country - the Council.

Ecofin is therefore the Council of the European Finance Ministers who decide of the Union's financial orientations. Therefore, the economic and financial policies become concrete within the Council, which is rather difficult, especially since the Member countries have decided to go the common currency (euro) implying an enhanced co-ordination.

One Europe at the international finance's disposal

With the financial globalisation advent, the European set up has adopted the neo-liberal development model based upon the attraction of the international funds. In 1990, the European Union firstly offered to the capitals the free-circulation. Then, E.U. ensured high returns according to the criteria of convergence written down in 1992 in the Maastricht Treaty: high interest rates set up by the European Central Bank independent from any politic power, price stability (inflation cannot exceed 2%) and budgetary austerity (deficit cannot exceed 3% of the Gross Domestic Product). Lastly, E.U. apply themselves to diminish the taxes on the companies and on the profits, so as the international companies come rather in the European countries than elsewhere.

Alike the racing cyclists, our governments are enrolled in an endless competitive race. Everywhere, world competition implies giving high returns to international investment funds, less taxing the multinational firms and moderating the wages. But high interest rates make the costs of the credit higher, and this breaks up the growth and the employment.

Moreover, in order to ensure the price stability and high financial yields, European governments push for lower wages and allow "an army on the dole" to exist, these people competing with the salaried persons and forcing them to accept more and more flexible working conditions. Thus, 20% of the European live under the poverty line.

Lastly, the tax competition consisting in offering lower and lower tax as well as the budgetary austerity end up in the breech of the State abandoning little by little Public Services as vital as National Education, National Health, National Retirements and so onS

Thus, employment, speculation and tax dumping are as important for the world economy as are the drugs for the cyclist race, and the world economy is therefore in chronic danger.

Which globalisation?

Whereas the dazzling progress of information technology and transportations reduce the Earth to a global village, few people actually access to these opportunities: out of 6 billions human beings, 80% are in need and half of them live with less than $2.00 a day. At the same time, one person out of 5 does not have any access to drinkable water, one out of six is illiterate and one out of seven suffers from malnutrition.

This situation takes its roots within the globalised financial markets operation, which reduce globalisation to a system which attracts the wealth towards a minority of the world population, and this through many canals: financial speculation, illegal debts refund, "stock sacking", tax heavensS If the global wealth have always been increasing since three decades, so have the inequalities: the 200 richer persons in the world have accumulated a fortune equivalent to the income of nearly half the world population!

This trend is present everywhere, even, in the North: in Belgium, 10% of the richest people own 50% of the national wealth, whereas 50% of the poorest do with 13%. In Europe, the wealth was divided up as follows: 30% raised by the profits and 70% by the wages. This is constantly evolving to 40% - 60%.

The term "globalisation" does not seem to be the most appropriate word to define the present situation, since it is only true for the international funds and since the trades between the North and the South are fewer today than at the beginning of the XXth century. The genuine globalisation - the one involving the full employment, the education and the health, the social justice and the democracy, the fair trade, the human rights, the social rights, the economical rights and the environmental rights - remains to be set up. The Citizen European Congress is aimed to bring a citizen stone to this sketched structure.

The interest of the citizen convergences

The stakes of the newly born century are so important that the synergy between the different social & citizen movements has become a need. The organization ATTAC which is composed of individuals and organizations hold a major role as far as this synergy is concerned since ATTAC cab be used as cement between the citizens on one hand and the trade-unions, WTO and the associations on the other hand. Obviously, the objective is neither to come to a homogenisation of these components nor to a substitution: ATTAC have partners only. The aim is therefore to gather as many forces as possible so that the European building and the globalisation process become a benefit for the citizens from all over the world. The diversity of these forces should be kept so that one think tank does not replace the existing one.

These synergies are to be built up on different geographic levels: local, regional, national, European and worldwide. That is why the Congress, opened to every progressive European and international forces, is organized by ATTAC Belgium in partnership with the unions FGTB and CSC and the Belgian NGO coalition. As well about fifty associations from Liege will support the Congress by organizing cultural events on 21st and 22nd September evenings. Acting locally while thinking globally is therefore the way to follow to set up a citizen international movement with strong local roots.

At last, it is important to go further than federating all the forces opponent to the present situation. It could lead to join non-democratic forces or to defend irreconcilable objectives (e.g. the extreme rightists are against the financial speculation). On the contrary, it is very important to define what we stand for and then gather all the forces defending the same objectives than us. That is why the term "anti-globalisation" used by the media to define our movement is not relevant. We belong to a movement standing for another globalisation. The Citizen European Congress, focused on alternatives for another Europe and another globalisation, represent an important step of this process.

