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Dear Reader

Two issues are dominating the present international agenda to a large extent: The first is the terrorist attack of 11 September on New York and Washington, the 'war against terrorism' and reactions and responses to both, and the second is the future of 'globalization' and free trade, in particular the World Trade Organization. A number of commentators came to the conclusion of a close inter-relationship between the two issues, whilst trying to establish the 'root causes' of terrorism.

This second issue of *Dialogue + Cooperation: Occasional Papers on Southeast Asia and Europe* does not attempt to answer or contribute directly to this controversy. We asked the Malaysian political scientist and expert on politics and Islam, Farish A. Noor, to analyse the reaction to 11 September in Muslim countries of Southeast Asia, in particular Malaysia. And as initial reflections on and reactions to 11 September in Germany we included two commentaries from Michael Ehrke and Michael Dauderstädt of the Friedrich Ebert Stiftung headquarters.

Michael Ehrke's further article on 'What Do the Opponents of Globalization Want?' links up with the following articles that focus on a 'globalization with social progress': Werner Sengenberger's article on 'Decent Work: The ILO Agenda' and the analysis of Erwin Schweisshelm, Friedrich Ebert Stiftung Trade Union Coordinator, on 'Globalizing Social Justice: Positions of the International Trade Union Organizations on the Reform of the World Trade and Financial Systems', accompanied by documents from the International Confederation of Free Trade Unions (ICFTU) and the German Trade Union Confederation (DGB) on globalization, sustainable development and social justice. These articles seek to contribute to an ongoing debate on the role of the WTO and the ILO in the international system and new dimensions of 'global governance'.

The political situation in Myanmar/Burma, the denial of democratic participation and ongoing violations of human rights have been a stumbling-block for the positive and growing inter-relationship between ASEAN and the European Union and the position of the country in international relations. Recent press reports indicate that 'secret talks' between the ruling military government and the opposition leader Ms Aung San Suu Kyi seem to be progressing. The article 'Bringing About Change in Burma', written by Harn Yawnghwe in early 2001, presents background information and analysis from the perspective of the (exiled) opposition with the intention to contribute to a peaceful settlement of the continuing crisis.

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Living in the Shadow of 11 September: How External Variable Factors Have Shaped the Domestic Politics of Malaysia

Farish A. Noor

Globalization and Its Impact on Local Identities and Politics

"It may be too optimistic to argue that the regional concept of Southeast Asian identity will become a permanent reality or endure indefinitely into the future. A lot will depend on external economic and strategic events which are beyond the control of Southeast Asian countries. These factors could unravel the unity and identity of the countries in Southeast Asia." [1]

Amitav Acharya

That we now live in a globalized world is a fact that no society can deny or reject. Globalization has made its presence felt in even the most remote corners of the world and today it can no longer be said that there exist any localities that are truly insular. The boundaries of time and space have collapsed and the parochial is now a thing of the past. The multiple geographies and epistemologies of the world are now in close proximity to (if not overlapping with) each other. The global has become localized, just as the local has become globalized. In the same way that Chaos Theory teaches us that a butterfly that flaps its wings in North America can affect weather conditions in Australia, likewise a political event thousands of miles away can (and will) have a subsequent impact on localities thought to be remote and isolated from it.

This paper sets out to examine the complex developments that took place in Malaysia in the wake of the 11 September terrorist attacks on New York and the Pentagon in the United States of America (USA). In particular it aims to study the ways in which the events in the USA were seen, understood and recontextualized in the local Malaysian context by the two main Malay-Muslim parties in the country, namely the ruling United Malays Nationalist Organization (UMNO)[2] and the main Malay-Muslim opposition Pan-Malaysian

1. Amitav Acharya, *The Quest for Identity: International Relations of Southeast Asia* (Singapore: Oxford University Press in Asia, 2000), p. 168.

2. The conservative-nationalist UMNO party's roots lie in the First Malay Congress that was held in Kuala Lumpur in March 1946. The Congress discussed a plan to form PEKEMBAR (Persatuan Kebangsaan Melayu Bersatu), but later opted for the title UMNO instead (United Malays Nationalist Organization). On 11 May 1946, the UMNO party was officially launched at the Istana Besar (Grand Palace) of Johor Bahru. The first President of UMNO was Dato' Onn Jaafar. When the party was first established, it was a broad and all-encompassing organization that included Malay political movements from across the entire political spectrum of the country. Over time, however, the conservative character of UMNO emerged as the Leftists and Islamists began to leave the organization to form parties of their own. In the 1950s and 1960s, UMNO was under the leadership of the royalist-aristocrat Tunku Abdul Rahman, who was also the country's first Prime Minister (1957-1969). The Tunku placed Malaysia on the initial path towards rapid development and during this period the country's foreign policy was clearly aligned to the West. The Tunku's era was also one where religion and politics were kept separate and the state did not attempt to play the religious card against its opponents. Between 1970 and 1981, UMNO was under the leadership of Tun Abdul Razak (1970-1976) and Hussein Onn (1976-1981), both of whom kept the country on the same trajectory. A major shift in orientation occurred when UMNO came under the leadership of Dr Mahathir Mohamed (1981-present) who took the country down the road of state-sponsored Islamization. But Dr Mahathir's Islamization policy was also an attempt to outflank the growing Islamist opposition in the country as well as a calculated attempt to redefine the meaning, content and expression of Islam and Muslim religiosity in terms that were compatible with modernity, progress and economic prosperity. This happened when the Muslim world as a whole was experiencing a major resurgence of Islam and the opposition Islamist movements in Malaysia were rapidly gaining ground among the populace.

Islamic party (PAS).[3]

We intend to assess the impact of globalization on local political and cultural spheres, and how events in one part of the world can have long-term consequences in another part of the world, if and when they are recontextualized and adapted to local needs according to the idiom of the locally specific. Our thesis is that the events of 11 September – occurring as they did in a country that is a superpower and whose hegemonic grip on the rest of the globe is undeniable – had an indirect impact on far away places. The locality in question here is the discursive and political terrain of Malaysia, and the events of 11 September were interpreted and used by both UMNO and PAS as a trigger for further political mobilization on the local level. The success of these parties' tactics depended, however, on their reading of the event itself and how it was going to be interpreted by the Malaysian public – a highly complex and heterodox population divided by race, ethnicity, religion and class.

Part I: 11 September and After How An Event Thousands of Miles Away Impacted on the Political Terrain of Malaysia

On 11 September 2001 – the same day that the British mandate for Palestine came into force in 1922 – an event that took place on the other side of the world became the latest unforeseen variable to shape the political terrain of Malaysia. On that September morning, two airliners, hijacked by unknown individuals, were deliberately crashed into the twin towers of the World Trade Center (WTC) in New York. A little over an hour later, both towers collapsed to the ground, killing the thousands who were still trapped in them. Reports then came in of a third airliner that had crashed into the Pentagon building, and a fourth that came down before it could reach its intended target – the White House.[4] To bring home the reality of the events that took place thousands of miles away, the Kuala Lumpur Commercial Centre

3. The nucleus of the Pan-Malaysian Islamic Party actually lay in the Bureau of Religious Affairs of the conservative-nationalist Malay party, UMNO. In 1951, PAS was formed under the leadership of Haji Fuad Hassan, who was the head of the UMNO Bureau of Religious Affairs. The radical nationalist and Islamist thinker, Dr Burhanuddin al-Helmy, was invited to take over as president of PAS in December 1956. Between 1956 and 1969, the combined leadership of Dr Burhanuddin and Dr Zulkiflee Muhammad (the party's vice-president) managed to broaden the political base of PAS and open it up to the rest of the Muslim world. In 1969, Dr Burhanuddin died after being put in detention without trial by the Malaysian government. PAS then came under the leadership of Mohamad Asri Muda, who was a staunch defender of Malay rights and privileges. Between 1970 and 1982, Asri Muda brought PAS into the ruling Barisan Nasional coalition and then took them out again (1973-1978). Asri Muda's leadership was highly controversial. After a leadership crisis that went out of control, the Federal Government declared a state of Emergency in Kelantan in 1978. In 1982, Asri Muda was forced to step down by a new generation of Islamist Ulama who had infiltrated the party from ABIM (the Malaysian Islamic Youth Movement) and taken over. The 1980s and 1990s witnessed the radicalization of PAS as its new leaders began to confront the UMNO-led coalition government and the state apparatus on the grounds that the latter were 'secular', 'unIslamic' and working in league with Western and Zionist interests. In 1990, PAS regained control of the state of Kelantan, and in 1999, it won control of Trengganu.

4. The attacks that took place on the morning of 11 September followed each other in rapid succession. At around 8:45 a.m., a hijacked American Airlines jet, Flight 11 out of Boston, Massachusetts, crashed into the north tower of the World Trade Center. Soon after, at around 9:03 a.m., a second hijacked airliner, United Airlines Flight 175, also from Boston, crashed into the south tower of the World Trade Center and exploded. At 9:17 a.m., the Federal Aviation Administration shut down all the New York City area airports. One hour after the first attack, President George Bush, while speaking in Sarasota, Florida, stated that the country had suffered an 'apparent terrorist attack'. Minutes after the statement (at around 9:45 a.m.), another American Airlines jetliner, Flight 77, crashed into the Pentagon. At 10:05 a.m., the south tower of the World Trade Center collapsed. Soon after, the second tower followed suit. Finally, at 10:10 a.m., a fourth United Airlines jetliner, Flight 93, crashed in Somerset County, Pennsylvania, southeast of Pittsburgh. The speed of the attacks made it extremely difficult for emergency measures to be taken effectively. What complicated matters further for the ground-level emergency staff was the fact that the two towers that were hit were extremely unstable. When the towers finally collapsed, scores of New York firemen and rescue workers were also trapped and killed by the falling debris.

(KLCC) twin towers were evacuated the following day after a bomb scare that came just as Malaysians were coming to terms with the loss of Malaysian workers who were missing or killed in the New York attacks.

As the events following the aftermath of the attack were broadcast all over the world by US media channels like CNN, emotions ran high. A shocked and bewildered US public soon became angry, frustrated and vengeful. Adding fuel to the fire was the US media, which immediately pointed a finger at Islamist militant movements and, according to their critics, the Muslim world at large. The editorials of America's papers were quick to condemn what they regarded as the 'international menace' of Islamic fundamentalism, and scores of experts were roused from their academic slumber to comment on the danger posed by the new 'Islamist international' that was poised to take over the free world.

The paranoia and xenophobia stoked by the media was soon echoed by the establishment itself. The US government responded with calls for revenge and retribution, and in the days that followed, the President of the United States, George W. Bush, vowed that those responsible for the attacks would be made to pay and that the USA would lead the new global 'crusade' against terrorism – an unfortunate choice of word that only added to the confusion and anxiety of the time.[5] Other US politicians and intellectuals were even more blunt in their public pronouncements. The notorious Republican Senator, John McCain, surpassed even his own inflated standards when he hysterically stated that:

> … these were not just crimes, they were acts of war, and they have aroused in this great nation a controlled fury and unity of purpose not just to punish but to vanquish – vanquish our enemies. Americans know now that we are at war and will make the sacrifices and show the resolve necessary to prevail. I say to our enemies: We are coming. God may show you mercy. We will not.[6]

Others were equally bellicose and simplistic in their diagnosis of the problem and its solution. Wrote Ann Coulter of the conservative political journal *National Review*:

> We should invade their (Muslim) countries, kill their leaders and convert them to Christianity.[7]

Needless to say, such sabre-rattling rhetoric did little to calm the situation or to enlighten an already traumatized, emotional and confused populace.

Coming as it did at a time when practically every single government in the Muslim world was faced with institutional crises, economic collapse and/or a credibility deficit, the events of 11 September forced the political elite of the Muslim world to take sides. This fact was driven home by the President of the United States himself, who bluntly stated that 'you are either with us or with the terrorists'. Overnight, the monochromatic oppositional dialectics of the Huntington thesis had been turned into a reality, and the Muslim world was forced to live with the consequences.

By the third day after the attacks, a clearer picture had begun to emerge: Both the CIA

5. George Bush's choice of the word 'crusade' was one of the first diplomatic blunders in a campaign that would later prove to be far more complex and difficult than earlier imagined. Immediately after uttering the word, the President of the United States was accused of insensitivity and ignorance by Muslim scholars and Islamist activists the world over. It was quite clear that the term 'crusade' still retained a historically specific meaning in many Muslim societies and that it brought back memories (rekindled thanks to the Islamists) of inter-religious conflicts of the past. George Bush later apologised for his earlier remark, but other gaffes were to follow – all of which only helped to widen the gulf between the US-led Western coalition and the Muslim states whose support they wanted to gain.

6. Elisabeth Liagin, 'A Terrorist Disaster: And the Warmongers Take Over', in *Impact International*, vol. 31, no. 10 (October 2001), p. 6.

7. ibid., p. 7.

and FBI laid the blame for the attacks on the Saudi dissident-turned-fugitive Osama bin Laden and his al-Qaeda group, based in Afghanistan. The fact that bin Laden operated from Afghanistan also meant that the Taliban regime was brought into the picture. By tracing a link between the attacks, bin Laden and the Taliban, the US authorities had given the impression that the problem they were facing was one of global proportions. The FBI and CIA claimed that Osama bin Laden's al-Qaeda network stretched from the USA to Southeast Asia.[8]

The US establishment was clearly trying to give the impression that this was a global problem that was not confined to the USA alone. Numerous experts in public relations were drafted in and given the task of helping the Bush administration get its message across to a wider audience. But by doing so it was also over-stretching its resources and over-extending its diplomatic feelers, for what was totally unexpected was the reaction from the Muslim world that was equally global in magnitude and scale.

The declaration of a 'global crusade' against 'Islamic terrorism' only succeeded in antagonizing vast sections of the global Muslim community when it was the last thing the USA needed to do. The (initially) inept handling of the complex and sensitive matter of cooperation with Muslim governments also helped to ignite local tensions that had been simmering under the surface in many Muslim countries. The first to suffer were the governments of countries like Pakistan, Bangladesh, India, Indonesia and the Philippines – all of which were facing growing unrest thanks to the activities of local Islamist opposition movements within their own borders.

Pakistan's government under General-turned-President Parvez Musharraf was brought into the US-led coalition as its most problematic and reluctant partner with the use of a somewhat oversized carrot and an equally oversized stick. Promises of economic aid and a cancellation of outstanding loans were coupled with threats of even more comprehensive sanctions and international isolation should the Pakistani government fail to comply with the demands of Washington. In time, Islamabad agreed, but not without paying a heavy price in the form of massive demonstrations and violent protests in all the major cities of the country, courtesy of Islamist parties like the Jama'at-e Islami (JI) and Jamiat'ul Ulama-e Islam (JUI). To compound matters further, Pakistan's entry into the American-led coalition, reluctant though it was, infuriated many senior leaders of the armed forces and intelligence services who had been working with the Taliban and the numerous Jihadi and Mujahideen groupings in the country all along.[9]

8. As the investigations into the networks behind the attack on New York intensified, more and more links were established with the countries of Southeast Asia. It was well known that many of the members of Osama bin Laden's al-Qaeda group were originally members of the Afghan Mujahideen movement. The Taliban also recruited their members from the ranks of the Mujahideen, who were made up of different nationalities. A number of the Mujahideen in Afghanistan and Pakistan were from Southeast Asian countries like Indonesia, the Philippines and Malaysia. Though their numbers were very small compared to the volunteers from the Arab states, North Africa, Central Asia, the Indian subcontinent and Western China, these volunteers played an important role in helping to establish links between the al-Qaeda network, the Taliban and Southeast Asia. There were also a number of Arab militants who later formed close links with their Southeast Asian counterparts. One of them was Ramzi Yusuf, a Pakistani veteran of the Mujahideen conflict, who had travelled to the Philippines with Filipino Muslim militants who had served with him in the Afghan wars. While in the Philippines, Yusuf worked with local Islamist militia cells to plan covert operations against the Philippine government. One of his plans was to hijack American airliners that landed at Manila airport. Yusuf was later implicated in the bombing of the World Trade Center in 1993, arrested and imprisoned. When the Abu Sayyaf group took a number of Western hostages in 2000 in return for financial rewards and political concessions, one of their demands was the release of their old comrade Ramzi Yusuf.

9. In time, President Musharraf was forced to place the leaders of the Islamist parties (Maulana Fazlur Rahman and Sami'ul Haq of the Jamiat) under house arrest, while stern warnings were issued to Qazi Hussein Ahmad and the leadership of the Jama'at. The President was also forced to remove a number of key military leaders in the army and the Inter Services Intelligence agency (ISI), such as Mohammad Aziz Khan, Mahmud Ahmad and Muzaffar Usmani, who were known to have close links to the Jihadi movements and the Taliban. These measures nevertheless failed to stop their followers from spilling onto the streets and the major cities of Pakistan soon hosted massive (and sometimes violent) demonstrations organized by pro-Taliban supporters.

In Indonesia, groups like the Front Pembela Islam and Lashkar Jihad were immediately mobilized and took to the streets as soon as the USA announced its unilateral move to confront its foes abroad. But like Pakistan, Indonesia was also caught in dire straits of its own. The country's president, Megawati Sukarnoputri, flew to Washington to discuss the implications of Indonesia's involvement in the international campaign against Osama bin Laden and the Taliban – though it was soon clear that the sensitive matter of Indonesia's spiralling debt problem was also put on the agenda. Realpolitik considerations aside, the Islamist parties and movements in Indonesia were less pragmatic in their approach to the problem. The Indonesian President was warned by the country's Islamist groups (and members of her own government) that any attempt to appease the Americans would lead to a backlash at home with heavy political costs.[10]

Neighbouring Philippines was likewise forced to deal with a backlash from Islamist groups and movements in the troubled southern island province of Mindanao. Soon after the US response was made known to the international community, the Abu Sayyaf group renewed its attacks on Filipino government installations and outposts all over the province, and a new wave of hostage-taking was soon underway. (As the crisis developed, hysteria and paranoia quickly overcame the redoubt of reason and common sense. There were even suggestions that bin Laden, like some Saudi Pimpernel, had somehow managed to escape from his lair in Afghanistan and was now in hiding with the Abu Sayyaf in the lush tropical undergrowth of Mindanao.)

The 11 September attack had many long-term and far-flung consequences for Muslim and non-Muslim relations. For the countries in Asia with sizeable Muslim minorities, it opened up old wounds after decades of internal civil conflict, and served as a justification for clamping down on local Muslim resistance movements. The highly emotional tone of these exchanges did not, however, help to address the real underlying issues that were at the root of the problem itself. Worse still, the fear of Islamic militancy was exploited by some as a convenient way to whip up anti-Muslim sentiment, disguised as part of the now-global 'War on Terror'. In Southeast Asia, the worst affected country was the Philippines, where fears of renewed militancy on the part of Islamist movements in the south were intensified after the New York attacks. The Filipino media soon unleashed a barrage of strong anti-Muslim polemics, and many of the articles and letters sent to the press reflected the deep-rooted anxieties and prejudices of Filipino society.[11]

As the pressure mounted and expectations of a violent conflict grew, the governments of Southeast Asia were forced on the defensive and compelled to take a stand.

[10] Once it became known that a deal had been struck between Washington and Jakarta, the Islamist opposition in Indonesia was on the march again. Within a matter of days, the streets of Jakarta were witness to demonstrations against both the US government and the government of Megawati Sukarnoputri. These demonstrations grew in both size and ferocity, leading to large-scale protests and random raids on local hotels where members of the Lashkar were on the lookout for Western tourists whom they claimed they wanted to 'expel' from Indonesia.

[11] An example of such rabid anti-Muslim hysteria in high places came from Dr Jose Ducadao of the Vincente Sotto Memorial Medical Centre in Cebu City, Philippines. In his article entitled 'A Theology of Evil and the Koran' which appeared in the *Philippine Star* (19 September 2001) he wrote: 'How foolish is humanity, not to recognize evil in its face! History is strewn with a whole ocean of bodies cut down by the fundamentalist sword. From the inception of Islam 1400 years ago until the present, Muslim fundamentalists have wielded their theology of coercion and violence against other religions. This is not the first time that anyone has attributed the evil that fundamentalists do to the Qur'an, Islam's sacred scripture'. Dr Ducadao's article concluded with the following words: 'It is sad to note that even the most peaceful Muslim communities can produce fundamentalist warriors. That is why the Qur'an is a curse on humanity. It cannot be erased anymore. The threat that its evil verses pose on us is permanent.' The editors of the paper noted that they 'considered it fit to print' on the grounds that it was based on 'relevant rational comments'.

Like its neighbours Indonesia and the Philippines, Malaysia was also drawn into the fray at the least opportune moment.[12]

Part II: Jihad Comes Home
PAS's Reaction to the American-led Campaign against Osama bin Laden and the Taliban

"Any number of people can use (Islam) for their own objectives. The main thing for them is to gain power. We are going to be faced with this problem for a long time. We know that we in Malaysia are vulnerable to such forms of extremism, like every other country in the world. Every one of us is vulnerable."

Dr Mahathir Mohamad, Prime Minister of Malaysia[13]

The 11 September attack caught the Malaysian government by surprise. For the government of Dr Mahathir, it was yet another unsolicited external variable that would have to be dealt with in the same way as the Iranian Revolution, the Soviet invasion of Afghanistan, the Salman Rushdie 'Satanic Verses' controversy, the Gulf War, the Bosnian conflict and the war in Chechnya. External variables such as these had raised the stakes in the Islamization contest between the state and the Islamist opposition, and widened the gulf between UMNO and PAS.

The Afghan conflict of the 1980s, for instance, compelled the UMNO-led Malaysian government to commit itself to a pro-Islamic stand, thanks to pressure from Islamist opposition parties and movements at home. It was at this time that it was first reported that Malaysians were going to Pakistan to join the ranks of the Afghan Mujahideen. Most of them travelled from Malaysia to Islamabad or Karachi and then on to Peshawar, from where they were sent to recruitment and training camps in the tribal areas along the North West Frontier Province before entering Afghanistan. It was well known that a number of young PAS members and supporters had become involved in militant activities outside the country. Some of the more committed members of the party left Malaysia to train as Mujahideen in Pakistan. The deaths of young men like Fauzi Ismail and Abdul Aziz Samad in battlefields far away enhanced PAS's image as a party that was committed to the struggle of Islam and the jihad against its enemies.[14] UMNO could only fight a

12. Malaysia was unwittingly dragged into the investigations that followed in the wake of the 11 September attack. First came the news that a letter containing anthrax spores, which was sent to an address in the USA, originated from Malaysia. It was later discovered that the letter was not, after all, contaminated and that nobody in Malaysia was involved. But the FBI's reports also pointed a finger at Malaysia when it was later revealed that Khalid al-Midhar, one of Osama bin Laden's close associates, had met with other associates in Malaysia in January 2000. Later, a former member of bin Laden's al-Qaeda movement, Jamal Ahmed Al-Fadhl, also told a US court that money was deposited in Malaysia, a fact which Malaysian authorities deny.

13. Dr Mahathir Mohamad's keynote speech, delivered at the Conference on Terrorism, organized by the Institute for Strategic and International Studies (ISIS-Malaysia), Kuala Lumpur, 17 November 2001.

14. Abdul Aziz Samad was a Malay youth from the state of Selangor. His family supported UMNO but his sympathies lay with the Islamist opposition in Malaysia. In 1988 he travelled to Afghanistan where he was killed fighting alongside the Mujahideen forces (*Afghani*, 2000, p. 57). Fauzi Ismail was one of the ordinary members of PAS who travelled to Afghanistan to join and fight with the Mujahideen during the Afghan War. He was born in 1962 in Kampung Pantai Cicak, Kedah. He attained his Malaysian certificate of education (SPM), but did not receive any religious education and was never enrolled at any of the local religious schools or madrasahs. At one point he worked in Singapore as a contract labourer, after which he returned to his home state of Kedah and opened a small provision shop. It was here that he first became involved in PAS, becoming a member of the local committee of the PAS Youth Wing at Kampung Kelut. In the mid-1980s he was involved in both PAS and ABIM educational activities, but withdrew from ABIM because he felt that the movement was not doing enough to promote Islam and an Islamic state in Malaysia (*Afghani*, 2000, p. 24). In 1988, he left for Afghanistan with several other PAS members to join the Mujahideen in the war against the Soviet-backed forces of President Najibullah. In the conflict that followed, Fauzi took part in the battles for Khost and Jalalabad. He was killed during the siege of Jalalabad when the trench he was guarding was hit by a shell fired from an enemy tank. (For a fuller account of the life of Fauzi Ismail see C.N. Al-Afghani, *Dagangnya Dibeli Allah, Penerbitan al-Jihadi*, Memali [Kedah: 2000])

rearguard action against the encroachment of the Islamists on their primary constituency, the Malay-Muslims.

But the Islamization race between UMNO and PAS that was being accelerated thanks to such external factors only contributed to the inflation of Islamist discourse in the country and a higher level of public expectations. During the Bosnian conflict, the Malaysian government had played a leading role in voicing the concerns of the Muslim community world-wide. But by the time of the Chechnyan conflict, the government's vigorous defence of Muslims abroad was more muted because of the growing influence of Islamic radicalism in its own backyard.[15]

Even before the 11 September attack, the Malaysian government had been taking the threat of growing Islamist militancy in Malaysia seriously. Political leaders, senior members of government and the heads of the state's security services were openly discussing the problem of growing militancy among some sections of Malaysian society, particularly the younger generation of Malay-Muslims, returning students from abroad and the local Islamist parties and movements.

Since the opening days of the 'reformasi' movement of 1998, terms like 'jihad' had begun to penetrate deeper into the terrain of popular political discourse and these were seen as indicators of a significant shift closer to a more radical form of Islamist politics. By 1999-2000, the Malaysian political scene was abuzz with stories about jihadi and mujahideen cells operating all over the country: The spectacular arms heist at Gerik, Perak by the al-Maunah group[16] in June 2000 and the string of bank robberies, killings and kidnappings by the so-called 'Jihad gang' earlier the same year had been a cause for concern for Malaysians in general.[17]

In August 2001, the government detained ten Islamist activists, most of whom were members of PAS, on the grounds that they belonged to an underground militant group called the Kumpulan Mujahidin Malaysia (KMM: Malaysian Mujahideen Movement). The leader of the group was said to be Ustaz

15. The official stand taken by the Malaysian government during the Chechnyan conflict was that it was an 'internal security problem' that was entirely within the purview of the Russian government. At no point did the Malaysian government express support or sympathy for the Chechnyan resistance movement, although it did voice its concerns about the flagrant abuse of rights and numerous acts of terror committed by the Russian troops against the population of Chechnya.

16. In June 2000, the Malaysian public was stunned by the sudden revelation that a major arms heist had taken place in the town of Gerik in Perak. The heist was carried out by a group of 15 men who were dressed in army uniforms and driving Pajero jeeps painted green to look like Malaysian Army vehicles. After infiltrating the two army camps, they managed to get away with numerous pieces of military hardware, including hand-held rocket launchers, machine guns and automatic rifles. The group was finally tracked down to their hideout in Sauk, where they were encircled by government security forces and the army. After a brief siege and shoot-out, the members of the group were forced to surrender, but not before they had killed two of their (non-Muslim) hostages. In the trial and investigation that followed, it was revealed that those responsible for the arms heist were members of a local Malay 'silat' (martial arts) group called al-Maunah which was led by an ex-army corporal named Mohammad Amin Razali. They were accused of trying to topple the Malaysian government and to overthrow the King in order to bring about an Islamic state by force of arms. The al-Maunah group was put under surveillance and ten of its leaders were each sentenced to ten years imprisonment. The Islamic party PAS claimed that the entire episode was government-orchestrated 'sandiwara' (play-acting), intended to tarnish the name of Islam and Islamist movements in general. The government accused PAS of having sympathy with such movements, but to its embarrassment it was soon revealed that some of the al-Maunah members also belonged to the ruling UMNO party.

17. In the same month that the al-Maunah group was arrested and put on trial, a second Islamist 'militant' group was identified in the country. This was the so-called 'Jihad gang', alleged to be responsible for a number of bank robberies, kidnappings and murders in the country. The group was also accused of several attacks on non-Muslim places of worship, attacks on business premises they regarded as 'haram' (unlawful) in Islam and the murder of an Indian member of Parliament (Joe Fernandez of the MIC). After a failed robbery attempt on a bank, two members of the gang were wounded and taken into custody. Once in police custody, the wounded members of the gang were made to confess and during their interrogation they revealed the identities of themselves and their fellow gang members. The group was rounded up by 7 June. The Malaysian authorities then revealed that most of the members of the gang had participated in numerous jihad campaigns in Afghanistan and Ambon, Indonesia. Many of them were also graduates from foreign Islamic universities and madrasahs in Pakistan, Egypt and the Arab states.

Nik Adli Nik Mat,[18] the 34-year old son of the Murshid'ul Am (Spiritual Leader) of PAS, Tuan Guru Nik Aziz Nik Mat. Though Nik Adli was only a teacher at a religious school in the state of Kelantan (of which his father was the Chief Minister), the authorities claimed that he had studied in the madarashs of Pakistan and that he had spent time training and working with Mujahideen militants in Afghanistan. Several of the other men arrested had also travelled to Pakistan for religious education and military training with the Mujahideen operating along the Pakistan-Afghanistan border.[19]

On 25 September, Nik Adli was placed under detention for two years under the Internal Security Act. The son of the Murshid'ul Am of PAS was accused of plotting a campaign to establish Islamic rule across the region. 'Your actions were aimed at toppling the government through an armed struggle and replace it with a pure Islamic state comprising Indonesia, Mindanao and Malaysia', read the detention order. Nik Adli was also alleged to have been planning to overthrow the Malaysian government, plotting assassinations and sending Muslim fighters to fight Christians in Indonesia's Maluku islands. His period of alleged military training in Afghanistan in the early 1990s was included in the list of accusations, but there was no overt allegation of direct links to the Taliban or the al-Qaeda network of Osama bin Laden.

PAS's official media organ, *Harakah*, described the arrests of the KMM members as part of the Mahathir administration's attempt 'to woo the Americans'.[20] The paper also claimed that PAS would intensify its efforts to show how UMNO was anti-Islam.[21] For the leaders of PAS, the arrest of veteran Mujahideen fighters in Malaysia was something totally incomprehensible. PAS regarded their ex-Mujahideen members as role models for the rank and file of the party, and their commitment to the Islamist struggle was seen as an exemplary form of conduct to be emulated, not criminalized. The leader of the Kelantan Youth Wing of the party, Takiyuddin Hassan, claimed that such commitment and willingness to sacrifice their lives 'could only come from those who were committed to the Islamist struggle', and that PAS was 'proud of the fact that its members were willing and able to make such sacrifices in the name of their religion'.[22]

In the same month that PAS members were being rounded up, Malaysia's Foreign Minister, Syed Hamid Albar, stated that clandestine 'Islamist militant' networks were operating in the cross-border regions

18. Ustaz Nik Adli Nik Mat was educated at both government and religious schools in his home state of Kelantan. He then travelled to Pakistan to study at the Jami'ah Dirasah Islamiah Madrasah in Karachi. After that he moved to Peshawar, where he studied at the Ma'ahad Salman, which was known to have close connections to the Deoband seminary and madrasah networks. It was in Peshawar that Nik Adli was first introduced to Afghan fighters and members of the Mujahideen. He then travelled to Afghanistan and took part in the Mujahideen campaign against the Russians. Little is known about Nik Adli's Mujahideen connections, save that he took part in numerous campaigns and returned to Malaysia when the conflict subsided. Back in Malaysia he taught at the religious school in Kampung Melaka (which happened to be his father's constituency) and lived an ordinary life. He was never involved in local PAS politics. In 1999 he was said to have taken over the leadership of the Kumpulan Mujahidin Malaysia (KMM), a clandestine group that was formed by an ex-Mujahideen and PAS activist, Zainon Ismail, on 12 October 1995. (Nik Adli's younger brother, Nik Abduh, was also educated in the Indian subcontinent. He studied at the Darul Ulum Deobandi seminary in Deoband, North India.)

19. Those who were arrested included Zainon Ismail (who was said to be the original founder of the KMM), Mohamad Lutfi Arrifin (member of the PAS Youth Wing of Kedah), Nor Ashid Sakip (head of PAS Youth at Sungai Benut), Ahmad Tajudin Abu Bakar (head of PAS Youth at Larut), Salehan Abdul Ghafar, Abu Bakar Che Doi, Alias Ghah, Ahmad Fauzi Daraman and Asfawani Abdullah. Most of them were active members of PAS and religious school teachers by profession.

20. 'Tangkapan KMM di bawah ISA: Usaha PM Ambil Hati Amerika', *Harakah*, 16-31 August 2001.

21. ibid., p. 32.

22. 'Pemuda PAS bangga ahlinya pernah berjihad: Takayuddin', *Harakah*, 5 October 2001.

between Malaysia, Indonesia, Thailand and the Philippines. The kidnapping of Western tourists off the coast of the East Malaysian state of Sabah by Abu Sayyaf guerrillas, operating from their base in Basilan in the Philippines, was cited as a prime example of the new sort of asymmetrical security threat faced by the governments in the region.

In an effort to seize the initiative on the issue, Kuala Lumpur had played host to the leaders of Indonesia, Thailand and the Philippines – Presidents Megawati Sukarnoputri, Thaksin Shinawatra and Gloria Arroyo – who had visited the country to discuss matters of bilateral concern, one of which was the problem of Islamist militant networks operating in the region. Soon after, the governments of Malaysia, Indonesia and the Philippines issued a series of statements to the effect that they would henceforth be increasing the level of cooperation among their intelligence and security services to deal with the problem of religious militancy in Southeast Asia. The gravity of the situation was made more apparent when a 26-year old Malaysian youth, Taufik Abdul Halim, was injured when the explosive device that he was carrying in a shopping mall in Jakarta blew up. His intention was to detonate the device in the shopping centre at a time when it would be full of customers.[23]

While the political temperature in Malaysia was rising yet again, the country became witness to a number of financial and political scandals that could not have come at a worse time for the Mahathir administration. One particular scandal which helped to give the Islamist opposition the added leverage that they sought was the financial crisis within the Lembaga Tabung Haji (Haj Pilgrims Management Fund) which reported a loss of several hundred million Ringgit – allegedly due to financial wrong-doings by a number of administrators in the body as well as other major financial losses due to poor investments made elsewhere.[24] Described as the 'UMNO government's last frontier of respectability',[25] the Tabung Haji had always been a major landmark in the new political landscape created by the state's own Islamization programme that began in the early 1980s. The financial scandals surrounding Tabung Haji only helped to erode the government's standing and Islamist credentials even further, much to the delight of PAS and the Islamist opposition movements. To compound the

[23] The youth in question was a Malay from Johor by the name of Taufik Abdul Halim. He was carrying the bomb in his bag when it blew up prematurely, causing him serious injuries, which finally led to the loss of an arm. While in hospital he was placed under police custody and subsequently questioned by members of the Malaysian and Indonesian security forces about his involvement with a group of Islamist militants who were also thought to be responsible for the bombing of several churches in Java. Indonesian security services claimed that a number of young Malays from the Peninsula were thought to be active in these Islamist militant cells operating in Java.

[24] Between August and September 2001, the Lembaga Tabung Haji made the headlines after Malaysian police arrested an administrative officer who was said to be responsible for losses of up to RM7 million. It was alleged that the Tabung Haji official had made up to 14 withdrawals from the main branches of the Tabung Haji in Kuala Lumpur, Seremban and Banting. The money was then supposed to have been stored in overseas offshore accounts, making it difficult to trace and retrieve. The scandal came shortly after the Tabung Haji had been corporatized and was a major blow to the image of the government. What made matters worse was the related disclosure that Tabung Haji had also made other major losses thanks to poor investments, particularly in the palm oil industry and the 'Technical Corridor' project in Negeri Sembilan (all of which amounted to a few hundred million Ringgit). As the revelations of financial wrong-doings appeared in the local press, calls for a major shake-up of the administration were voiced by opposition parties and local NGOs. The leaders of PAS cited this as proof that the Islamization policy of the state had brought the country nowhere, and that even the Islamic institutions created by the UMNO-led government were riddled with corruption and cronyism. As the revelations were made public, the two men who were most closely linked to the institution – Dato' Hamid Othman and Dato' Abdul Hamid Zainal Abidin – were implicated, and Prime Minister Mahathir was forced to intervene directly and he called for an investigation into the financial management of the Tabung Haji itself. (See 'Tabung Haji Bermasalah Selepas Dikorporatkan', *Harakah*, 16 September 2001.)