Arnaud Zacharie, co-ordinator of the Citizen European Congress
For further information http://attac.org/cec/

A Forum on the Debt

OneWorld www.oneworld.net, in partnership with Eurodad www.eurodad.org are launching the third leg of their debate of their online discussion on international debt at www.DebtChannel.org : "From Genoa to World Bank/IMF Autumn Meetings", to help move international policy-makers beyond 'debt fatigue'.

This debate will tackle the issue of deeper and broader debt relief and question whether there is, in fact, "a necessary trade-off between deeper debt cancellation for HIPCs and broader debt reduction for more countries (for instance Lower Middle Income Countries). If so, which of the options should be favoured?"

The debate will run from 3 September - 21 September 2001 and can be accessed at http://forum.oneworld.net:8080/~debtchannel

Debt campaigners, debt experts, and debt relief enthusiasts from New Zealand to Zambia have already made their views known in the first two debates. "Our aim is to increase understanding of current issues for NGOs,
policy-makers and interested citizens", said Ted Van Hees, Eurodad
Co-ordinator, "We want to map out the way ahead, allow contributors to bring in new ideas and re-animate the debt debate prior to the World Bank and IMF meetings in Washington. "

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Dear friend,

RE: OneWorld/Eurodad discussion forum on debt:

Topic 3 of the OneWorld/EURODAD online discussion on international debt is starting on Monday 3 September 2001:

"Is there a necessary trade-off between deeper debt cancellation for HIPCs and broader debt reduction for more countries (for instance Lower Middle Income Countries). If so, which of the options should be favoured?"

You are invited to share your views and ideas on this topic until the 21 September 2001.
If you have not registered in the forum yet, please go as soon as possible to http://forum.oneworld.net:8080/~debtchannel .

The quality of the discussion for the first two topics has been high. Here are a few exchanges which took place:

On Nigeria and HIPCs:

Wayne Camard (IMF): "Cancelling Nigeria's official debts under the HIPC Initiative while the country continues to service commercial creditors would be a form of bail-out for private creditors."

Ann Pettifor (Jubilee Plus): "Talking of bailouts...why is a bailout for the IMF and World Bank OK; but not for private creditors? The preferred creditor status of the IFIs means they are continually being bailed out for bad lending decisions. Meanwhile, Nigeria has less private debt than average for HIPCs."

On loans versus grants:

David Roodman (Worldwatch Institute): " Those who argue that shifting to grants would deplete the IDA are, it seems to me, assuming that donor governments will not continue to make new contributions to the program as they have for the last 40 years. Yes, the IDA would have less money to give to poor countries each year, but equally it will take less money away. And for what it is worth, with less money flowing through the IDA, the World Bank can shrink a bit, leaving more money for borrowers. Countries that really do develop will, I expect, gradually increase their capital contributions to the multilaterals and in that way "repay" their grants."

Do feel free to send this invitation to colleagues and friends who may be interested.

We look forward to your contributions, ideas and comments.

Best Wishes

Jonathan Wolsey with Ted van Hees, Francis Lemoine and Rob Mills. Eurodad moderators for the OneWorld DebtChannel.org www.debtchannel.org Discussion Forum

Tobin Tax, Another Way is Possible

by Marco di Gregorio

In an article in the Sole 24 Ore (24 hr Sun) for 15 July, the former deputy governor of the Bank of Italy, Mario Sarcinelli, attacks the case for adopting the Tobin tax. Sarcinelli maintains that it is not an effective tool of economic policy , since it does not help governments to defend their own currencies better.He adds that it could be a source of revenue but that its adoption would be complicated and its effectiveness uncertain given the variatiability of the taxable base. Sarcinelli chooses not to include in his analysis the question of whether financial speculation has a useful function in the economuc system. This is an important question in order to determine to what extent the imposition of a tax could help or harm the economy of each individual state and the exchange system as a whole. It is difficult to maintain that speculation is a tool that is useful to citizens, or to businesses or to a country's economy . Speculation (for the puposes of the Tobin tax all transactions for a period of less than 30 days would fall within this category) does not create wealth but shifts it.And it shifts it exclusively at the bidding of someone who can effect this with expertise, namely the financial bodies. The productive system has no proven need of speculation, moreover it risks damaging complex projects owing to its unpredictability. Speculation can cause a business to fail just as it can put a state in crisis.In the first case the results affect thousands of people, in the second hundreds of millions.And if it is true, as Sarcinelli says, that speculators act on the basis of economic data, it is also certain that the effects of their actions entirely overwhelm all economic reality (unless it is held impossible for a state economy to lose 90% of its value in one week).