[25] M.G.G. Pillay, 'A Jihad of Two Hamids', *Harakah*, 16 September 2001, p. 15.

already messy situation, the open conflict between the two men who had been given the responsibility to run the institution – Dato' Hamid Othman (religious advisor to the Prime Minister) and Dato' Abdul Hamid Zainal Abidin (ex-brigadier general turned cabinet minister) – only made things worse. The crisis was only (tentatively) resolved when the Prime Minister stepped in personally and called for an investigation into what went wrong in the institution.

As if that was not enough, the Malaysian government was soon forced to issue a series of public denials in response to reports by foreign press agencies that the country had become a hub for transnational Islamist networks and terrorist organizations. The Prime Minister's department and the Ministry of Finance categorically denied that terrorist funds had been deposited in Malaysian bank accounts and financial houses. The only respite came with the break-up of the Barisan Alternatif (BA) opposition alliance (due to the DAP's reluctance to accept PAS's calls for an Islamic state)[26] and the Sarawak state elections where all the candidates fielded by the opposition (including PAS) were soundly thrashed. (Observers were quick to point out that fear of religious extremism in Malaysia helped to isolate the candidates of the Islamist party and greatly reduced their chances of victory.)[27]

Thus matters had already come to a head in Malaysia and the other countries of the ASEAN region long before the two hijacked jetliners crashed into the twin towers of the World Trade Center. The attacks on New York and the global media campaign that followed merely accelerated the deterioration of relations between the government of Malaysia and the Islamic opposition in the country. Here was a case of a global event having a multiplier effect on what was a local and domestic political struggle.

Part III: The Tide Turns Yet Again
PAS's Response to the American Bombing of Afghanistan and After

"Kewajiban berjihad ini menjadi tanggungjawab mereka yang berada di negeri yang diserang dan negeri yang bersempadan dengannya, sementara umat Islam yang berada jauh dari tempat kejadian wajib memberi perhatian dan sumbangan." [28]

Tuan Guru Ustaz Abdul Hadi Awang,
Marang, 18 October 2001

On 7 October, after nearly four weeks of tension and nervous anticipation, the USA finally struck.

In a series of late-night sorties, US guided cruise missiles rained down upon a number of military targets in Afghanistan, including

[26] On 22 September the 22-month old Barisan Alternatif (BA) alliance finally fell apart when the DAP announced that it would pull out of the instrumental coalition with PAS, Keadilan and PRM. The leadership of the DAP complained that their calls for moderation had gone unheeded and that PAS was not able or willing to compromise on the crucial question of the Islamic state. For an account of the degeneration and collapse of the BA coalition from the DAP's point of view, see Lim Kit Siang, *BA and the Islamic State* (Petaling Jaya: DAP, July 2001).

[27] The Sarawak state elections were called on 27 September. Only the DAP managed to win a single seat for the opposition front. Keadilan fielded 25 candidates, all of whom lost and 11 of whom lost their deposits as well. PAS wisely contested only three seats, but lost all of them. It was widely reported that fear of Islamic radicalism was a major factor that worked against the interests of PAS at the elections.

[28] Translation: 'The obligation for Jihad is the primary responsibility of those in the country that is being attacked and in the neighbouring countries, while it is obligatory for all Muslims who live elsewhere to give their support and show their concern'. 'Hadi Awang: Jihad Adalah Perisai Umat Islam', quoted in *Harakah*, 19 October 2001.

Taliban training camps near Kabul, Kunduz, Mazar-e Sharif and Kandahar. American and British jets soon broke down the defences of the country, leaving ordinary Afghan civilians at the mercy of their new-found enemies. The response from Islamist movements world-wide came as fast as the news of the attacks were spread via the internet.

The following day, Malaysia's Prime Minister, Dr Mahathir, openly stated his dissatisfaction with the US-led attack. In a press conference held in Parliament, the Prime Minister said that 'war against these countries will not be effective in fighting terrorism'.[29] Although he was also careful to state that the attack on Afghanistan should not be regarded by anyone as an attack on Islam and the Muslim world, Dr Mahathir did question the wisdom behind the action and pointed out the negative consequences that were sure to follow.[30] Domestic political concerns were also not far from the mind of the Prime Minister. In a thinly-veiled warning to the Malaysian Islamist parties and groups that might think of extending their support to bin Laden or the Taliban, he pointed out that 'we will not tolerate anyone who supports violence and will act against these irresponsible people or anyone who backs terrorism'.[31]

The situation, however, was clearly out of hand by then. While the Prime Minister was trying to calm the fears of foreign investors, Western embassies and tourists in the country, the local police and security forces were put on alert and the US embassy (which was closed as it was Columbus Day in the USA) was placed under guard.

On the same day (8 October), the leaders of PAS came out with their strongest statement against the Americans yet. For the Murshid'ul Am of PAS, Tuan Guru Nik Aziz Nik Mat, the attack on Afghanistan was clearly an attack on Islam and Muslims in general. Speaking out in defence of the Taliban government, he claimed that 'The US hates the Taliban because the latter is firmly committed to upholding Islamic values. Osama bin Laden is just an excuse for the US, which has time and again shown its hostility towards Islam, to wage war against the religion'.[32]

PAS's President, Ustaz Fadzil Noor, also stated that the attacks were not only against Afghanistan's Taliban regime, but that they also constituted a direct assault on Muslims the world over. Speaking to local and foreign journalists in a press conference of his own, Fadzil Noor said that 'America has attacked a small and defenceless country like Afghanistan without showing the world strong reason or proof, (and) they are war criminals'.[33] He then added: 'If the Americans are really waging a war against terrorism, why don't they attack Israel, who are terrorists against the Palestinians?'[34] The President of the Islamist party ended the interview with a clarion call to arms when he stated that: 'all Muslims must oppose these criminals – this time, there is no denying a call for Jihad'.[35]

PAS based its critique of the US-led international effort on several premises: The first was the claim that there was no direct proof and evidence that Osama bin Laden and/or the Taliban were directly involved in the attacks on New York and the

29. Malaysiakini.com, 'We do not support war against any Muslim nation: PM', 8 October 2001.
30. A senior aide to the Prime Minister, speaking on condition of anonymity, said, 'Malaysia's stand is that if the attacks target specifically Osama bin Laden then they are acceptable, but not a widespread strike that will cause civilian casualties'. Malaysiakini.com, 'We do not support war against any Muslim nation: PM', 8 October 2001.
31. ibid.
32. Mohd Irfan Isa, 'Osama an excuse to wage war against Islam: Nik Aziz', Malaysiakini.com, 10 October 2001.
33. Malaysiakini.com, 'US embassy under guard, PAS labels Americans "war criminals"', 8 October 2001.
34. ibid.
35. ibid.

Pentagon. Secondly, the leaders of PAS argued that the terrorist attacks themselves were fundamentally a reaction against US foreign policy and the fact that America's conduct in the Arab world was seen to have a pro-Zionist, pro-Israel slant to it. For them it was the USA, and not bin Laden or the Taliban that was the real terrorist state in the world. Thirdly, PAS also claimed that the entire operation was linked to a broader American-Zionist agenda to demonize Islam and to weaken any Muslim state that was prepared to challenge the hegemonic might of the USA anywhere in the world. (By then the pronouncements of the leaders of PAS had taken on an increasingly hysterical tone, and PAS was openly denouncing the Afghan campaign as part of a global Zionist plot. These sentiments were reflected in the speeches of the party leaders as well as the official media organ of the party, *Harakah*.)[36]

The logic of PAS's critique was couched in terms of an oppositional dialectics, which pitted the West against the Muslim world. Having drawn a chain of equivalences between the United States, Western Europe, Israel and the so-called 'Zionist conspiracy' to overthrow and dominate the Muslim world, PAS also drew a second chain of equivalences which linked together Islam, the Taliban, Osama bin Laden and themselves as the defenders of Islam and the Muslim Ummah. What eventually emerged was a zero-sum logic of confrontation which, like George Bush's now-infamous 'you are either with us or against us' statement, left no middle ground for waiverers or neutral parties.

Things finally came to a head on 10 October when PAS declared a jihad against the United States and its coalition partners and gave the go-ahead for its members to openly join and support the Taliban. The party's Secretary-General, Nashruddin Mat Isa, stated that if there were any PAS members who would like to go for jihad, they would not stop them because jihad is a religious duty. He added that they did not need to seek party approval if they wished to take up the fight in Afghanistan.[37]

Soon after, PAS leaders like Fadzil Noor, Mohamad Sabu and Mahfuz Omar began calling for a total boycott of all American goods and services, and even for the Malaysian government to send troops to Afghanistan to help resist the US-led attacks.[38]

[36] See Farish A. Noor, 'Harakah's Costly Blunder', Malaysiakini.com, 14 October 2001. After the withdrawal of the DAP from the Barisan Alternatif (BA) coalition, PAS found itself in the limelight again. This time round, it was not the pronouncements of the leadership of PAS that got the party into trouble, but rather the contents of the on-line version of the party's official news organ, *Harakah*. By then Harakahdaily.com was one of the most widely read on-line dailies in the country. But on 4 October, the independent Malaysian radio station, Radiq Radio (www.radiqradio.com), revealed in its daily bulletin that the on-line Islamist paper had featured an article entitled 'Auschwitz: The Myths and Facts'. The author of the article was none other than Mark Weber, an American right-wing white supremacist who is the director of the Institute for Historical Review, an institute engaged in revisionist readings and writings of Western history. One of the institute's preoccupations is the re-writing of the history of war-time Germany and the Holocaust in particular. Though the institute claims that its aim is to correct distortions of the past in contemporary historical writing, it is clear that its main agenda is to attack what it regards as the creeping influence of 'Jewishness' in American politics. The institute operates under the wing of the Legion for the Survival of Freedom, which also runs the Noontide Press, specializing in books about Hitler and the Nazis.

[37] See Nur Abdul Rahman, 'Serangan Amerika langkah permusuhan ke atas umat Islam', *Harakah*, 11 October 2001 and 'PAS declares "jihad" over attacks in Afghanistan', Malaysiakini.com, 10 October 2001. Nashruddin was also quick to add that PAS's definition of jihad covered a 'wide spectrum including calling for peace, calling for justice and not just taking up arms'. He also noted that 'we (PAS) are not saying that we are going to create a troop to do that. PAS is also not going to sponsor anyone'.

[38] Tong Yee Siong, 'Mahfuz wants Gov't to provide military aid to Taliban', Malaysiakini.com, 11 October 2001). In a press statement delivered at a press conference, the leader of the Youth Wing of PAS, Mahfuz Omar, declared that the Malaysian government should mobilize the member states of the Organization of Islamic Countries (OIC) to fight against the US 'in any manner required'. Mahfuz also stated that the 'OIC should declare the US a terrorist state and the number one enemy of Islam'. He then called on the Malaysian government to temporarily sever all diplomatic and economic ties with the USA – Malaysia's largest foreign investor and export market.

The Malaysian government wasted no time in reacting to this latest turn of events. On 11 October, six alleged 'militants' were arrested and detained under the Internal Security Act on the grounds that they were part of a clandestine underground network that was plotting to overthrow the country by using terrorist tactics. Five of the men concerned were religious teachers based in various madrasahs all over the country and they were all said to be part of the KMM, led by Ustaz Nik Adli Nik Mat.

These arrests had little effect on the resolve of the Islamist opposition. Immediately after Friday Juma'ah prayers on 12 October, PAS leaders called for a massive gathering outside the US embassy in the diplomatic quarter of Ampang, Kuala Lumpur. The gathering was meant to serve as a show of support for PAS leaders who intended to deliver a memorandum to the US ambassador and to demonstrate PAS's endorsement of Osama bin Laden and the Taliban. Though the event was meant to be a peaceful gathering, the mood had been set by the leaders of PAS themselves who had been vocally condemning the USA over the past few weeks. (Just before the demonstration the internet version of the party's paper, Harakahdaily.com featured a photo of the president of the party, Fadzil Noor, and the head of its Youth Wing, Mahfuz Omar, burning the flag of the United States at a PAS rally.)

By 2 p.m., about 3500 PAS supporters had gathered in front of the embassy. Most of them had come directly from the mosques located at the KLCC and Tabung Haji complex nearby, and many more came from the mosques in Kampung Baru and Kampung Datuk Keramat. This was certainly the biggest demonstration that had been organized in Kuala Lumpur since the reformasi demonstrations of 1998. But this time round, the mood and tenor of the gathering had an altogether different edge to it. Many of the younger members of the party were wearing T-shirts, banners and arm-bands with slogans like 'Allahuakbar', 'Lailla ha illallah', and 'Jihad' on them. Placards and banners were hoisted with slogans like 'Stop the War', 'We love Jihad', 'Crush America' and 'Taliban/Afghans are our brothers' written on them.

Some of the major leaders of PAS who were present, such as Fadzil Noor, Mustafa Ali and Nashruddin Mat Isa, were finally allowed to enter the embassy to deliver their memorandum. Others, such as Mohamad Sabu, were there to fire up the crowd with speeches. (At least one PAS leader – Hatta Ramli – attempted to calm the demonstrators, but to no avail.) The mood turned sour when the police ordered the crowd to disperse. Just as the PAS supporters began to line up to perform their prayers before the entrance of the embassy, an armoured police truck let loose a blast from its water cannon and doused the crowd with chemical-laced water.

The crowd then dispersed and re-assembled at the mosque next to the Tabung Haji complex. Some of them tried to regroup and form a second demonstration in front of the British embassy next door, but by then the riot police had gained control of the entire area and many of the supporters had dispersed and fled. PAS's noisy and emotional demonstration had shown just how far the party was prepared to go to get its point across. But what the leaders of the party did not account for was the reaction that was to follow.

Part IV: Back in the Dock
The Reversal of PAS's Fortunes in the Wake of the Afghan Bombing Crisis

The reaction to PAS's demonstration of force came from two important quarters:

Firstly, the non-Malay and non-Muslim communities in the country – already shocked by PAS's declaration of jihad and show of support for the Taliban – were appalled by the rhetoric and tenor of the Friday demonstration. The local non-Malay press gave significant coverage to the event, with photos of PAS supporters marching in the streets and quotes from the PAS leaders themselves. PAS's call for a jihad against the 'enemies of Islam' clearly had a negative impact on the way the party was perceived by the non-Muslims in Malaysia. Overnight, fears of renewed religious militancy were rekindled, thanks to the fiery rhetoric of the PAS leaders and followers. (These fears were intensified even further when a number of churches were attacked and burnt in different parts of the country. The Christian Federation of Malaysia later issued a statement claiming that those responsible for the arson attacks were motivated by anti-Christian sentiments aroused in the wake of 11 September, though they did not single out PAS as the main culprit.)[39]

Soon after, the non-Malay parties in the Barisan Nasional also began to react. The Women's Wing of the MCA (Wanita MCA) organized a number of public forums to discuss the problem of religious militancy and the controversial issue of the Islamic State in Malaysia. The vice-president of the Gerakan party, Dr S. Vijayaratnam, argued that the governments of the West (the USA in particular) should 'review whatever positive perceptions' they may have had of PAS in the light of recent developments within the party itself and the stand that it chose to take over the Afghan issue.[40]

The other constituency to be affected by PAS's sudden reversion to radical politics was the international diplomatic and business community. The developments in Malaysia did not go down well with foreign investors who were already concerned about the safety of their investments in Malaysia and the political instability in the region as a whole.

Unaware of (or oblivious to) the negative image that it would create for itself at home and abroad, PAS's decision to support the Taliban and declare a jihad against the West was the biggest own-goal scored by the party against itself over the past few years. By publicly voicing its support for bin Laden and the Taliban, the party alienated itself from vast sections of the local and international community, and pushed itself to the margins of the local political scene.

[39] See Tong Yee Siong, 'Church body believes arson attacks linked to extremists', Malaysiakini.com, 6 November 2001. In September and October, four churches were attacked by unknown arsonists in the states of Johor, Kedah and Selangor. The Christian Federation of Malaysia (CFM), the umbrella body of local churches, felt that there was a possible link between religious extremism and the arson attacks on the four churches. The CFM's principal secretary, Wong Kim Kong, stated that the CFM was not convinced that the attacks were carried out by an organized group. 'The acts of violence and sabotage were related to religious extremism but they were most probably done by members of the local community', he said. To prevent the situation from deteriorating, the CFM met with the Deputy Home Affairs Minister, Chor Chee Heung, to discuss measures to improve security at churches.

[40] Tong Yee Siong, 'Review "positive" perception of PAS, Gerakan tells US', Malaysiakini.com, 14 October 2001. The vice-president of Gerakan said that the USA had previously been sympathetic to PAS's cause in domestic politics. However, he then added that the USA should now 'know its friends' following the demonstration at its embassy on Friday. In a statement issued to the press, he stated: 'Please look at who burns the American flag now, and who has been moderate and supportive of the US, even to the extent of volunteering cooperation to assist in the apprehension of terrorists responsible for the September 11 calamity'.

For many local and foreign observers, it was as if the veil had finally been lifted, and PAS had revealed its true self at last. Despite the fact that the more urbane and polished technocrats within the party had been speaking the language of democracy and human rights for the past few years, it was now clear where the sympathies and loyalties of the Ulama leadership really lay. The image of the young PAS supporter with clenched fist in the air, wearing an Osama bin Laden T-shirt and shouting 'destroy the American kafirs and Jews' dealt a major blow to the image of the Islamist party in the same way that the image of ex-Deputy Prime Minister Anwar Ibrahim with a black eye had dealt a major blow to the credibility of the state's security and judicial institutions three years earlier.

The situation was exploited to the full by the Mahathir administration, which saw it as the best justification for its own policies vis-à-vis the local Islamist opposition. Henceforth, the Malaysian government's crackdown on Islamist cells and networks – both real and imagined – would receive less criticism from foreign and local observers. (The same was true of the crackdown on the Islamist opposition in other Muslim countries like Indonesia and Pakistan.)[41] By presenting itself as the face of moderate and progressive Islam at work, the Mahathir government had managed to out-flank the Islamist opposition and reposition itself successfully.

This fact was made all the more clearer when the American Trade Representative, Robert B. Zoellick (who was on a visit to Malaysia and the other countries in the region), publicly stated that President Bush 'was pleased with the support given by Malaysia'.[42] The USA then extended its thanks to the Mahathir administration for the support it had shown to the USA despite the difficulties it had to face from the local opposition (meaning PAS). By then it was clear that an entente cordiale had been struck. Neither Malaysia nor the USA was prepared to let political differences get in the way of economic necessity. Trade between the two countries amounts to US$38 billion (RM144 billion) a year and America is, after all, Malaysia's biggest trading partner abroad. (Under such circumstances, it was difficult to comprehend the rationale behind PAS's calls for a trade boycott against the USA, which made little sense to the Malaysian business community in particular.)

The US Trade Representative was also careful to mention all the key words that were necessary for the upward shift in bilateral relations to register: Zoellick stated that Washington viewed Malaysia as an Islamic country which could 'serve the others as a role model for leadership and economic development' not only for the region but also for the rest of the Muslim world. As an Islamic country Malaysia was described 'modern', 'progressive', 'liberal'

41. As the crisis developed, the governments of many Muslim states were forced to take action against Islamist opposition parties and movements in their own countries. On 17 October, the Pakistani government of Pervez Musharraf charged the leader of the Jamia'tul Ulema-e Islam (JUI), Maulana Fazlur Rehman, with treason after he made the claim that President Musharraf had 'sold the country to the Americans'. Two other senior JUI leaders, Ataur Rehman and Abdul Qayyum, were also charged with treason. In response to the arrests, JUI spokesman Hafiz Riaz Durrani said that they rejected the sedition charges and warned that the JUI party would launch a countrywide campaign against the government's action.

42. Tong Yee Siong, 'US thanks Mahathir for support, understands Malaysia's dilemma', Malaysiakini.com, 15 October 2001. At a special press conference held in Kuala Lumpur, US Trade Representative Zoellick stated that the USA 'respects Malaysia for all the internal challenges and tensions it has to deal with, which makes its support more meaningful'. He also denied that the Mahathir government's objection to the US air strike on Afghanistan could jeopardize the countries' bilateral trade: 'Our trade ties are based on a close economic relationship. The support we received in many areas will only strengthen the nature of our relationship'. He added: 'I don't see any negative variety [of views] in there. The difference of views is understandable'.

and 'tolerant' – precisely the terms that were required to form the positive chain of equivalences that the Mahathir administration was looking for.

The newly-improved relationship between Kuala Lumpur and Washington was also reflected in the new understanding between the two governments. The US Trade Representative spoke not only about economic matters but also raised a number of concerns related to security issues. In his meeting with the Malaysian Minister for Foreign Affairs, Syed Hamid Albar, the two men discussed the various strategies and tactics that could be used to combat the phenomenon of international 'Islamic terrorism'. Later the US Pacific Fleet Commander-in-Chief, Admiral Dennis Cutler Blair (who was on a tour of ASEAN), praised the Malaysian government for its help in the global campaign against international terrorism and vowed that Malaysian and US armed forces and security services would cooperate even more in the future against the threat of terrorist networks and militant cells which posed a security threat to both countries.[43]

This new understanding would later be cemented when the leaders of Malaysia and the USA finally met for the first time at the APEC conference held in Shanghai a few weeks later. At the meeting between Dr Mahathir and George Bush on 20 October, both men agreed to seek ways and means to combat the threat of international terrorism and to increase the level of cooperation in both trade and security matters. The cherry on the cake came in the form of George Bush's observation that the Malaysian Prime Minister was a man he 'could deal with' and who also had 'a good sense of humour'. For the dour-faced Ulama of PAS, this was no laughing matter.

Back on the home front, the Mahathir administration added the final touches to a package of political and economic policies that was designed to maintain public order and get the economy back on the road to recovery. The new budget that was revealed on 19 October was aimed at jump-starting the economy and in particular helped medium-scale local entrepreneurs and civil servants.[44] The only ones to suffer were the smokers in the country who faced an additional 20% tax increase on their small-time vices.

More good news for the Mahathir administration was soon to follow: On 14 November, the Parti Bersatu Sabah (PBS), which had left the UMNO-led Barisan Nasional (BN) ruling coalition on the eve of the 1990 general elections and which had been the sole opposition party in the East Malaysian state of Sabah, finally declared

43. 'Admiral Blair: Contain Terrorism For Political Stability', *New Sunday Times*, 25 November 2001. Admiral Blair stated that the US Navy hoped to extend and expand its joint military operations with the Malaysian Navy in order to eradicate the threat of transborder terrorism, gun running, smuggling and piracy in the region. He announced that further joint US-Malaysian naval operations like Exercise Karat would be held in the future and that the US security forces would 'provide logistics, intelligence and advice to support the regional governments'.

44. The budget for 2002 introduced significant tax cuts and raised the pay of civil servants throughout the country as part of an overall domestic economic stimulus package. The RM111.5 billion (US$26.4 billion) budget was aimed at strengthening growth by boosting local demand. The budget cut maximum personal income tax by one percentage point to 28%, and gave the country's 850,000 civil servants a salary bonus on top of a 10% increase for the next year. A 100% tax exemption against income for five years was granted for reinvestment by agriculture companies. During the unveiling of the budget, the Prime Minister said that Malaysia's current account surplus, subdued inflation, low foreign debt and a pegged currency were all factors in assuring a recovery. Malaysia's trade surplus was expected to rise to RM55.4 billion (US$14.6 billion) in 2002, from an estimated RM51.74 billion in 2001, with 6% export growth. The manufacturing sector was forecast to grow by 6.5%, thanks to a recovery in global electronics demand and increased consumer spending on cars and household goods. The services sector was expected to grow 5.3% in 2002, up from 4.4% in 2001, but agriculture was expected slow to 0.8% from 1.2%. Inflation was forecast to remain below 2% and employment to rise by 4.25% to 9.8 million in a population of about 22 million, representing almost full employment. On the whole, the budget painted an upbeat picture for the future, forecasting an overall growth rate of 5% (after a sluggish growth of 1-2% for 2001, due to the effects of the US recession and the Afghan conflict). The financial injection was the third largest after China's and Japan's.

that it would rejoin the BN. Less than a week later, the president of the Malaysian Islamic Youth Movement (ABIM), Ahmad Azam Abdul Rahman, publicly stated that ABIM felt that Dr Mahathir was indeed a model Muslim leader and that Malaysia was a model Islamic society for the rest of the Muslim world to follow.[45] The apparent u-turn by one of the biggest Islamist movements in the country provided the UMNO-led BN government with more room to manoeuvre and it meant that PAS's desire to mobilize Malay-Muslim support behind its calls for jihad had failed. With DAP out of the Barisan Alternatif (BA) opposition front and Keadilan in tatters, PAS was well and truly isolated and marginalized.

Having lost on the homefront, PAS turned its attention to the outside world. On 16 November, the ASEAN Muslim Secretariat (AMSEC) which was under the auspices of PAS and based in Kota Bharu, Kelantan, organized a regional conference on Global Terrorism. The conference was attended by representatives from Muslim organizations from all over the ASEAN region, including Malaysia, Brunei, Indonesia, Singapore, Thailand, the Philippines, Myanmar, Laos, Cambodia and Vietnam. At the end of the conference, the Secretary-General of AMSEC, Mahfuz Omar (who was also head of the PAS Youth Wing), read out a joint statement condemning the USA as the biggest terrorist state and describing George Bush and Ariel Sharon as the two most wanted terrorists in the world.[46]

But even then PAS was no longer able to muster the support that it needed in its campaign at home. A host of internal and external factors ranging from PAS's tactical blunder in supporting the Taliban's call for jihad, the growing concern over the threat of international terror, renewed violence in some parts of the ASEAN region like the southern Philippines and Indonesia, and the mood swing of the populace had ensured that PAS's advances had been checked, for a while at least.

It appeared as if PAS's gains over the past three years had been all but squandered, and that the party would once again have to start at the grassroots level (a fact borne out by the local university council elections that took place in the same week and which saw PAS and UMNO once again fighting out their proxy wars on the grounds of the

45. See *Utusan Malaysia*, 19 November 2001. ABIM's sudden u-turn was brought about by a number of factors, most of them related to domestic politics and the complex internal rivalries that had developed between ABIM, PAS and Keadilan. Just a couple of weeks before, Keadilan had its first annual party elections in which serious divisions had appeared between Keadilan's ex-ABIM and ex-UMNO members (the latter of whom were identified as the close personal aides and advisors to the ex-Deputy Prime Minister Anwar Ibrahim). Differences of opinion and tactics had emerged between the two groups within the party. It was already well known that the ABIM members within Keadilan opposed the proposed merger between the party and the Leftist PRM party. Many speculated that the merger proposals were being pushed ahead by the jailed ex-ABIM leader, Anwar Ibrahim. The run-up to the elections witnessed much acrimonious debate and mud-slinging, with the ex-ABIM members being accused of wanting to take over the party and to 'ABIMize' it. In the end, all the ABIM candidates – Mohamad Anuar Tahir, Dr Muhammad Nur Manuty, Ruslan Kassim and Mustafa Kamil Ayub – lost. In the wake of the elections, many ABIM leaders felt the need to distance themselves and their movement from Keadilan and the BA coalition. Ahmad Azam's open declaration of support for the Mahathir administration therefore came at a time when ABIM was trying to find a way out of the impasse within the opposition BA alliance.

46. Oleh Nyza Ayob, 'Amerika ketua pengganas antarabangsa – resolusi', *Harakah*, 16 November 2000. Among those who took part in the conference were Dato' Kamaruddin Jaffar (member of PAS Central Executive Committee), Dr H. Lukman Hakim Hasibuan (Vice President of the Gerakan Pemuda Ka'bah Pusat, Indonesia), Faisal Malkatiri (head of the Youth Wing of the Islamist Bulan Bintang party of Indonesia), Fan Yew Teng (Malaysian peace activist), Mohamad Azmi Abdul Hamid (coordinator of the Malaysian-based Third World Network), Nik Mohd Nasir Nik Abdullah (representative of the Young Muslims Association of Thailand), Shahran Kassim (ABIM) and dan Syed Ibrahim Syed Abd Rahman (member of PAS Central Executive Committee). Describing the attack on Afghanistan as part of a long-term conspiracy against Islam hatched by the USA and other anti-Muslim governments, the conference called on the OIC to play a more active role in the resolution of the Afghan crisis and to openly condemn the actions of the USA and its allies, most notably Israel.

local campuses).[47] Thus it can be said that the events of 11 September did have long-lasting and far-reaching consequences indeed. As a result of that fateful attack on the World Trade Center in New York, the face of Malaysian politics had been changed once more.

Part V: Conclusion: Lessons from 11 September
The Impact of External Variable Factors on the Domestic Politics of Malaysia

The 11 September tragedy and its aftermath is a classic example of how a localized event can take on global proportions and have a long-term effect on other localities in other parts of the world. Temporal and spatial orders have collapsed altogether in this rapidly shrinking world, whose political and cultural geography has been reduced and narrowed thanks to globalization itself. The local has become the global, and vice-versa.

Malaysia, as a developing country that is very much exposed to external cultural, economic and political influences, is particularly vulnerable to such external variable factors. As the events of the past few months have shown, the impact of such external variables are never predictable and, in the Malaysian case, the consequences of 11 September have been exploited by all parties concerned for their own immediate political objectives. In the end, it was the government of Dr Mahathir that managed to reap the most benefits from the event (thanks in part to the blunders by the Islamist opposition), and in the wake of the Afghan campaign, it has been able to successfully re-position itself, not only in terms of the local political audience but also the international one.

The success of the Mahathir administration was due partly to its correct reading of the reaction to the 11 September event. The UMNO-led BN government correctly estimated the sense of shock, horror and apprehension that was bound to emerge in specific sections of the Malaysian community – the urban middle-classes, the non-Malay and non-Muslim minorities and the foreign business/diplomatic community. Sensing the growing sense of alarm among those who felt that Malaysia was in danger of being drawn into the web of international 'Islamic Terror', heads of state and leaders of UMNO in particular were quick to address the issue and to placate the fears of the general public. Nothing was spared in the effort to ensure the Malaysian (and international) community that the Malaysian state would remain on its secular, moderate and capitalist course (even if the Islamic state debate had not died down in some quarters). UMNO leaders were careful to insist, time and again, that theirs was a brand of 'modern', 'progressive', 'liberal' and 'tolerant' Islam that would not allow itself to be hijacked by 'militant' and 'extremist' elements. Here was a case of a local political elite correctly interpreting the mood swings and shifts in perception that

47. The one area where PAS's influence is still considerable was is on the local university campuses. During the campus elections in the last week of November, practically every student council fell into the hands of PAS-supporting student candidates. New regulations were introduced to control the activities of PAS supporters on campus (including a total ban on public speeches imposed in the National University, UKM), but to no avail. In many cases, PAS supporters won their seats uncontested. Of the 13 main universities and institutions of higher learning in the country, the five most prestigious universities – Universiti Malaya (UM), Universiti Kebangsaan Malaysia (UKM), Universiti Putra Malaysia (UPM), University Teknologi Malaysia (UTM) and the International Islamic University (UIA) – were all clearly hotbeds of PAS support.

were bound to be brought about by the events that took place thousands of miles away in New York.

PAS, on the other hand, was held captive by its own local constituency. Failing to recognize the swing in public opinion, the leaders of PAS mistakenly brought the party to the brink of ruin by declaring that they would support the jihad called for by Osama bin Laden and the Taliban. Seemingly unaware of the catastrophic results that were bound to follow (a strange and unexplainable factor indeed, considering PAS's long experience in the field of Malaysian politics), the PAS leadership pressed on down a path that would only lead to its marginalization and isolation in the country. Here was an example of a political party that totally failed to understand the magnitude and depth of the mood swing in Malaysia, both among the Malays and non-Malays.

While it is true that PAS managed to score points with its own natural followers, the Malay-Muslims, its losses in terms of the general Malaysian public (and international opinion) were considerable. Overnight, PAS had shown its true colours and exposed the fundamentalist streak deeply rooted in the mentality of its leaders and followers.

Just how this strange and unforeseen drama will play itself out in the weeks and months to follow is an open question. At the time of writing this paper, UMNO is clearly in the enviable position of being able to claim that it has once again regained control of the political field. PAS, on the other hand, is licking its wounds and has since ceased to utter any more words of support for the Taliban or contempt for the US-led effort in Afghanistan.

But one thing remains certain. As the events of 11 September have clearly shown, Malaysian politics is plugged into the global current and is no longer isolated from external influences. As the country gravitates ever closer to the centre of globalization's orbit, events such as the 11 September tragedy are bound to play an even bigger role in the domestic politics of Malaysia. The boundaries between 'inside' and 'outside' are no longer there. The frontiers of the imaginary homeland go as far as the cameras of CNN or the Al-Jazeera network will take you. Malaysia has entered the global stage, and the world has come knocking on its door, bringing with it unprecedented challenges that can never be ignored.

11 September 2001: Attacks on Which Civilization?

Michael Ehrke

The full force of the 11 September attacks on New York and Washington, and the violence of the pictures has posed an almost insoluble challenge to the powers of interpretation of many observers – journalists, scientists as well as politicians: What was the 'meaning' of the attacks? No organization has admitted to the deed, nobody has announced its purpose. Only the great symbolic value of the targets made clear that this was not an attack from outer space by beings ignorant of human language. The attacks lacked the dull fatality of a natural disaster. The violence was horrifyingly purposeful.

A Declaration of War ...

The spontaneous and reflex-like explanation by journalists and politicians was that this was a declaration of war on the 'civilized world' and 'Western civilization' in particular. This interpretation is not only questionable because, as Christian Semler noted in the German newspaper *Taz*, it equates 'civilization' with 'Western', but it is also ambiguous, because it leaves open the question, what is meant by the terms 'civilized world' and 'Western civilization'?

The symbolic meaning of the Pentagon is, in contrast to the World Trade Center, unequivocal: It symbolizes the military might of the United States of America (USA) and thus a world order that is dominated by the USA as the only superpower. The Pentagon embodies the geopolitical status quo, independent of the values supported by US military power. The World Trade Center and the city of New York, where it was located, on the other hand, stand for the USA as a spiritual power, for 'Western civilization' as idea; an idea, however, the meaning of which is ambiguous.

... on the Civilization of the Enlightenment ...

On the one hand, Western civilization, which originated in Europe, and which, after the Second World War, has come to be represented mainly by the USA, is a product of the Enlightenment: Its core tenet is that every tradition, every religion and every truth that cannot withstand the undermining force of critical reason is particularistic and cannot claim general validity. This has two results: Firstly, there is no other place of reason than the enlightened individual. The individual, vested with universally valid rights, is the last authority that can, may and must decide what is right and wrong, good and bad (which, however, does not preclude communication between reasonable individuals). Secondly, every truth beyond reason becomes a private matter that has to be tolerated as such. There is no

separating line between believers and unbelievers, but a universe of different systems of beliefs and values that are equal in principle and that can be discussed in public only to a limited degree. Therefore the 'Western civilization' that is based on the Enlightenment is characterized by a 'will of peaceable inclusion, … balanced pluralism, the liking of mixed cultures and … a historically sharpened sense for the legitimate otherness of foreigners'.[1] The only model of civilization that is compatible with the Enlightenment is multi-ethnic, multi-religious and multi-cultural. In this, it is expected of every religion and tradition that it should revise its claim of absolutism and thus dismantle itself as religion and as tradition, which derives its authority from its inability to be questioned.

Of course, this is an ideal, possibly a (non-linear and reversible) trend rather than the actual state. Nonetheless, hardly any city in this world has come as close to this ideal as New York, the multi-cultural city par excellence (the mourning service in the Yankee stadium was another demonstration of its particular diversity). Those who died in the World Trade Center attack were not only white Protestants of Anglo-Saxon origin, but also people of many nationalities, skin colours, religious beliefs and social classes.

... or Global Capitalism?