Let us proceed with the objections to adopting the Tobin tax. For Sarcinelli it could not be a tool of economic policy since the rate of tax (maybe 0.1 or 0.25%) would be insufficient to alarm speculators and to give governments greater control of their currency.I have no statistics at my disposal on the margins within which traders operate, but almost always they are in the order of hundredths or tenths of a point, dimensions likely to be affected by a "fine" equal to only a tenth of a point.

Over objections to the Tobin tax as a source of revenue it is necessary to pause a little. The first of these , regarding possible migration to shores more fiscally hospitable, applies to all fiscal policies and the relevant havens .Anyone wanting and capable of having recourse to this form of legalised evasion is already doing so and if a 12.5% tax on capital gains has not killed off the Italian real estate market a tax of 0.1 to 0.25% certainly will not do so. Sarcinelli himself maintains that "no speculator who expects high earnings with low risk would be influenced by a rate such as 0.25%. The technical difficulties are laughable given the development of information technology which would easily make it possible to place a sort of "electronic trace" on the 30 day validity of transactions evidenced only by electronic means.

Another objection is difficult to understand; the use of information technology ,says Sarcinelli , would immediately be the source of a "fall in the number of transactions", possible cause of " a reduction in liquidity and increase in volatility".Perhaps the new control systems have found it more difficult to "clean up" the economy dirtied by trailing through the markets? Sarcinelli calls in question the ability of the governments to come to an agreement regarding the adoption of the tax; there is reason in this point, but ,as he recognises himself, the Tobin tax is perhaps the first tax which does not come as an imposition but actually by request from hundreds of millions of people. Its adoption would have political as well as economic consequences. Think of it; such a lot of ordinary citizens succeeding in obtaining a fundamental change in the way in which the currency is operated and exchanged; I can think of nothing more revolutionary.

But it is the conclusion Sarcinelli reaches that is particularly open to argument; since the total amounts to be subject to the tax are not known , the results cannot be calculated. Well, what of it? It is not a case of covering an already defined expense budget, but of making resources available which so far neither governments nor agencies have succeeded in finding. Sarcinelli states that, on its own, a tax of 0.1% on exchange transactions would bring in an income of 815,040 billions of lire in a year. Let us imagine that only Europe and Japan take part and that , because of this tax ,transactions are halved; over 200,000 billion lire would still remain, more than the rich countries transfer each year to the poor, a hundred times the annual budget of UNA. Has Sarcinelli got a better idea ?

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The Leverage of the Tobin Tax.

By Heikki Patomäki

Democratising Globalisation.

In the 1970s,Tobin proposed a small tax on currency transactions. By making many such transactions unprofitable, the financial system would become less unstable and volatile. States would have space for more autonomous economic policies.

This book makes a new case for the Tobin tax and related measures. Beginning by developing a model of the causes of financial instability, Patomäki procedes to analyse global financial market's role in a world-wide nexus of domination. The powers of the global financial markets to undermine economic policies, production and employment have grown rapidly. This increased power of finance is also anti-democratic; transferring accountability away from parliaments whilst reinforcing neoliberalism. Furthermore, it contributes to a process of increasingly inequitable wealth distribution and helps facilitate transnational crime. It has also helped the US to reinforce its hegemonic position in international relations.

The Tobin tax, however, has emancipatory potential by making the structure of global finance vulnerable to 'collective conflict' and deliberate revision. The Tobin tax is also highly innovative in simultaneously defending state autonomy whilst suggesting path-breaking approaches to global governance. By this route, the author argues that the 'politics of globalisation' becomes also about questions of authority, democracy, social responsibility and justice.

The problem of the Tobin tax has always seemed to be a lack of realistic political possibilities. Tobin and his followers have assumed that universal' consent would have to precede workability. This book argues to the contrary, suggesting a 2-phase approach. Phase one involves a group of countries initiating the system. Such a group could procede quickly, building pressures for those outside to join.

The book concludes with suggestions for a Tobin Tax Organisation empowered to implement, supervise and enforce. Potentially vast revenues in a second, inclusive, phase could be used for globally determined economic and social purposes. Proposals are thus developed for an efficient, just and democratic organisation with significant emancipatory potential.

Introduction

This book project began after the Asian and Russian crises, in early October 1998. In the numerous discussions on what to do about the financial crises, the Tobin tax clearly emerged as the prime reform proposal. James Tobin first made the suggestion for a low rate tax on financial transactions of currencies in 1972. A quarter of a century later, the proposal started to seem well worth serious attention.

Soon I realised that the Tobin tax is more complex and deep an idea than I had originally thought. And the more I have studied it in 1999 and 2000, the more it has brought previously hidden aspects and layers of global realities to the fore. Many economic activities and political aspirations have been subordinated to the power of the increasingly global financial markets. The Tobin tax provides emancipatory potential that goes far beyond simply stabilising the foreign exchange markets or, for that matter, taxing transnational hot money.

The first chapter analyses the problem of financial instability, in particular focussing on the foreign exchange markets. These markets are characterised by daily and weekly volatility, steep longer-term fluctuations and sudden full-fledged crises. Since the collapse of the Bretton Woods system, volatility and fluctuations have increased manifold. It also seems that out of the almost eighty currency crises which have taken place since the late 1970s, the most far-reaching ones have occurred since 1990. Particularly, the Asian crisis – which spread to Russia and Brazil – alarmed the world. Many of these crises have been connected to developments in bonds, equities and loans markets, themselves crisis-ridden.

Chapter 1 argues that at the heart of the problem lies the growing power of market movements, stemming from the process of financial multiplication. This process is the collective consequence of leverage building, mutual indebtment and rising prices. The socio-economic consequences of crises are upsetting. A crisis is produced in the secondary markets, where foreign exchange contracts, stocks and bonds are being exchanged. Yet, the unexpected implosion of the values of assets, and/or the flight of funds also has an effect on the primary markets of savings, loans and currencies. The primary markets, in turn, co-determine the conditions for many other economic activities. The total cumulative loss of output for a combined banking and currency crisis has been, on average, some 15 per cent. The effects on the weakest sectors of the population include unemployment, marginalisation, poverty and illnesses. Given the current global financial system and the principles of governing it, those who suffer the most have typically had the least to do with producing the crisis.

Chapters 2 and 3 attempt to uncover less visible aspects and effects of the global financial markets. Chapter two provides a power analysis that focuses on private financial actors and their resources. Financial actors have direct transformative capacity both individually and collectively. The financial markets tend to allocate capital collectively on the basis of shared neoliberal frameworks of analysis of financial prospects. The heavy-weights and markets leaders can manipulate markets for their own benefit, even orchestrate attacks against the currencies of major states. Moreover, the individual and collective financial actors are not just market players; they have also created collective associations to pursue issues of common concern and interest. These associations claim to have a privileged access to governments all over the world.

Despite the importance of these features, perhaps the most far-reaching conclusion of chapter two is that when we look at wider developments more closely, there seem to be, in fact, a number of on-going processes of drawing resources from the non-financial sphere to the financial markets. Financial multiplication would be rather impotent without the continuous movement of further resources into the system.

Chapter 3 looks at the global power relations from a different angle. The re-emergent global financial markets have played a pivotal role in the relations between territorially organised states. Since the 1960s, the Eurodollar markets in London were the response of the British governments to its declining position and economic difficulties. The establishment of the Eurodollar markets was also an attempt to reinstitute the City of London as the world's financial centre. With the support of the US, it turned out a success. At the turn of the 1970s, the US decided to create itself more freedom of action by renouncing the Bretton Woods system. In the 1980s, the US learnt to use the financial markets more systematically to reinforce its hegemony. Furthermore the rise of the offshore facilities was, mostly, initiated or encouraged by the UK and the US. Once established, the global financial markets tend to undermine the basis of democracy and the welfare-states. They underpin the hegemony of neoliberal ideology, and stimulate a partial return to the nineteenth century style laissez-faire governance and, simultaneously, rapidly increasing transnational criminal activities and networks. They also contribute to growing global disparities.

Arguably, the power of financial markets distorts investments, subordinates firms to financial interests and draws increasingly more resources from consumption, investments, and public spending to mere hedging and speculative searches for financial gains. The winners at this casino, in turn, get excessive rewards, amounting to hundreds of billions of dollars, or more. These practices also tend to raise the real interest rates and force states to follow deflationary policies. Collectively, this seems to mean inefficiency and declining global demand – and may help to explain the gradually deepening stagnation of the world economy.