On the other hand, New York and the World Trade Center symbolize a capitalist world order that is dominated by the USA and which is profoundly unjust, in that income and opportunities are extremely unequally distributed between classes and countries, and in which thousands die each day of hunger or AIDS, even though there is enough food and medication. The respect for the individual that the Enlightenment enshrines is systematically given the lie by global capitalism from Rwanda to Haiti, from Palestine to East Timor. The relative security and affluence that the citizens of the 'West' enjoy are the exception. Poverty and violence produced or tolerated by global capitalism is the rule. That is also the reason for the remark by many commentators, that with the attack of 11 September, America had been brought belatedly into the 'reality' of this world (synonymous: into the twenty-first century).

The surface of global capitalism presents itself as an 'immense collection of products', crowned by a wave of commercial symbols and pictures – brands such as Nike, MTV or McDonalds, cultural icons such as Hollywood, Michael Jackson, Disneyland and baseball caps, as well as the more general vehicles of sexuality and advertising – which threaten to submerge the cultures of this world. This wave has to be seen as particularly menacing by non-Western societies. For one thing, the symbolism has a greater importance because the material goods themselves can often not be acquired. And for another, the goods and symbols also sell Western civilization, and by doing so confirm its dominant role in the world. This is particularly so for Islamic societies that can look back upon 1500 years of confrontational history with the West.

Enlightenment and global capitalism, including the cultural-industrial junk produced by it, are related to each other. The connecting link is the individual, who, as the repository of reason, is the last authority for every decision concerning values, and is therefore also free to eat a Big Mac.

[1] Thomas E. Schmidt in the *Zeit* [German weekly newspaper].

The Targets of Terrorism: Not Global Capitalism ...

What symbolic content were the attacks on New York and Washington directed against? One answer can be eliminated in advance: The terror was not – at least not as a first priority – targeted at an unjust capitalist world order; it is not part of the tradition of Frantz Fanon, who claimed a liberating role for violence in the fight against colonialism and neither is it that of Che Guevara, who called for 'two, three, many Vietnams'.

Those who planned and carried out the massacres in New York and Washington were not the self-appointed representatives of the 'Damned of this World'; they were mainly members of the educated elite of the wealthy Gulf States. Their motive was obviously not the liberation of the poor from material poverty, but the liberation of the holy places of the Islamic world from the presence of unbelievers: in other words, Religious Cleansing.

... But the Civilization of the Enlightenment

The attack on the World Trade Center was no counterstrike of the Third World against the First, but indeed an attack on a civilization: the civilization of the Enlightenment and its hedonistic-materialistic symbols. Secondly, it was aimed – as shown by the attack on the Pentagon – at the military might of the USA. The connection of both – the civilization-related and the geopolitical aspect – form the new quality of terror, differentiating it from the self-referential symbolism of, for example, the Rote Armee Fraktion.[2]

The attacks of 11 September are really part of a 'Clash of Civilizations', even if it is not that of the Islamic with the Western world. A decisive line of conflict is drawn through both worlds. Fundamentalism is no more a defect of Islamic societies than tolerance is a constant asset of the West. Both worlds are run through with an internal, historically changeable boundary, that divides them into 'enlightened' and (the term is questionable) 'fundamentalist' forces. The model for Lessing's Nathan the Wise, an original text of the Enlightenment, is Saladin, the conqueror of the crusaders, who were themselves quite barbaric. Moreover, the most barbaric violation of civilization in history was perpetrated in twentieth century Europe by one of the most economically and technically advanced nations of that time. Even today people are killed in Germany because they are foreigners. And even in the USA, Western civilization has its fundamentalist underbelly: the Christian Right with its violence-prone fringe groups, the anti-government militia, apocalyptic and suicidal millennium cults. Christian fundamentalists Jerry Falwell and Pat Robertson described the terror of New York as just punishment for sinfulness and homosexuality. Next to China, the largest number of death sentences are carried out in the USA and the proportion of those who believe in God and the Devil is higher in America than in any other Western country; there is also the certainty that the country has been chosen by God – a certainty that paradoxically has once more been urgently invoked after the events of 11 September (remember the mass in the National Cathedral in Washington). Western civilization is, like any other, in permanent conflict with itself, in a sort of cultural or civilization battle, which is also conducted with violence. Timothy McVeigh's attack on the government building in Oklahoma differed from the

[2] Rote Armee Fraktion (RAF) was a German terror organization, active in the 1970s. It carried out various attacks on high representatives of state and the economy.

mass murders of 11 September more in its dimension than its motivation.

The argument between 'Enlightenment' and 'Fundamentalism' is not equal to a dispute between modern and traditional forces. The authority of traditional values and interpretations of the world lies in the fact that, after being admitted into the daily life of societies, they have never been questioned. Ethnic and religious fundamentalism is more a reaction against Enlightenment and the impositions of modern times. Even in its modern form it contains an element of defiance and hostility. And with it, it is quite willing to make use of the technical advances of modern times and to use them for anti-modern purposes.

... and the Geopolitical Status Quo

In the USA, the terror attacks were interpreted as a declaration of war, as a new Pearl Harbour, but without an unequivocal enemy (even the Taliban regime has not declared war on America). In spite of its inappropriateness, the war metaphor meets the imagery of terror, which interprets itself as a warring party. This war has clear tactical goals – the first being the expulsion of the American military from Saudi Arabia – within a strategic system of delusions: these are the re-establishment of the Caliphate and the liberation of the Islamic world from the 'Infidels'.

The attacks on New York and Washington were obviously meant to show how high the price is for the US presence in the Arabic world. In this respect, earlier attacks on American soldiers in Lebanon and Somalia were successful as in both cases the USA pulled out of the crisis zone. Of course, no terrorist will assume that after 11 September the USA will leave the Middle East. A counter strike is inescapable and in all probability is the reaction the terrorists were hoping for, because, if it is aimed at the geographical origin of the terror in the Middle East, it could trigger the destabilization of individual countries or entire regions; and for a politically unestablished power, willing to use force, destabilization is more advantageous than stability. The politics pursued by the USA in the past in the Middle East – from the overthrow of Mossadegh via the support of Saddam Hussein in the 'first Gulf war' against Iran, to the support, training and arming of the Afghan Mujahideen – suggests that the terrorists' calculated risk might pay off. Edward Said compared the USA in the Middle East to Gulliver in the land of Liliput: Due to his sheer size Gulliver is vastly superior to the Lilliputians. But he lets himself get involved in the local disputes of the midgets and thus becomes such a burden that the enemies join hands and push him out of Liliput. Of course, the outcome may be the opposite: The new cold or hot war against terrorism might create a framework within which the stabilization of the Middle East becomes the utmost imperative, which in turn would make new developmental and political initiatives possible (see *World in Autumn* by Michael Dauderstädt).

A Time for Crusades?

What is to be done? One of the first answers is: the world order has to become more just. In a just world, the energies that feed terrorism would expire. In this view, the

social dynamite, which fills 'the home of all of us – the concentrated misery and suffering of impoverished and disenfranchised millions' (Zygmunt Bauman), is the real problem and not the terrorists, of whom there will always be enough around, ready with a lighted match. If the point is to resolve recognizable conflicts, in which human beings are robbed of their rights and humiliated, and in which terrorist potential builds up – as is presently the case in Palestine – then this position would not be difficult to agree with. However, the creation of a 'world more just' is not likely to eradicate terrorism because there will always be different and contrary ideas of justice. The reduction of material poverty and violence in the Third World is a task that is independent of the terrorist attacks, it is an end in itself; the defusing of terrorist potential would be a desired side effect.

The reduction of material poverty and violence in developing countries and social inequality in the West is a project that can be realized within the framework of an enlightened civilization. It is not a counter project against 'Western civilization'. The criticism of the pattern of economic globalization that is represented and actively pursued by the USA – a criticism articulated especially in the USA itself – is part of this project. Anybody who moves the criticism of the existing globalization model into an indirect complicity with terrorism – as Peter Beinart does in *The New Republic* – turns an existing line of conflict within 'Western civilization' into a war frontline.

Also required is a Dialogue of Cultures, in particular a dialogue between the West and Islam. This dialogue has, of course, a limit: From a Western point of view, the precept of tolerance and the universal validity of human rights cannot be relativized; they are not negotiable. With the precondition of this limitation, however, learning processes on both sides are imaginable. Western societies themselves have started to doubt many aspects of their civilization; in view of the threatening commercialization of social life, even to the level of kindergartens, societies are relooking at preserving, establishing, inventing or re-inventing traditional relationships of solidarity, even though their validity as tradition – as unquestionable – can no longer be maintained.

Neither the improvement of the world nor the dialogue of cultures can replace the fighting of terrorism itself. As one realizes now, this will be a protracted and many-layered process, in which spectacular media events (such as the CNN's coverage of the war in the Gulf) cannot be expected. A victory over terrorism is more likely to manifest itself as the absence of spectacular events. And correspondingly greater is the danger of reverting to symbolic replacement actions with which the media can be fed, but which will not bring victory over terrorism one step closer.

The greatest danger of the present situation lies in the possibility that the 'West' might react to the attacks from the camp of Islamic fundamentalism by, unwittingly or not, mobilizing its own fundamentalist underbelly. The number of hate-motivated attacks on people of Middle Eastern origin is increasing. President Bush has called the fight against terrorism a 'crusade', a word he later took back, but which points to the reflex-like spontaneity with which the clash triggered on 11 September is placed in an orient-occident polarization. And in Germany, the culture of denunciation has proved to be on call at any time: A female asylum seeker of Arabic origin is to be deported, because she is supposed to have shown 'joy' after the attacks and two teachers in Saxony are to be suspended from their posts for the same reason.

Until now there was 'as good as no' violence against real or imagined Muslims in New York. As Woody Allen declared in the German weekly magazine *Spiegel*, he would rather be hit by a rocket than move to the countryside – one can hardly put it better.

World in Autumn: New Risks and New Front Lines after 11 September

Michael Dauderstädt

The direct cost of the terror attack on 11 September 2001 in terms of fixed assets is considerable. However, this pales before the damages it has wrought indirectly through changes in mindsets. 'The world is no longer what it was' is a platitude that always applies. It justifies itself in that those who see it that way perceive a change in the world for the worse, although this is not necessarily a permanent change.

The Worst of All Possible Worlds

The most important effect of the terror attack is the changed perception of the risks of a large number of conditions and activities (dimensions of human hatred and human readiness for destruction, aeroplane travel, life and work in high-rise buildings, etc.). Having seen the attack on the World Trade Center, many people now regard any danger as realistic.

Changed perceptions of risk have had an immediate effect on economic activities that manage risk, e.g. insurance companies have increased their premiums for airlines. But there is also likely to be an effect on the level of household savings as people try to be better prepared for an emergency that cannot rationally be foreseen. 'Rational' was a world in which the probability that four aeroplanes, hijacked and piloted by teams of suicide terrorists, would plunge simultaneously into the symbolic centres of American power was nil. The standard probability distribution of all possible events and worlds has been massively changed by this extreme value.

Every future-related decision, every investment, has to be re-evaluated on the basis of these new assumptions. New fears will determine actions until such time as a prolonged period of renewed normality in the former sense of the word returns the status quo ante.

The first dimension of this change is economic. The direct cost of the damage of the attack (US$20-50 billion) seems modest when compared to the US$11 trillion loss that stock markets world-wide have suffered since their highest levels last year. Even though only a fraction of the overall loss in value occurred after 11 September, the already recession-minded world of stock markets for the time being accelerated its downtrend.

As valuations in the financial markets are based on expectations, they are just as likely to cave in the face of negative expectations as they are to soar at the prospect of better times. In his analysis of the Asian crisis, Paul Krugman speaks of the 'Pangloss Value' – that unrealistic optimum value of investments that is the result of the assumption of the best of all possible worlds (i.e. high growth prospects and negligible risks). Now the values seem to aim at a pessimistic 'Cassandra Value' – but is this realistic?

Indeed, the real economy changes with the

expectations, e.g. through the known mechanisms of lower consumer spending in the case of a loss of assets (even if they are only book losses). Still, some of the measures announced (e.g. retrenchments and closings) also seem to be wave-riding effects; they were due anyway for reasons of previous over-investment, excessive expectations, or the tendency towards a recession.

The Globalization Break

One of the first victims of a pessimistic perception of risks is globalization in terms of an expanding liberalization of border-crossing activities. It starts with air travel. The cost of time and money has increased perceptibly. But can the controls be limited to passenger flights? And air travel? Shortly after the attack, the US coast guard closed the ports of New York and Washington. Basically, those controls which had started to seem less necessary with decreasing custom tariffs, now seem to be advisable once more. Now the concern at the borders (as well as within) is no longer biological controls or brand name piracy but nuclear warheads, poison gas and biological weapons.

The arriving foreigner may no longer be just an undesirable competitor for a job, or an asylum seeker, not to mention a sought-after IT expert, but a terrorist, who is being smuggled into the host country as a 'sleeper'.

The global financial markets have shown themselves to be ideal channels for the financing of terrorist networks. Their uncontrolled growth now not only endangers the financial stability of some badly managed economies, but also allows mass murderers to profit, enabling them to fund the next terror attack.

The control of the Internet and world-wide communication networks, the relative anarchy and freedom of which, especially with regard to child pornography and extreme right-wing politics, has long been a thorn in the side for many, could now concern life and death in a much more literal meaning of the phrase and take on completely different dimensions.

The control of all these risks – the actual existence of which cannot be exactly assessed anyway – will drive up the cost of the activities involved, partly directly and partly in the form of increased insurance premiums or taxes (because many of the necessary measures will have to be taken by the state). The increased cost will lower productivity and thus the achievable growth in real income. However, increased state spending might also initiate Keynesian reflation.

A risk premium on international economic relations will be like a 'Tobin Tax',[1] only it will not be limited to speculative foreign exchange transactions. If the attack on the World Trade Center was aimed at undermining globalization, the goal has been partially achieved.

The Grey War

The USA and its allies have declared war on international terrorism. If the announcements made in the aftermath of 11 September are carried through, then this

1. Tax on multilateral financial transfers in order to reduce currency speculation, named after the economist James Tobin.

does not mean a few quick military operations, but a long-term, world-wide campaign, a grey war, that is comparable to Truman's containment strategy against Soviet Communism, which started the Cold War.

The Cold War brought about a new order of priorities and a number of far-sighted policies: not only were the old enemies, Germany and Japan, stabilized and re-built, but also, through the Marshall Plan, the USA revived the economy of Western Europe and created an attractive society model that was superior to Communism. The welfare state was not least a reaction to system competition. In the international environment this corresponded to development aid.

Not all these policies were successful in the sense of stabilizing pro-Western regimes and systems. Often they involved the destabilization of leftist governments, regardless of their democratic legitimacy. And some measures had unintended ancillary effects (e.g. the arming of the anti-Soviet Mujahideen and the Taliban). The collapse of the Communist opponent has also undermined some of these policies. Supporters of national and international policies which fight exclusion fear that, with the threat to the system, the resources and political will for such preventive policies have been lost as well.

In retrospect, the period of unlimited trust in markets, which also brought the term 'globalization' into vogue, might just have been a brief interlude between the imperatives of the Cold War and those of the Grey War.

This new Grey War will give birth to its own priorities and policies. The attack on the World Trade Center, should it become the defining moment of the only-just-started twenty-first century, polarizes anew global and local front lines and alliances.

New Alliances on the Outside

The indicators already exist: Will the USA still be able to view the conflict in the Middle East with the benign neglect shown by the Bush administration? Even a more active policy like that of previous US governments, which amounted to the de facto backing of Israel's policies that had been condemned by the United Nations (UN), may no longer be enough. Because, for a global anti-terrorism campaign, the USA needs the support of Islamic countries and the UN.

Will the superpower take on far-reaching global responsibilities? Will it pay its outstanding UN contributions? How will alliances change? Will the USA waive their old scores with Iran in order to win it over as an allied key power between Iraq and Afghanistan? Will it tolerate Russia's inclinations to dominate Chechnya and its near abroad, in order to be able to use the fields of deployment in Central Asia? Will it push even harder for the integration of Turkey into the EU, because of its enormous strategic importance, in order to be able to present an Islamic modernization model (despite the urgent necessity of its economic reorganization)? Will they try to stabilize Pakistan economically and socially, in order to pull the rug from under the internal Islamic opposition? And how many other front-line states (Egypt, Algeria, Sudan, Jordan) require basically massive development efforts in order to be able to support the connection of Islam and modern times with real political credibility?

The changed geopolitics may not even be the most important element in this new

world of the Grey War, because the frontlines no longer run between states. Even during the Cold War there were civil wars and internally extended frontlines between Communists and the representatives of pro-Western, capitalist circumstances. However, in the Grey War against terrorism, even more depends on the stabilization of internal situations.

Nevertheless, even in rich societies there exist various forms of terrorism. Even in well-developed Spain with its extremely progressive and liberal decentralization policies, the terrorists of ETA are able to survive. However, in spite of this, the central reason for the emergence of a brutal terrorist opposition is probably a lack of prospects and despair in the slums and refugee camps of this world. Maybe only a few terrorists are recruited there and maybe others come from the better-off, educated circles of the Islamic world, but their hatred is the result of their awareness of that misery.

This awareness also has to be fought through a change in the patterns of perception, particularly in Islamic countries, through dialogue, education, active information, other school books, etc. – an effort that only makes sense if it is supported by a change in the political reality.

New Frontline on the Inside

These frontlines also run inside the societies that are threatened by terrorism. During the Cold War, the freedom that was to be defended against Communism almost became its first victim, e.g. in the Communist witch-hunts of the McCarthy era in the USA. Now the threat seems almost greater and fighting it seems to justify any means.

Not only do global markets and border-crossing activities have to be controlled, but also internal communication, transport routes and the flow of money, which can all be used by the terrorists. An old hierarchy of values, that places the social goals of the res publica above the wild growth of market opportunities, could gain new importance and force. The political control of the private economy, behind which any interests could hide, would thus gain in importance.

Politics with regard to technology would also have to be viewed differently. The indiscriminate multiplication of technical possibilities, which, seemingly neutral, also has the potential to be used by terrorists, has to give cause for concern.

Nuclear power stations are no longer only a threat because of possible accidents, but also because, as a source of nuclear material, they are targets for attacks. Wherever huge amounts of energy are used for civil purposes (e.g. large conventional power stations, aeroplanes, high-speed trains and certain industrial installations), the risk of terror attacks now has to be taken into consideration.