According to IMF's World Economic Outlook October 1999, in the 1980s "advanced economies" grew at the annual rate of 3.1%, which was much less than in the previous decade. In the 1990s the growth rate has been only 2.4%. Outside the OECD area, economic growth has occurred mainly in Asia, in particular in China and the Asian tigers. After the Asian crises, the previous growth rates of the Asian tigers haven't yet recovered, and cumulative output loss has been considerable. In the late 1990s, more than 80 countries have lower per capita incomes than a decade or more ago, and at least 55 countries have consistently declining per capita incomes. The power of global finance seems to have contributed to these developments.

Chapter 4 makes a normative case for a low rate tax on financial transactions of currencies. The Tobin tax addresses the power of speculative financial markets and their socio-economic consequences. James Tobin's original case was based on the ideals of autonomy of states and economic stability. Although his general case is more valid today than ever, it fails to address wider issues of economic efficiency, justice, democracy and human emancipation. In a nutshell, instead of letting globalisation take us back to the nineteenth century principles of economic governance, we should democratise globalisation and enable the setting up of more efficient and just practices.

Justice as fairness would dictate, at its bare minimum, that if someone accepts the benefits of a practice, they should not refuse to do their part in maintaining it. The current system of "individual profits, socialised risks" fails to meet even this minimalist criterion of justice. The Tobin tax is a possible way to make the participants pay their fair share in maintaining the global financial system. Further, justice as fairness would seem to imply some compensation for past, present and future injustices for those inflicted by the financial crises. The Tobin tax can be seen as a practical way of collecting resources for this compensation.

Moreover, a generalised commitment to enacting principles of justice in a world of disparate agents, many of them vulnerable to others' powers, must also be a commitment to transform characters and powers of agents and the structure of institutions, so as to reduce powerlessness and vulnerability. Similarly, going beyond Tobin's argument for a somewhat increased autonomy for states in their economic policy, the generalised ideal of democracy seems to point towards enlargement of the real possibilities for self-determination. Like the argument for human emancipation, the comprehensive argument for democracy also suggests a more democratic system of global governance than the present one.

Chapter 5 discusses the technical and economic problems of realising the Tobin tax. These include the problems of tax evasion and the effectiveness of the tax in alleviating economic instability. Tax evasion is potentially a serious problem, and a wide variety of currency substitutes have to be covered. What is more, a systematic policy to deal with offshore tax havens has to be agreed upon, a policy that should be part of any project to tackle the problems created by global financial markets.

Yet the fear of the technical failure of the Tobin tax seems to be greatly exaggerated. When the installation of the tax is seen in processual terms, and the idea of the tax is slightly modified, not all major financial centres have to be within the taxation system from the outset to make it practicable. Chapter 5 therefore goes on to suggest that the Tobin tax could be realised in two phases. In its first phase, the system would consist of a grouping of interested countries, preferably including the EMU countries. This grouping could establish an open agreement – any state can join at any time – and a supranational body orchestrating the tax and collecting the revenues. It should also take measures to prevent actors from relocating their financial activities, such as a high tax on lending to outside actors. In the second phase, which should be carried out either when all major financial centres and most other countries have joined the first phase system, a universal and uniform Tobin tax at a higher rate would be applied, with an increased surcharge triggered by exceptional fluctuations. This arrangement would solve the tax evasion problem. Following the amendments of Spahn (two-tier system) and Woodward (global fund to support currencies), it should also be more sound, efficient and just than Tobin's original proposal.

The problem of the Tobin tax has always seemed to be the lack of realistic political possibilities. Tobin and his followers have assumed that 'universal' consent would have to precede workability. Since major states and powerful organisations are opposing the idea, this appears unrealistic. It is possible that a Big Crash will come and change the global political landscape, but the political consequences of that would be unpredictable, possibly dangerous. Democratising Globalisation makes an argument for building a better system before (in the absence of) a major global crisis.

Instead of speculating on universal consent, Democratising Globalisation builds – more realistically – on the possibilities opened up by the two-phase approach. Any significant grouping of countries can proceed quickly, despite the resistance of some of the major centres. Since this model empowers actors to work for the tax even without the support of the US, the UK, the International Monetary Fund (IMF) or any given actor deciding to oppose the idea, it is emancipatory in its implications.

Thus far, only Canada has been actively promoting the Tobin tax. This indicates that even outside the heartland of the global financial system, it is likely to take intense political struggles and the input of a wide global social movement before countries will start joining the regime. But a world-wide campaign for the Tobin tax has already emerged, and things can change. The anti-landmines coalition offers an example of how momentum can build without getting everyone on board from the beginning. Indeed, it is very important to underline that the two-phase model does not compromise the aim of a universal system of taxation: it is devised in such a manner that it would build up pressure for the outsiders to join.

Another ethico-political problematic concerns the outcome of the process of establishing the tax regime. Very few have given any serious consideration to this matter. A global tax regime with sanctions and surveillance systems and potential for huge revenues raises the whole problematic of political theory in the global context: what are the principles of legitimation of collective organisations? Following the normative argument for the Tobin tax, it is argued that we should democratise global governance and enable the setting up of more efficient and just practices.

Tobin and many of his followers have assumed that the tasks of orchestrating the tax should be given to the IMF. For Tobin, in the 1970s, there were tactical reasons for this assumption; he thought that a universal tax could be imposed via the IMF. For the representatives of the Washington consensus – should they come to consider the implementation of the proposal seriously – this is likely to be the preferred solution both for ideological and power-political reasons. However, I make an argument for not giving the IMF this role, and for not subordinating the proposed Tobin Tax Organisation to the Bretton Woods institutions.

Instead I suggest that, in the first phase of establishing the Tobin tax regime, a new supranational body orchestrating the tax must be founded. Let us call it the Tobin Tax Organisation, TTO. It is the two-phase model that enables the interested states to take the initiative in devising the TTO without the consent of all economic "great powers". The TTO should also be independent from any existing organisational structure. Given that it will also have a role in collecting and allocating the revenues, the question is: how can we guarantee a fair democratic representation in its agenda-setting and decision-making and establish the possibility of accountable, transparent and just outcomes of its proceedings?

The TTO should follow democratic principles more thoroughly than any of the existing international or regional organisations. It is possible to combine state-representation with parliamentary and civil society representation. The Council of Ministers should follow qualified majority decision-making with secret ballots, and by empowering the representative and participatory pillar of the system with real powers such as motions, veto-rights, budgetary rights, etc. This system does not exclude non-democratic states from the organisation and its Council of Ministers, but retains the right of parliamentary representation to democratic parliaments, and verifies the spontaneity of the civil society actors by a combination of a screening process and lottery. In other words, this model also follows some ancient Greek procedures, putting them to work in a new context.

When the time for the transition to the second phase approaches, the fate of the TTO has to be decided. Should it remain independent or rather merged with more general systems of governance? I argue that the United Nations has a lot of potential in taking over the TTO. However, it is also possible that the UN will turn out to be unreformable, or even that the TTO itself might become a pivotal nodal point in the global system of governance.

The argument of this book is that the best way for most states to gain some real autonomy is to collaborate and create new collective forms of organisation. The beauty of the Tobin tax lays in its potential to give rise to new political constellations. It means both the autonomy of states and new global institutional arrangements aiming at, and leading to, democratising globalisation. In the irreversible historical processes of structuration, this new phase of globalisation would lead to new kinds of political sagas, too. The Tobin tax organisation has the potential to play a crucial role in some of these episodes – at least in the beginning. Indeed, the time is ripe for an open-ended, contingent world political history to begin.

Heikki Patomäki
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Jospin's declarations: Sidestepping, ambiguity and resounding silences

by ATTAC France

Not only do Lionel Jospin's declarations concerning ATTAC's fields of intervention provide no answer to any of the questions expressed by the organization, they are also a (would-be subtle) attempt to pretend to reply. However, this kind of subterfuge will not convince public opinion of his sincerity or of the "sympathetic awareness of the concerns" of opposants to liberal globalization he claimed to share during his television interview.

1.- Tobin Tax : sidestepping

Whilst endeavouring to convey the impression that he is in favor of the Tobin tax, Lionel Jospin signs his political death warrant. He ignores the question to be addressed by the Belgian presidence of the EU, during the Ecofin Counsel meeting to take place in Liege on September 22 and 23, concerning the implementation of the tax in Europe. Instead he suggests that the EU submit the question to "international representation", ie. the IMF.

This position hardly comes as a surprise, having already been suggested by Laurent Fabius during his discussions with ATTAC in July 2000. But neither the minister of Finance nor the head of government ignore that the United States, radically opposed to the tax, are in a position to reject any proposal made within this institution.