Almost the same applies to biological and chemical technologies that are easily accessible. Even data networks can become instruments of terrorism if used to destroy or interrupt important communication and data processing systems (e.g. payment transactions). Green dreams of doing without certain technologies because of their inherent risks are receiving a boost.

Other internal political frontlines may come to be seen as outdated encumbrances. Why not abandon the war against drugs, which has been lost anyway and is becoming increasingly pointless? Liberalization would have immense advantages:

- The legalisation would dry up and emasculate the criminal and terrorist structures that finance themselves through the control of the drug production and the drug trade.
- It would free immense resources of personnel and material in the security apparatus that are presently being used for fighting the producers and dealers as well as for prosecuting the users.
- If taxed reasonably it would yield significant income for the state that is urgently needed for the fight against terrorism and the protection against new risks.
- In many producing countries (e.g. Afghanistan, Morocco) this would create legal possibilities for economic development, creation of income and export production, from which poor regions and sections of society in particular could profit.

As yet, it is not certain by a long shot whether a global polarization will really be the result of 11 September 2001. If there are some quick spectacular successes against the terrorists and if there are no further terror attacks, calm may return. The reorganization of priorities will then follow the rhythm of the media democracy, according to what constitutes the greatest threat to society and its security and freedom, be it the right-wing extremists of the day before yesterday, the mad cow disease of yesterday, the terrorists of today or perhaps the threat of an African virus tomorrow.

However, if there is a Grey War, a fight, the frontlines of which re-define all old interests and conflicts, then international relations and domestic politics will be facing tremendous challenges.

What Do the Opponents of Globalization Want?

Michael Ehrke

Following the events of Seattle, Prague, Davos, Göteborg, etc., the G8 summit in Genoa provided another platform for the new rebel generation of globalization opponents. Their protest is turning into a political issue because it meets with a certain degree of underlying sympathy in the population: it is evident that the opponents of globalization are articulating a sense of disquiet which is widespread in Western societies.

Nevertheless, the actual objectives of the protesters are often unclear. This is due to the fact that the opponents of globalization are themselves a heterogeneous coalition, with some odd ingredients. However, the majority of them do advocate a number of very specific reforms, including:

- tighter regulation of the international financial system, including stricter supervision of the stock markets and banks, and a tax on financial transactions;
- free access for developing countries to the protected agricultural markets of industrial nations;
- no further round of World Trade Organization (WTO) liberalization; no trade agreement to protect intellectual property rights; no global agreement on investment;
- the inclusion of social, environmental and democratic standards in international trade agreements;
- debt relief for developing countries;
- the closure of offshore tax havens;
- the continuation of the Kyoto process to protect the world's climate;
- reform, democratic control and/or changes in the priorities of the World Bank and the IMF.

An Attack on 'Globalization'?

What these demands have in common is that they could feasibly form part of the manifestos of established political parties, would be applauded in chatshows, and are perfectly acceptable in international expert circles. The common denominator is not anti-globalization. The following points bear this out:

1. The call for more open markets for developing countries supports more globalization by advocating the removal of the last protectionist hideaways in the world economy.
2. The same goes for the rejection of strictly interpreted intellectual property rights, which deny developing countries access to certain technologies and products or make that access unfairly expensive; here, the so-called opponents of globalization are advocating fewer restrictions than its adherents.
3. Some of the demands are neutral in terms of economic globalization, e.g. debt relief for developing countries or the continuation of the Kyoto process.

4. Calls for controls on the global financial markets (by, for example, George Soros, Paul Volcker and Gerhard Schröder) or the closure of tax havens (by the Organization of Economic Cooperation and Development) could be interpreted as being against unfettered markets, but also as a necessary complement to a globalization process which, in principle, is irreversible and accepted.
5. The rejection of a further WTO round could indeed be viewed as an initiative aimed explicitly against free trade. However, in view of the degree of free trade already achieved, even mainstream economists believe that further rounds of trade negotiations would engender marginal effects at most.
6. Calls for democratic control of, or changed priorities in international organizations and institutions target a gap in democratic legitimization, which is also viewed as a problem by many politicians.

The movement is not a movement against globalization, and the majority of people in it are not against capitalism. They do not advocate an alternative to the prevailing economic and social order. Their degree of political coherence appears weak in comparison not only with socialist movements from the past, but also with Germany's Green Party in its formative days. Is there, in fact, any common political denominator, which distinguishes the opponents of globalization from the organizers of Berlin's 'Love Parade'?

What Is the Common Denominator of the Protests?

There Isn't One

A first possible answer: the protest movement is too heterogeneous; the various groups are linked merely by a collective Pavlovian response to international summit meetings which creates an uncontrollable urge to go to those places and engage in violent or non-violent rituals. The movement is split not only into the violent and the peaceful, into declared anti-capitalists and reformers, but the advocates of reform also differ in terms of the degree of the changes they desire. Some want the democratization of the WTO, others are against another WTO round, still others want to abolish the WTO in its entirety, etc. Conclusion: the movement is too diverse to be able to articulate a clear message.

Emotions

A second possible answer: the unity of the movement does not lie in demands which are grounded in reason and which are basically similar to what is being debated in the prevailing institutions. No 20-year-old will travel to odd places, risking his health and – following Genoa – possibly his life in order to help improve stock market regulation. The movement's common denominator is to be found not at the rational, programmatic level, but at the emotional level. What brings the movement together (and brings it together with many other citizens) is fear (of an uncertain process of social change, of a loss of orientation and identity, etc.), anger (at social injustice, etc.), or shame (at the affluence of the industrial nations, etc.) – i.e. feelings. An intellectual avant-garde, unrepresentative of the movement as a whole, in contrast, formulated the demands cited above.

Cultural Criticism

The unifying factor of the anti-globalization movement is the disquiet which is felt about a McWorld, dominated by company logos like Nike, McDonalds or Coca Cola, in which differences and substance are snuffed out, in which supermarkets, hotel rooms, transport facilities, etc., increasingly look exactly the same, whether they are in Kathmandu, Cairo or Cologne. National and cultural idiosyncrasies are being replaced by homogenized consumption patterns around the world. Just as the languages of this world are being levelled out into a bad New Economy English, so our lifestyles are becoming as similar as airport interiors.

The movement of globalization opponents is motivated less by politics than by culture/subculture. They are not conducting a holy war against globalized culture; they are confronting it – not with a fundamental and uniform principle, but with a colourful collection of counter-motives, some of which, from the Aborigines to the Zapatistas, are oriented towards cultures under threat of extinction from the McWorld.

Neoliberalism

The opponents of globalization are also transformed into a political movement by their rational and explicit criticism of neoliberalism. The criticism is targeted at neoliberalism, not as a school of economic thought, but as a political project and as the resignation of proactive government. The perception is of a strategic political project – labelled 'the Washington consensus' – aimed at the homogenization of the world into a global market. This strategy has identifiable protagonists, namely the International Monetary Fund, the World Bank, the WTO, Wall Street, the US Treasury, major companies and the White House. In contrast, the resignation of proactive government is registered wherever politicians who reject the neoliberal label capitulate in the face of the force of global markets and claim that policies have to be aligned with the decisions of the market since there is no alternative.

In the eyes of the critics of globalization, neoliberal policies deepen the division of the world into poor and rich countries and of societies into poor and rich sections of the population. They undo what has been achieved to flatten out social disparities, e.g. in the form of the welfare state. The old contrast between poor and rich, which was being tackled in the national context, is expanded by another dimension: a majority of the population which is geographically tied and remains reliant on the state contrasts with a mobile globalized upper class which can withdraw its resources from the commonwealth at any time, at little cost and with little risk.

In their battle against neoliberalism, the opponents of globalization argue that the rules set by democratic politics take precedence over the laws of the market. Markets may develop only to the extent which corresponds to the political will of citizens. They do not automatically function to the benefit of all, as is shown by the existence of markets for slaves, drugs and protection money. However, the market does not provide the criteria by which markets should be restricted. Nor are there any other prescribed systems of evaluation from which such binding criteria can be derived (such as religions or scientific systems). All we have are the processes by which citizens arrive at an understanding amongst themselves, processes, the outcome of which is open and is

transformed into government action via democratic institutions. The critics of globalization call on citizens and their representatives to utilize the political opportunities and obligations of democracy to define ecological, social and moral priorities and to enforce these, even against the laws of the economy itself.

The Selfishness of the Powerful

Ultimately, neoliberalism is nothing more than a straw doll, the burning of which is only of symbolic significance. It does not explain the functioning of the global economy, and it is not – despite the verbal attacks – the real target of the criticism levelled at globalization. After all, the global economy and politics function only partly in accordance with the laws of the market, but mainly in accordance with those of power. Markets themselves are also subject to power. The rationale of the markets is cited when it coincides with the interests of the powerful (people, companies, states) and discarded when it ceases to coincide with their interests. Via their associations, companies advocate the free market, and every individual firm will seek out and utilize every competitive advantage – even if that advantage only takes the most disgraceful form of state intervention. The question is not whether there should be regulation or deregulation, but who benefits from regulation or deregulation.

An outstanding example can be found, once again, in the agricultural markets of industrial countries, which have emerged totally unscathed from many decades of economically, environmentally and socially motivated attacks as well as liberal and neoliberal assaults. Their legitimacy is zero in any credible system of references; the sole justification for their existence is the power of those who profit from them.

The attacks by the critics of globalization are aimed less at neoliberalism and its protagonists than at 'the powerful' in a very general sense, whether their power is derived from the market or not. This includes the politicians of the powerful states (i.e. the G8), who neglect their democratic duty to protect the less powerful. The argument used against the selfishness and opportunism of the powerful is public morality. This morality opposes what is taken as read in the political routine and openly brands as scandalous whatever contradicts the underlying rule-forming consensus of democracies. If, for example, an affordable provision of medicine to AIDS sufferers in Africa is possible only if the patent rights of international pharmaceutical firms are fully maintained, this may be plausible in economic terms, but, it could be argued, it runs counter to any credible community morality, without which, ultimately, no markets would function.

Conclusion: The Greens of the Future

The movement of the opponents of globalization is so diverse that all the motives cited here are in some way characteristic of it. It is possible that the movement will collapse due to its most obvious internal contradiction – between violent and non-violent protesters. It is probable that (like every political movement) it feeds to a large extent on emotional energies or a subcultural aesthetic, and is less likely to become absorbed by its rational political demands. The protagonists themselves would probably perceive neoliberalism as the common enemy, but

they risk creating a scapegoat. Only a few professors of economics, not the majority of those whom the opponents of globalization attack, are neoliberal in the strict sense of the word. Ultimately, a central motive of the opponents of globalization is the contradiction between a public morality, which is at least rudimentarily valid, and mocking reality, but their target is hard to define – at the end of the day, the scandals they are denouncing are based on the lifestyles of the majority in industrial countries.

Does the movement of those opposed to globalization have a future, comparable to that of Germany's 'Greens' in their formative period? Is a new political force emerging here which could in future form itself into an independent political party and/or embrace issues which all parties will one day have to take up and tackle – just as no party today can survive without environmental policies?

Like the Greens, the opponents of globalization focus on man-made trends which, if they were to continue without any control, would lead to disaster. A common feature of the two movements is that their subject matter will never end: just as there will always be environmental disasters, the world's economic development will also always involve disasters. However, beyond this, the opponents of globalization have two advantages over the Greens. Firstly, they stand for an issue which cannot be dismissed, like the environment, as a specific problem. And their criticisms and demands are aimed at the heart of the economic and political systems of industrial countries. And secondly, the opponents of globalization are closer to the mainstream of politics and society than the Greens were in the 1970s. They do not represent a fundamental principle opposing the prevailing system, but argue using the system's own concepts. By dramatizing them, they draw attention to conflicts, which are also perceived as such by the representatives of the system. Therefore, they are less liable than the Greens to encounter the dangerous choice between a 'fundamentalist' position, with its inherent inability to shape policies, and a 'realist' position, risking the loss of substance.

Western democracies were able to absorb the Green movement – to the benefit of those democracies. They should now adapt to a fresh challenge.

Decent Work: The International Labour Organization Agenda[1]

Werner Sengenberger

Decent Work: The Concept

In keeping with its charter, the International Labour Organization (ILO) has the mission of improving the work and living conditions of individuals. Since its founding in 1919, the organization has made an effort to create a social framework for peace and stability. This takes place not least on the basis of the realization, documented in the founding charter, that there can be no world peace without social peace within member states – an insight clearly as contemporary as the earlier ILO message which stated that as long as there is poverty anywhere in the world, the prosperity of wealthy nations is threatened.

With the assumption of Juan Somavia to the post of General Director in March 1999, the primary goal of the organization was newly defined in the face of the current global state of affairs: 'Fostering humane and productive work in conditions of freedom, equity, security and dignity'.[2]

The objectives are universal. They are for all persons who work, and not just to those who are salaried employees. They apply equally to the self-employed, to home workers, to those who work in the informal sector and to volunteer work. They apply to all countries, regardless of their development status.

The ILO pursues four interrelated strategic objectives for the achievement of decent work:

1. The Fostering of Rights at Work

The classic ILO task since its founding in 1919 has been setting international work and social standards. Since then, the international code of standards has grown to encompass more than 180 conventions and recommendations. When a member country ratifies an ILO Convention, it commits itself to the legally binding, international obligation of observing and implementing this standard. It must submit regular reports on this. Committees of international experts set up by the ILO examine the reports. The results of the application of these legal standards are then submitted to the annual meeting of the International Labour Conference for discussion. Recommendations include guidelines for the implementation of the conventions.

In 1998, the International Labour Conference adopted the ILO Declaration on Fundamental Principles and Rights at Work.[3] This includes the freedom to organize and the right to collective bargaining, wage autonomy, the prohibition of forced labour and compulsory work, the prohibition of child labour as well as the prohibition of discrimination in employment and professions. The last

1. Contribution to the International Labour Organization and Friedrich Ebert Stiftung event on 'Globalization with Social Progress: The Responsibilities of the ILO', which took place on 30 October, 2001 in Bonn, Germany.
2. International Labour Office, 'Menschenwürdige Arbeit', Report of the Director General on the 87th International Labour Conference, Geneva, 1999.
3. International Labour Office, 'Erklärung der IAO über grundlegende Prinzipien und Rechte bei der Arbeit und ihre Folgemassnahmen' (Geneva, 1998).

includes the precept of equal pay for both men and women for equal work. Accord on these core work standards was already reached at the World Summit for Social Development in 1995 in Copenhagen. The fundamental rights at work are part and parcel of the universally recognized human rights. ILO members must respect these fundamental rights at work and submit reports thereon, even if they have not ratified the conventions themselves. With the Declaration of 1998, the ILO accepted the demand of the world community to counter the challenge of the realities of globalization with a minimum social base on a world-wide scale.

2. The Fostering of Employment

The ILO holds to the goal of full, productive and freely chosen employment that was framed in Convention 122 of 1964 and reaffirmed and expanded in the Copenhagen Declaration of 1995. Obligation No. 3 demands that the respective national economic and social policies of the signatory nations are to be focused primarily on the goal of full employment and the creation of productive, appropriately paid work under observance of the fundamental rights of workers' and the participation of employers and employees in employment policies. The economic integration process is to be designed in such a manner that all people who want to work have the opportunity to get decent work. More work and better jobs are not mutually exclusive, but complement each other. The ILO sees the creation of work and appropriate payment for this work as a leading instrument for overcoming poverty and fostering social cohesion.

3. Expansion and Improvement of Social Protection in the World of Work

Social protection refers to the prevention of work-related accidents and occupational disease, protection from repressive working conditions and from overtaxing workers through the regulation of working hours, breaks and holidays, as well as protection in the form of social security in case of illness, invalidity, pregnancy, old age and in cases of dismissal and unemployment. Social security is not a luxury, but a requirement for cushioning risks and supporting economic adjustment processes, as well as a socio-economic prerequisite for the acceptance and continued existence of globalization. In the ILO view, social security and flexibility are not contradictory, but are mutually dependent on one another.

4. Fostering of Tripartite Agreements on Interests and Social Dialogue

Social dialogue in its broadest sense is orientated towards the peaceful reconciliation of the varying interests of the individuals and groups participating in the work process, and the regulation and settlement of work conflicts by means of diverse forms of information, consultation and negotiation. The most significant forms are pay negotiations and tripartite consultations between employees, employers and government on a national or sub-national level. All these forms of dialogue between free and independent participants absolutely require the right to organize and the right of free wage determination between employers and employed. Social dialogue as an element of an economic democracy and co-determination is a goal unto itself and at the same time the means to formulate and enforce labour and social policy. It is a source of stability on all levels of action, from the small business to society as a whole.

The four partial objectives of the ILO mutually reinforce each other. In this way the creation of jobs is a condition for added income and a higher standard of living. Where there is no work, there are also no rights at the workplace. For this reason, the increase in employment and the reduction of unemployment and underemployment plays a central role in the ILO's strategy as a whole. More employment requires an active labour market policy, expansionary macro-economic policy and a stabilization of the financial markets. Furthermore, it demands

the integration of economic and social policy. Every form of economic policy has social consequences, whereas social policy has a decided influence on the type and scope of economic growth.

Respect for fundamental employee rights is a prerequisite for a socially-orientated labour market process. Without these basic rights, workers in general cannot develop as a counterweight, which is necessary to reduce the structural power imbalance in the labour market. The labour market is not a market like any other. This follows from the basic principle already expressed by the ILO in its Declaration of Philadelphia in 1944: 'Work is not a commodity'. The nature of a work contract is different from a goods sales contract in principle. Whereas in the latter, price and goods are balanced against one another, in a labour contract the wage is usually fixed but not the work to be done in exchange. On the contrary, the work results are dependent on whether or not the remuneration as well as the proportion of wage and productivity are perceived as being just, insofar as work safety, workplace security, the right to participate in determining the working conditions, the possibility to complain, opportunities to acquire knowledge for new requirements, occupational advancement, etc., are offered, and the demands of work and family can be balanced. If workers are not treated 'properly', they generally become less productive. Growth and development are impaired. These relatively plausible associations, which correspond to day-to-day experiences, are often not taken into account, either in theory or in practice. The call for the deregulation of the labour market can be justified in specific cases, if it is directed towards the substitution of specific legal stipulations by wage agreements or the adaptation of regulations to newer circumstances. The demand for deregulation in general is, however, absurd, as there is no labour market in the world without regulations. There are merely differences in form, content and authorship of the rules. The opposite of regulation in the labour market is, for the most part, not freedom, but arbitrary use of power and a one-sided, often authoritarian, imposition of will. It is against this that the ILO regulations stand, and for a labour market process which is based on consensus and agreement between the participating individuals and groups.