ATTAC would like to recall the fact that the EU weighs just as heavily in the balance as the United States, and does have the means to implement a Tobin zone in Europe, at least to start with. We thus renew our demands for a firm stand in this direction to be taken by the French government in Liege.

2.- GMO: ambiguity

Lionel Jospin has condemned the direct action -actively supported by ATTAC- undertaken by the Confédération paysanne against GMO experimentation in open fields. Although he declared himself favorable to debate on this issue, he has confirmed his support of this type of experimentation in spite of the potential dangers.

ATTAC restates its demand for a moratorium on open field experiments until such a time as serious public debate may have brought to light all the potentially related risks.

It is the government's strictest duty to apply the principle of precaution and refuse the ultimatums of multinationals to whom such issues as public health and environmental conservation are of but secondary importance.

3.- International regulation: resounding silences

Although Lionel Jospin declares that he is in favor of "international regulation", he is silent concerning one major upcoming date on this agenda: the WTO interministerial conference scheduled in November in Qatar. It would have been interesting to hear the government's position on the mandate bestowed upon the European commissioner, Pascal Lamy, who will be negotiating on behalf of the EU.

During the Qatar talks, the Commission intends to speed up liberalization of international trade and step up the cycle of negotiations which backfired in Seattle. Before any new initiatives be taken, ATTAC reiterates its demand for a public and contradictory inquiry into the six years of liberalization of commercial exchanges since the WTO came into being. It is significant to note that such an inquiry has hitherto been stubbornly refused.

When all is said and done, the Prime minister remains silent concerning the content of the "international regulation" he affects to have "battled for" within the international institutions. It would be interesting to have some knowledge of the times, the places and the themes he "battled" on.

As for ATTAC, our aim is to fight against the all-powerful financial markets, to limit rights in the domain of capital ownership and, to use the title of our recent Summer University: "against the empire of finance, for the promotion of an economic system that keeps human needs in mind".

Paris, August 29th 2001
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Tobin in Asia

MANILA, PHILIPPINES (29 August 2001) - New issues and challenges in international taxation that have emerged as a result of globalization will be discussed at a Tax Conference in Tokyo, Japan, from 5 to 11 September 2001. Issues arising from the increasing integration of financial markets and rapid technological change will also be on the agenda.

The Asian Development Bank and the Asian Development Bank Institute will conduct a capacity building program in tax policy and administration during the meeting, which is hosted jointly with the Organization for Economic Cooperation and Development and the Tax Bureau, Ministry of Finance, Japan.

The tax conference is an annual forum for tax officials from the Asia and Pacific region to discuss emerging issues and foster cooperation in tax policy.

Other issues to be discussed include the limitations of tax incentives, harmful tax competition, the need to counteract international tax evasion and avoidance, international tax dispute settlement systems, and taxation of electronic commerce. Advances in electronic media have globalized commercial transactions, made taxable income more mobile and complicated taxation on consumption. In addition, a more systematically organized and better-equipped and credible tax administration is needed to ensure integrity and efficiency in tax revenue collection in the region.

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WTO Tidbits

By the ATTAC Marseille work group on International Treaties

1) Mike Moore attempts to rally his troops (from the conference given on 5/7 at Interlaken, Switzerland)

"One of the main challenges we have to face is to put a human face on what we do, explain ourselves better and be less opaque. The WTO, like big business, has been strongly identified with the demon of globalization. We are depicted as a

shadow world government, forcing change, putting profit above all other considerations, destroying traditional ways of life.
Ministers often find negotiations harder at home, faced with their parliaments, their governments and political parties, than among themselves.
But the job of dealing more with civil society, and explaining the advantages of liberalization, is 90% the responsibility of governments – and frankly I think a lot of them don't do enough of it.
Neither do business circles make enough effort to boost the launch of a new round.
It is certainly tempting to take the system for granted. It's easy to say it will look after itself. But it's very risky. We have need of the critical support of the capital cities to give vigour to discussions in progress that go well beyond the latest opinion poll."
Like the doughty crusader he is, Mike Moore doesn't hesitate to draw the fire : "All my life I've been trying to change things, and I'm still doing it to-day. Hopefully I'll have an army of enemies by the time this year is out". Well, he should know.