The goals and policy of the ILO – the only UN organization in which representatives of workers and employers have a seat and a voice in addition to governments – are the result of political will, but also of research and practical experience within the framework of development aid cooperation gained world-wide over more than 80 years. The fundamental work standards were ratified by the majority of the ILO's current 175 member countries.

Number of Ratifications of the ILO Core Work Standards (as at 22/10/01)

Convention	Ratified by member countries
Convention 29 on the Prohibition of Forced Labour	159
Convention 87 on the Freedom and Protection of Labour Unions	138
Convention 98 on the Right to Organize and to Collective Bargaining	150
Convention 100 on Wage Equality	154
Convention 111 on the Prohibition of Discrimination in Work and in Professions	152
Convention 138 on the Minimum Age for Work	114
Convention 182 on Eliminating the Worst Forms of Child Labour	104

Source: ILOLEX Database

Decent Work as Goal and Integral Component of Development Policy

In the ILO's view, decent work must be the goal and the means of development. It is suitable for bestowing appreciation on the working person, for securing material livelihood and for fostering participation in society. It must also be an integrated element of national and international development policy. To date, the latter is not nearly sufficiently the case.

During the last decades, the development policy of the World Bank and the International Monetary Fund (IMF) were primarily shaped by the so-called 'Washington Consensus'. It was based on the assumption that free markets guaranteed growth and full employment and that this was largely sufficient to secure social stability. The strategy for economic success was mainly based on transferring the responsibility for public and social issues from the state to the market. A strong, neoliberal-orientated course was first embarked upon in developing countries, and later in the former Communist reform states, with the support of the financial means available to the Bretton Woods organizations. The reform, support and aid programmes were mainly focused on economic 'stabilization', which was aimed at lowering inflation and trade deficits through restrictive monetary, fiscal and wage policy. In addition, the focus was also on so-called 'structural adjustment', by means of which free trade and market efficiency was to be encouraged through privatizing the public sectors, opening markets and liberalizing capital, goods and factor markets. Employment was a secondary issue within the framework of these measures.

World Bank and IMF policies created a (necessary) macro-economic discipline and a new spirit of competition. They 'confused, however, the technical methods of action – such as privatization and deregulation – with the social and economic development goals'.[4] The economic and social success of this policy was limited, and in some cases failed to materialize at all. Economic growth and development in employment were positive in a number of countries, but in others weak or even negative, although in the latter, domestic reasons were deemed responsible. The debt of poor countries increased, and the disparity between poor and wealthy countries widened. Poverty could not be significantly reduced in many countries and in a number of others it even increased.

A series of world conferences called by the United Nations during the 1990s – in particular the World Summit for Social Development in 1995 – resulted in a partial redefining of international development policy. The World Bank finally discovered the 'social dimension' and integrated it into its programmes, e.g. the build-up of social safety nets to ease the social consequences of free trade and structural adjustment. Furthermore, the World Bank began, if only rudimentarily, to grant social groups, including the unions, a say in their national development programmes. The war on poverty moved into the centre of multilateral development policy. The halving of extreme poverty (i.e. the 1.2 billion people who exist on less than USD$1 per day) by the year 2015 was established as a concrete primary goal. This is to come about through improvements in the health care and education sectors and through material infrastructure, as well as by means of increased participation of the poor in political and social decision-making processes ('empowerment').

The goal of fighting poverty is not new to the ILO, but obligatory and of great significance, at least since the 1944

4. International Labour Office, 'Menschenwürdige Arbeit', Report of the Director General on the 87th International Labour Conference, Geneva, 1999.

Declaration of Philadelphia. In the view of the ILO, productive work is the best way out of poverty. The role of work and work-generated income has hitherto not been regarded by international development policy as of equal importance as health and education. Although the latter two are substantial prerequisites for productive work, so, conversely, the creation of sufficient work and improved working conditions is indispensable for education and health. In general, there is a close relationship between health and safety at the workplace and the state of health in society as a whole. General education and vocational education must be linked to combat poverty.

The ILO Decent Work Agenda, however, goes far beyond the goal of fighting poverty. The demand for decent work is not only directed toward poor countries, or towards the poor within these countries. It is also directed at wealthy industrial nations where there is also a lack of decent work.

The significance of work is still under-illuminated in the World Bank's development concept, but not only there. The creation of employment and work is still seen as a more or less automatic result of market fundamentalism, such as free trade, privatization, lean government and deregulated labour markets. Certainly, the negative impact of the unequal distribution of resources, e.g. of land, on development capability was at least clearly highlighted in the World Bank's *World Development Report* and redistribution, e.g. through land reform, was suggested. The role of social security and social services was also acknowledged in principle. In the labour market, however, the negative effect of great inequality and the necessity for institutions and measures for protection and 'empowerment' through collective representatives was less acknowledged and less accepted. For example, the World Bank, like the Organization of Economic Cooperation and Development (OECD), still has reservations with regard to the ILO Conventions on minimum wage and unemployment insurance. How far the World Bank has gone in abandoning its critical stance towards unions and wage agreements remains to be seen. To the International Confederation of Free Trade Unions the World Bank has declared that it now supports all fundamental ILO Conventions without reservation.[5] In any event, the World Bank also warned against expecting too much from the deregulation of the labour market in its *World Development Report 2000/2001*. If it were to point out the positive function of work, labour institutions and international work standards, then it would be in harmony with the ILO.

The ILO will endeavour to illuminate the central significance of productive work to development and the fight against poverty and social exclusion with its new agenda for the world-wide fostering of decent work within the framework of a Global Work Forum on 1-3 November 2001. The raising of the employment status itself must be a central goal of economic, financial and social policy, among other things, by establishing clearly defined benchmarks. This has at least partially taken place in the European Union employment strategy.

The prevailing poverty in the world is essentially caused by work income that is not sufficient to cover a person's basic needs (the so-called 'working poor'). Most of this work is in the so-called informal sectors in developing countries, but in rich industrial countries, too, there is labour below the subsistence level. The ILO estimates the current number of 'working poor' to be 530 million. In addition, there are approximately 160 million statistically registered unemployed at present, as well as an estimated increase in the potential

5. International Labour Office , 'Bureau of Workers' Activities, Trade Unions and the Global Economy: An Unfinished Story'. Background Paper, International Symposium to Strengthen Workers' Participation in the UN System and Impact on the Bretton Woods Institutions, Geneva, 24-28 September 2001.

global workforce of around 500 million people between 2000 and 2010, for whom work opportunities must be created. Of these, 97% live in developing countries. The pending integration of a total of more than one billion people in the work process, or in more productive work, poses an enormous challenge both to the affected countries as well as to international development policy. If growth and employment do not develop better in the first decade of this century than in the 1990s, then unemployment will increase further from a world-wide perspective, and the proportion of work-related poverty will not decrease. The following table shows how the relevant parameters must change in this decade, in order to halve unemployment and the number of the 'working poor' in those regions most affected by poverty.

GDP Growth Rate per Year, Employment and Work Productivity Required to Halve Unemployment and Income-Related Poverty, 2000-2010 (%)

Region	GDP per Person	Employment	Productivity
Sub-Saharan Africa	7.5	2.2	7.4
Latin America and the Caribbean	3.3	2.1	2.7
China	4.2	1.1	3.9
South Asia	6.6	2.2	6.2
East and Southeast Asia	2.5	2.0	2.2
Near East and North Africa	2.8	2.2	2.5

Source: ILO, *A Global Agenda for Employment* (Geneva: 2001).

The table shows that an extraordinary effort, especially in the Black African countries and in South Asia, is required to reduce poverty and to close the immense workplace gap. The increase in productivity is a prerequisite for a lasting rise in real wages and, ultimately, for effective economic demand as a whole. Improvement in productivity reduces the tendency towards inflation and thereby creates more leeway for employment-fostering, expansionary economic and financial policy. Companies must contribute their part to the creation of jobs and to higher income by means of corresponding investment, product and process innovation and flexibility. In the experience of the ILO, this can only be achieved in connection with investment in human resources, especially in vocational qualifying measures, a policy of job and income security and cooperative, collective labour relations.

National and international politics must support employment goals by granting them priority in economic and social policy, by helping to improve the scope and quality of work opportunities for women, and by striving for agreement and coordination of partial policies within national governments and among international organizations for the purpose of productive employment.

Decent Work Pays Off

One of the commonly heard objections to the realization of decent work is that the corresponding institutions, policies and measures are too expensive and would inhibit growth and economic dynamics. It is also often claimed that companies could

not carry the 'additional' cost burden arising from the implementation of social standards, and that profitability and competitive ability would be diminished.

In a few cases these arguments are actually justified. But empirical studies and practical experience prove that decent work is not just a dictate of moral sensibility, but pays off from both a micro-economic and macro-economic point of view. Companies with the highest social standards are frequently the most profitable. Those countries that achieve the highest marks – as measured by means of statistic indicators in relation to the four partial objectives of the decent work concept, i.e. exhibit the highest standards of decent work – are also unequalled in their economic performance. These include the Northern European countries, which are no way inferior to the USA in terms of growth, trade balance, price stability, employment percentage or the state of their information and communications technology. In fact, they surpass it in many ways, without having the simultaneous flaw of a wide wage and income disparity and the work-related poverty accompanying it. In addition, it has been proved that the countries with the highest levels of pay and longest periods of social protection in the case of unemployment have the most open national economies and show the least protectionist tendencies. This is easily explained by the argument that opening the markets tends to accelerate the change in structure and increases the risk of contagion during times of international crisis. In order to offset both of these factors socially and to raise the acceptance of economic globalization in general, protection against workplace and income loss as well as active, supportive policies for the quantitative and qualitative adjustment of shifts in demand and innovations are necessary.

Social protection is the positive alternative to protectionism. Earlier pushes for globalization came to a standstill because national governments only knew how to defend themselves against the undesirable social effects of opening the market by means of protectionist measures. Today we know that protectionism was at least partly responsible for the world-wide economic crisis in the early 1930s. Liberalization of trade and movement of capital cannot be had for free, but comes at the price of additional socio-political measures. The economic gains of opening the market can and should be used to finance the cost of social infrastructure and active adaptation measures, such as vocational training. Socio-political market corrections should in any case not be understood as being directed against the market economy, but just the opposite: as moulding and strengthening the market.

How necessary systems and state institutions for social protection and social dialogue are, and the significance social security has, for the prevention of social decline and impoverishment was experienced by the countries in East and Southeast Asia during the 1997/98 financial and economic crisis. They have quickly recovered economically, but the social consequences of the crisis, based on a lack of or insufficient unemployment insurance and other social transfers, are much longer lasting. Thus the 13% decrease in production experienced in the most affected countries, i.e. Korea, Malaysia, the Philippines and Thailand, resulted in a much higher increase in poverty than, for example, in Finland, where there was a similar production slump between 1990 and 1993, but where the minimal increase in poverty amounted to less than 1%, thanks to a well-developed social security system. Provided they are applied correctly, social transfers protect against the spreading of social disparity and social condemnation, stabilize economic demand as a whole and keep the social peace. Ultimately, they also contribute to political stability.

The realization of decent work in the form of gender equality at work and in professions can increase economic growth. The World Bank estimates that if men and women had been equally educated and vocationally trained and had not had to face discrimination, since 1960 the growth in South Asian countries would have been 50% higher and in sub-Saharan Africa 100% higher.

Anyone Can Afford Decent Work

It is often said that only rich, developed industrial countries can afford decent work. Poor countries must first 'develop' before they can fully focus on the goals of the ILO, or that work must first be created before decent work can even be considered. Even within the ILO Executive Committee itself, representatives of poor countries indicate that the competitive advantage of their economies lies in low wages and work costs and that this advantage should not be put at risk by 'exaggerated' social standards. But similar arguments are heard even in wealthy countries. In the *Financial Times* of 9 February 2000 it was stated that people in developing countries require work and income, but not human rights. As if economic progress and rights had nothing to do with each other.

These views form the basis of the misleading perception that the goals of expansion and the qualitative improvement of work conflict with one another by necessity, and that decent work is something inferior and not in itself an original, integral and indispensable part of development. Can one doubt that workers in Bangladesh, Nigeria and El Salvador are as interested in being spared from work-related accidents as workers in Germany? That poor countries cannot afford state institutions and measures more frequently corresponds to a myth or an excuse than to reality. The institutions to create work security may not be able to be as extensive as in a developed country, such as Germany, but avoiding most accidents primarily requires the observance of relatively simple, inexpensive cautionary rules – such as keeping escape routes clear in case of an emergency, the regular maintenance of tools and other company machinery and preventive information and education – and a not particularly complicated organization. The economic losses resulting from accidents in the workplace and occupational illnesses are estimated at 4% of the Gross National Product world-wide. This figure demands attention in the form of more investment in safety at the workplace.

Social security, too, is not a luxury for poor states, but an essential prerequisite for productivity, development and participation in the world market. As an example, the ILO has made a calculation for Thailand. For the establishment of a state unemployment security, a flat-rate contribution of 2.5% on the part of the employer and the employee in the first year, and then decreasing contributions to 0.6% in the seventh year would be sufficient to finance an unemployed worker with 50% of his previous earnings for a period of six months. This is not an unreasonable burden, especially in view of the fact that many calculable and incalculable costs to the economy and to society can be avoided. Unfortunately, even international organizations, such as the World Bank and the OECD, have sometimes spread unfounded notions of 'excessive' social security standards based on a narrow understanding of economic viability. The level of social security and the public expense related to it is more a matter of political priority than a question of economic performance ability. Two things support this: A high share of the Gross

Domestic Product for social expenditure can be found in both wealthy and poor states, and the same applies to a low level of social expenditure. Where public expenditure for social security is comparatively low, more is often spent on private security, so that the total expenditures are scarcely different in the end. Americans spend nearly as much on education, health care, old age security and child care as the Swedes, the difference being that the Americans finance up to 75% privately, whereas the Swedes meet roughly 90% of the cost through taxpayers' money.

Vocational training of employees is equally a question of political choice and work organization as it is a question of cost. Serious obstacles to the attainment of occupational qualification lie in social prejudices and the pursuit of partial interests, e.g. in the exclusion of girls or women from education or vocational training, or the lack of recognition of occupational knowledge and skills that have been gained informally or are not officially certified, or by blocking the access of so-called unskilled workers or those from 'lower' social levels, classes, castes, etc., to occupational training. It is increasingly obvious that the participation of developing countries in the world commodities markets, which are dominated by developed countries, is more and more dependent on the ability to produce products with prerequisite technological and environmentally friendly standards. This demands qualified human resources on a broad front.

Child labour is often the subject of myth-building. The knotting of finely woven rugs by ten-year-olds was long justified by the claim that this work could only be managed by children because of their small hands – until studies by the ILO refuted this as a prejudice. Children are often used because they are more compliant and make fewer demands than adults. The connection between child labour and poverty cannot be denied, but this does not make it a justification for not fighting child labour. For it is an obstacle to overcoming poverty in developing countries today – much as it was in Europe a hundred years ago – because it stands in the way of education and vocational training, improved health and a longer life expectancy. Sacrificing the potential of its young people robs a nation of a part of its growth and development opportunities.

Insisting on the competitive advantage of low labour costs in developing countries is questionable, at least when it must serve as an excuse for not improving real wages and working conditions and holding on to traditional economic structures. In the meantime, a process of rethinking is occurring in some places – not only in the Third World. We are beginning to see that cheap labour alone cannot encourage investment in a country, or unfold an economic dynamic, or diminish poverty. There is a realization that fostering human resources is the better alternative for development. Of course the wage level must ultimately be orientated towards the productive power of an economy. In this connection, the ILO is by no means demanding the harmonization of minimum wages world-wide, as is sometimes insinuated, but rather a base for the remuneration of work that is appropriate to national conditions. Minimum wages established by wage agreements or law are not only to avoid underpayment, but are also important to economic dynamics. They prevent competitiveness from being achieved by unlimited downward wage flexibility. They force the entrepreneur to a more constructive alternative, namely through product and process improvements, or through efforts in achieving a level of productivity and profit dictated by tracking down new markets, which can meet labour costs. In this way, inefficient companies and workplaces lose

their right to exist. Dynamic efficiency steps into the shoes of static efficiency.

The argument of not being able to afford decent work or having to wait until an advanced degree of development is attained becomes completely suspicious when it is directed towards the international social standards that are 'independent of development', e.g. the freedom of unions, free wage determination by employers and employed, social dialogue or the prohibition of forced labour and discrimination. The reasons for blocking such freedoms are mostly of a political rather than economic nature. The differentiation between standards dependent or independent of development is itself questionable.

Decent Work Deficits World-wide

Under the title 'Reducing the Decent Work Deficit – A Global Challenge', the ILO's General Director submitted a report to this year's International Labour Conference in order to gain insights into further steps to be taken by the organization in implementing the decent work concept.

The most important deficits in decent work or working conditions can be summarized as follows:

- Serious violations of the freedom to organize; unionists are discriminated against and impeded in their work in many countries, and in a few others persecuted, detained, kidnapped and murdered;
- The degree of union organization in the majority of states has been falling in the last two decades;
- Only a minority of all workers is protected through an agreement on wages and working conditions;
- There is forced labour to a considerable extent in some countries (e.g. Myanmar);
- The number of children between the ages of 6 and 14 years who are working regularly is estimated to be at least 250 million;
- The worst forms of child labour, such as dangerous work, prostitution and slavery have increased in some parts of the world;
- Approximately one-third of the potential world labour force of 3 billion people is unemployed or underemployed;
- Women are disadvantaged in work life in almost all countries;
- 90% of the earning population has insufficient social security against illness and invalidity; 75 % of the unemployed receive no support;
- An average of approximately 250 million work-related accidents occur annually. In addition, there are around 160 million cases of work-related illness annually. 1.1 million people die as a result of work-related illnesses and accidents. Workers die in factory fires because the factory gates are locked.