2) The WTO and the environment

In connexion with preparations for Doha, discussions are in progress on how to incorporate environmental questions into the agenda, and whether the CTE (WTO Committee on Trade and the Environment) should be given the brief to supervise environmental aspects of the negotiations.The NGOs have been told that environmental concerns have already been gone into by a certain number of WTO work groups (on agriculture, services, Technical Barriers to Trade, and Health and Plant Protection Measures) and could be mentioned in the Ministerial Declaration resulting from Doha.

3) Several Asian countries prohibit GMOs.

In Sri Lanka, 21 categories of food imports must be totally GMO-free. This country, which up to now has used as a basis the certificate from the country of origin, is going to set up its own laboratory for certification. The US, which does not require certificates for its GMO-based exports, strongly criticized this ban, which in fact would only affect 4 % of US agricultural exports to Sri Lanka.

Thailand has indicated that before the end of the year it will be introducing rulings for the compulsory labelling of GMO-based products sold on the domestic market, whether these are imported or produced locally. The ruling will affect products containing more than 3 to 5 % of GMOs.

Over the past months, other countries of the region have tightened up their regulations in this area. China requires an estimate of health risks before putting these products on the market. Japan has introduced new labelling norms, with zero tolerance for non-authorized GMO-based imports, and a less than 5 % tolerance for the others (labelled "without GMOs"). South Korea requires labelling for GMO-based soy and corn, as well as genetically modified soy bean shoots and potatoes (with a tolerance threshold of 3 %).

4)Developing countries which are net importers of foodstuffs appeal for international aid

A proposal calling for a 1,2 billion dollar contribution to help poor countries face up to the negative effects of agricultural reform has been presented by the Ivory Coast, Cuba, the Dominican Republic, Egypt, Honduras, Jamaica, Kenya, Mauritius, Morocco, Pakistan, Peru, Senegal, Sri Lanka, Santa Lucia, Trinidad and Tobago, Tunisia, and Venezuela. Based on the 1993 GATT decision providing for measures in the event of the Reform Programme having negative effects on these countries, the proposal recommends that this fund should be managed jointly by the WTO, the WB and the IMF. Several among the countries presenting this proposal are making their support for the launch of a new round conditional upon acceptance by the developed countried of this adjustment fund.

This proposal has met with a cold reception from certain big food-exporting countries (the EU, the US, Canada, Switzerland, Norway, New Zealand and Australia). Others object that the WTO is not a financial institution.

5) For the WTO, "transparency" equals "absence".

A symposium organized by the WTO was held in Geneva in early July. It brought together NGOs, and representatives from governments, the media, the private sector and intergovernmental organisations. The NGOs spoke of their concern over intellectual property rights and medicines, trade and the environment, trade and development, services, the WTO and civil society, food safety and the agreement on health and plant protection norms, as well as the institutional reform of the WTO.

More than 400 people took part, representing about 300 organizations. But apart from some delegations from the main members, few countries took part. Yet the Chairwoman, Mali's Minister for Industry, Trade and Transports, declared that the meeting was "an attempt to solve the crisis" in relations between the WTO and civil society. Mr Moore, in his opening speech, used the occasion to denounce protesters using violence to interrupt international economic meetings like the WTO Ministerial Conferences. "It would strengthen the position of those who seek change if some NGOs distanced themselves from these masked stone-throwers who demand more transparency, from these sort of anti-globalisation netsurfers who go on and on with their out-of-date, hollow and superficial slogans"!!! In his closing speech, he did not fear to say :"It's good to be able to disagree without being disagreeable"!

This did not prevent many NGOs from maintaining their criticisms of the WTO and its decision-making processes. Some did not fail to voice their view that the symposium was a mere public relations tactic rather than a real attempt to deal with "hot subjects".

On the first day, a group of citizens from 20 countries launched a world-wide campaign (called "Our World is Not for Sale") in opposition to WTO support for "the globalization of transnational firms". They manifested scepticism with regard to the symposium's ability to make any changes whatsoever, and called on the WTO to take into account the concerns of developing countries and civil society. A WWF tract brought out the failure of the WTO to deal with problems like poverty, the environment and economic inequality, a failure which contradicted the WTO declaration about promoting sustainable development. An alliance of Indonesian NGOs insisted that agriculture should be included not in the WTO, but for instance in the FAO. On agriculture, a large number of participants considered that multi-functional agricultural production should be maintained to cope with the non-commercial needs of each society.

On the WTO and civil society, the Chairwoman of the session declared that "the Secretariat is considered as not quite neutral and not acting correctly in setting up a new round. This reflects how sidelined certain developing countries feel at the WTO."

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