The lack of decent work affects not only workers, but also their relatives. Unemployment and underemployment, wages below the subsistence level, delays in payment, stress and long working hours cause tensions in the family and pave the way for domestic violence, drug consumption and child labour.

One of the biggest problems in the enforcement of decent work is the informal sector that has expanded in many parts of the world, in which no taxes or other contributions are paid and labour laws do not apply. In Africa, the proportion of informally working people in urban areas is estimated to be an average of 57.2%, in

Latin America 36.2% and in Asia and the Pacific region at 32.8%.[6] In the years 1990-1998, six out of ten new workplaces in South America were created in the informal sector, in Africa it was 93%, in Asia 40-50%.[7] The informal sector is growing, while the formal sector is simultaneously shrinking. A 'feminization' of this sector can be observed in many countries. The proportion of working women averages between 60% and 80%. The causes for the expansion are manifold, including, first and foremost, insufficient economic growth, wrongly applied structural adjustment, a high surplus of workers, a lack of social security and barriers to accessing the formal sector. Capitalization and productivity in the informal sector are low, the work force has no occupational training, incomes are low and irregular and working conditions are precarious. In the meantime, there are isolated areas in this sector that are equipped with modern production and better working conditions. Now and then the informal sector is also supplier to multinational corporations. The borders between the formal and informal sectors are fluid. In some countries, e.g. India and Ghana, the unions have succeeded in establishing themselves in this sector.

The ILO, which developed a concept of the informal sector based on a study on Kenya in 1973, assumed for a long time that this sector would eventually be absorbed into the formal sector. This has obviously not happened. The ILO has therefore been working on a revision of its stance and policy towards the informal sector over the last few years. The same applies to the unions. Programmes and projects were begun with the goal of improving the data situation, social security and the fostering of small and micro-businesses, work, occupational training, gender equality and work safety. The informal sector will be the main topic of the International Labour Conference in 2002.

What Can the ILO Bring About? – Competence and Influence

Surmounting the decent work deficit requires an enormous effort on a national and international level. From past experience one can assume that the process of realizing decent work will not take a steady course, but rather – partly in tandem with economic development – will take place as a sequence of progress and setbacks.

The implementation of the decent work concept is the task of national states and their economic and socio-political representatives, first and foremost governments, employers and employees and their organizations. In addition, non-governmental organizations can provide valuable support. The realization of decent work in these countries above all requires political will and the prioritizing of strategic goal orientation in national economic and social policy. Furthermore, economic, administrative and infrastructure requirements for the actual implementation of the concept are indispensable. Thus the weak position and lack of resources of labour ministries create a serious obstacle in many countries. In many places there is no competent public administration that can implement the decent work policy in the form of programmes and projects.

What can the ILO contribute? What can it do? First, it can support a normative orientation in the form of international work and social standards and their implementation in member countries. Thanks to its standards control processes,

6. Data from ILO-KILM, 1999.
7. *ILO World Labour Report*, 2001.

the ILO has been successful in uncovering and stopping abuses for decades, although it only has very limited ability to impose sanctions in order to guarantee adherence to its standards. So-called 'social clauses' in international trade contracts, which help to penalize violations of ILO standards through trade restrictions, have so far not been able to gain a majority in the ILO decision-making councils. But there are alternatives to trade-related sanctions. Disapproval of violations of standards from the world community and moral pressure on uncooperative countries have caused some changes in behaviour. On behalf of the ILO, a delegation of respected, high-ranking personalities is examining whether or not the military government is serious in dismantling forced labour in Myanmar (Burma). In the autumn of last year, the Administrative Council of the ILO called upon its member states to break off relations with that country and to impose sanctions as long as there is still forced labour and work under inhumane conditions.

Even if ILO standards were ratified by member countries and corresponding national laws enacted, the legal system would often not be sufficient to create socially acceptable working conditions. This is clearly shown in the fight against child labour, for example. In spite of a national legal ban it continues to exist in many countries. Research, education, schooling and occupational training, social security, redistribution of income and activation of local players, including unions and employers' organizations, must join together in order to drive back child labour effectively. The ILO helps countries through its International Programme for the Progressive Elimination of Child Labour (IPEC). This programme was begun in the early 1990s at the suggestion and with the support of the Federal Republic of Germany. In the meantime, more than 70 developing and transition nations are participating in the programme. A similar programme for technical cooperation for the realization of the freedom to organize and the right to collective bargaining has been decided upon by the ILO, and a programme for fighting all forms of discrimination at work and in professions is being prepared.

Research, information and advice are further important means for action by the ILO. A world-wide statistics information system, which is based on social indicators, is constantly being extended and improved. National labour market administrations and their services, such as vocational guidance, job placement and fostering occupational training, among others, can profit from it. The ILO's periodical *World Labour Reports* and *World Employment Reports* document the state of the various dimensions of social development and provide policy recommendations, e.g. for the fostering of full employment or expanding social security. The latest *World Employment Report*, for example, is concerned with the economic and social effects of information and communication technologies, including the issue of 'digital division' within and between countries.

The ILO is currently endeavouring to develop a pilot programme for the methodology to operationalize decent work in member countries. The purpose of this is to better integrate the various areas of social policy as well as social and economic policy on the national level, to coordinate corresponding action programmes, to furnish national action plans with clear goals and to measure the success. Pilot programmes of this type are currently in place in the Philippines, Panama, Ghana and Denmark. Pilot programmes are also being prepared for other countries.

The ILO wants and must, bearing in mind its relatively modest contingent of personnel and financial resources in comparison to

the World Bank group, advance its programme of decent work in concert and through cooperation with other international organizations. It is essential that the following obstacles in the multilateral system be overcome: political-ideological differences or inconsistencies, mandate and expertise overlaps and lack of coordination of programmes and actions. This results in inconsistent and even contradictory advice to the member countries, among other things. International organizations are being challenged to correct this schizophrenia, as are national governments that have long tolerated this state of affairs. Some progress in surmounting the multilateral system as an 'archipelago of unconnected islands' (Juan Somavia) is discernible. The World Bank and IMF have now accepted socio-political issues and goals to a greater extent, including the development of working conditions and the fight against poverty, even if the importance of labour and labour institutions, as mentioned above, must be more securely anchored in their development strategies. In the wake of its first ministers' conference in Singapore in 1996, the World Trade Organization (WTO) committed itself to observing the ILO core working hours standards and to supporting the ILO as the agency responsible for setting and implementing the standards. The WTO warned against using the ILO standards for protectionist purposes. This anti-protectionist posture was essentially taken up word for word in the ILO's Declaration of the Fundamental Principles and Rights at Work. The OECD today has a more positive attitude towards many ILO standards and policies than a decade ago. An important study conducted by this organization destroyed the myth that the ILO's international labour and social standards stood in the way of the expansion in trade.[8] The European Commission is working closely with the ILO on the shaping of decent work and its monitoring by means of social indicators.

The practical side of the partnership between international organizations has been improved here and there within the framework of international development work, e.g. a programme on the world-wide fight against youth unemployment was recently launched, for which the UN, ILO and World Bank worked together with the goal of finding out which policies and measures are most effective. Together with UN/AIDS, the ILO has developed a catalogue of practical steps to fight the immune-deficiency epidemic at the workplace; with UNICEF there has been agreement on mutual actions in the fight against child labour.

Closer cooperation with other organizations presents itself. The ILO could form a strategic alliance with the Food and Agriculture Organization for the improvement of working conditions and productivity in the agricultural sector. Half of humanity works in this sector – in developing countries the figure is even 60% on average. Together with the World Health Organization, the ILO can promote health in the workplace and health in general at the same time.

Globalization: Obstacle or Pioneer of Decent Work?

One can approach the connection between globalization and decent work in various ways. One can ask how economic globalization will affect the job market and labour and social standards. Or one can ask what needs to be done in order to steer globalization into socially acceptable tracks and to improve the chance for the realization of decent work world-wide. To me, the latter question seems more sensible than the

8. OECD, 1996.

former. That is what our efforts should be directed at.

Globalization proponents as well as opponents often start from an idea of an economically and socially absolute internal logic of the globalization process. Orthodox economic theory and economic liberal thought ascribe a growth-promoting effect to the liberalization of the markets, which will lead to the convergence of the development stages of countries and to greater welfare in all countries. Sceptics on the other hand see globalization, particularly in the context of world-wide intensified competition, as the cause of the erosion of workers' rights and a deterioration of working conditions. The decline of the economic and socio-political autonomy of action of national states is also often referred to. From my point of view, these opinions are not sustainable in their simple, general formulation.

The examination of actual global developments in the course of the last three decades, during which we had to deal with the liberalization of the markets for goods, capital and money and the resulting increase in the international flow of the same, do not add up to a uniform overall picture, either in a cross section or on a timeline. On a world-wide scale, a slowing down of economic growth and productivity as well as a drifting apart of rich and poor countries with regard to levels of employment, income and social and technological infrastructure, can be observed. But there are also opposite trends in a number of regions and countries and at certain times.[9] The promise of prosperity through the opening up of markets has so far only benefited a limited number of developing countries and only a part of their population as well. Many countries of the southern hemisphere, particularly in Africa, are more strongly marginalized today than they were 30 or 40 years ago. Even though the share of exports in the Gross Domestic Product of developing countries overall has increased, this increase is concentrated in only 13 countries from among that group; three in Latin America and ten in East and Southeast Asia.[10] With regard to their economic power and state of development, the latter have come closer to the old industrialized countries, while the export quota was regressive in a larger number of the other developing countries. Africa's share in the world trade volume has been approximately halved since 1970. Only a small part of foreign direct investments reaches poor countries, while 90% of the funds flow into developed states. Therefore one cannot speak of a general participation in globalization and the term itself is in some ways misleading. The vast majority of people in the southern hemisphere are so far more spectators than participants, let alone co-producers of the process. This explains the widespread scepticism and even resistance in poorer countries and among disadvantaged groups in industrialized countries. Beyond that one can also ask oneself whether the forced opening-up towards world markets can be or should be the primary instrument for development rather than the development of national, material and social infrastructure. As Friedrich List has already recognized, it is unlikely that a country with internal economic and institutional weaknesses will achieve sustained success through world trade or technology transfer.

Globalization as such cannot be held responsible for the unsatisfactory economic and social state of the world. National and international politics are mainly responsible for the events of globalization. The

9. See also Werner Sengenberger, 'Globale Trends bei Arbeit, Beschäftigung und Einkommen – Herausforderungen für die soziale Entwicklung', in *Jahrbuch Arbeit und Technik 2001/2002*, edited by Werner Fricke (Bonn, 2001).

10. See also Ajit Ghose, 'Trade liberalisation, employment and global inequality', in *International Labour Review* (Geneva, March 2000).

development does not follow its own independent laws. Even though globalization creates new conditions for politics, it does not enforce an unalterable or uniform course. The future of work and welfare is not the extrapolation of current trends. It cannot be predicted, but has aligned towards a goal. A global, social framework of order has to be created. Uncontrolled market forces have the tendency to intensify economic and social inequality, which subsequently leads to impediments for growth. Even today that is the view of the World Bank. Uncontrolled direct investments as a rule do lead to an adjustment, but to an accentuation of the regional, economic differentials within and between countries, because investors favour regions with a good material and social infrastructure and avoid regions that are disadvantaged in this respect. That means that the abstention of public control also means political direction, even though it is direction with questionable consequences.

Nowadays we also understand better that growth per se does not necessarily improve the social situation of people and that it does not automatically mean more employment and less poverty. There are different growth regimes. If growth, such as that in places like Brazil, Columbia, Kenya and South Africa, leads to great social inequality of wages and income, then poverty rather increases. How employment intensive it is and whom it benefits depends on the type of growth.

Competition that is at least temporarily intensified in the course of globalization, in particular the more intensive location competition, can present negative as well as positive framework conditions for the pursuit of the goal of decent work. Accordingly, this competition can be destructive or constructive. Thus a few spectacular production relocations to low-wage or union-free regions, or even the threat of them, can persuade concerned workers or their representatives, to mute their claims for improvement of wages or working conditions or even to accept the lowering of them. On the other hand, there may also be international competition for the improvement of working and social standards. That would be the case if a investment decision is not only, or not as a first priority, based on cost and the weakness of the labour representation, but on the level of the qualification of the worker, the cooperation capability of the unions and the willingness of employees – which is dependent on their social security – to participate in product and process innovations. In contrast to orthodox economic theory, strong unions and employers' associations are mostly not cartels hindering growth and innovation, but pioneers of economic dynamism with socially acceptable results. Their role is less constructive where associations are legally not secure, have weak organizations, or are splintered and competing with each other.

Managers in charge of large amounts of capital, e.g. pension funds, are now increasingly asking in which countries social peace and stability and thus political stability can be expected for the future, because that is where they want to place their investments. Some of them also want to talk to the ILO. The view that a free market alone cannot guarantee the global common good and that private business is also responsible for the social shaping of globalization is becoming more acceptable. Two years ago, during the World Economic Forum in Davos, its organizer, Klaus Schwab, clearly warned that 'it seems that the forces of the financial market are running amok, humiliating governments, weakening the power of unions and other grouping of civilized society and that they create a feeling of the highest danger in everybody, who sees himself confronted with forces and decision-making processes that are entirely inaccessible to him'. In response to that, Kofi Annan, Secretary

General of the United Nations, presented the concept of 'Globalization with a Human Face' to the assembled heads of government, managers of the financial world and managers of multinational companies.

Decent work is an integral part of the concept of humane globalization. The ILO is in a good position because alternatives to the current process of economic integration and help with orientation are presently in demand. Decent work is not a complete concept, it is a starting point. It has to be discussed and developed further. It has to make its way into the economic and social policies of nation states and be formulated in accordance with their respective economic and institutional situations. It has to penetrate and enrich the agenda of international development policies. As an international source of reference for its expertise on labour and employment knowledge, a centre for the setting of standards in the world of labour and a forum of international discussions and negotiations on social policies, the ILO has to prove its ability for adaptation, renewal and effectiveness. The traditional importance of the ILO lay and lies in the contribution that international labour and social standards make for social justice and peace is the resulting dividend. And this will continue. What has to become a focus in view of the continued poverty and social inequality in this world is the contribution of decent work to productivity, growth and employment.

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Globalizing Social Justice: Positions of the International Trade Union Organizations on the Reform of the World Trade and Financial Systems

Erwin Schweisshelm

Change Through Trade?

Developments in the last few years have clearly demonstrated that the structures of international trade and the manner in which policies of international financial institutions affect national economies play a crucial role in the living and working conditions of hundreds of millions of workers, women and men, especially in the countries of the southern hemisphere.

Generally speaking, the economic policy paradigms in the nineties – liberalizing international trade structures, deregulating national protective mechanisms and privatizing public services – have brought about competition between governments in which some states have lost and some have gained. The majority of Organization of Economic Cooperation and Development (OECD) countries, and some threshold countries, have benefited; in certain cases, privatization and deregulation were certainly overdue, and some of the measures taken have been beneficial in their effects.[1] The losers are mainly the developing countries in South and Central Asia and also most of the African states, which are stagnating economically, or are in fact on the verge of economic collapse; in addition, major sections of the workforce, and especially women and children, in Central America and in the tiger economies of East Asia have been negatively affected. About half the developing world's 27% (1999) share of world trade has been generated by only seven countries: China, South Korea, Mexico, Malaysia, Thailand, Indonesia and Brazil.[2] The remaining 130 developing countries share the other half. Sub-Saharan Africa's share of world trade has shrunk by half since 1980 in spite of structural adjustment programmes.

Income imbalances have also increased in the majority of those countries which, in overall economic terms, have gained. This is evidenced by the growing number of people living in abject poverty. The World Bank, amongst others, has confirmed that the world-wide GINI-coefficient, gauging income differences within and between national economies, more than doubled from 1:30 in 1960 to 1:70 in 1997. According to a joint report by the United Nations (UN), the World Bank, the International Monetary Fund (IMF) and the OECD in June 2000, there are, in fact,

1. Yet there are also negative examples: in the past decade, Argentina privatized almost all profitable public services and introduced drastic cuts in welfare expenditure. Trade barriers were largely dismantled and the national currency 'dollarized', thus relinquishing an independent monetary policy. Nevertheless, unemployment, though very high to start with, has further increased in the course of the last two years and is now in excess of 15% in urban areas, while at the same time real wages have continued to go down.
2. Although Mexico and Korea are OECD countries, they are counted as part of the developing world for the sake of simplifying statistics and owing to their domestic income distribution. The remaining countries are all Asian tiger economies.

only three countries which are successfully fighting poverty: Mauritius, China and Vietnam.

The democratic decision-making processes of national governments face increasing obstacles; discrimination and massive exploitation at the workplace by the violation of fundamental workers' rights are increasingly influencing world-wide trade, while the power of multinational companies continues to grow. By giving priority to greater liberalization in its action programmes, the World Trade Organization (WTO) is further aggravating these developments.

Even the concrete steps planned for the next WTO round will pose, in general, a further threat to both workers and the self-employed in the informal sector and in small-sized industries. The proposed agreements or negotiations on

- trade in services of all kinds, including health, education, transport, water, energy, telecommunications, tourism, finances and e-commerce (GATS);
- the protection of intellectual property, including patents, life forms, application of knowledge, herbs of indigenous people, generic drugs against diseases such as HIV, etc. (TRIPs);
- investment, the reform of the world agricultural regime (agricultural trade, genetically modified organisms) and many others;

will affect the lives of billions of people without offering them the opportunity to become involved in this process themselves (except via governments, which in many cases are authoritarian and undemocratic). There is almost no topic on the WTO agenda which does not affect the daily lives of people, political activities and the world of work. The WTO expects national governments to review domestic legislation in these areas if it proves to be a 'barrier' to liberalized trade,[3] but is not willing to discuss workers' rights and the impact of trade liberalization on sections of the population in need of protection. Protests during the WTO Meeting of Ministers in December 1999 indicated that the member governments of the WTO will have to show a greater measure of flexibility on these issues if they wish to turn around the deepening unpopularity of the WTO.

These processes have, to some extent, been further aggravated by interventions of the World Bank and the IMF. The International Confederation of Free Trade Unions (ICFTU) holds the view that 56 years after their inception, the Bretton Woods organizations must undertake deep-seated reforms in order to contribute significantly to economic justice and stability in this world. In the eyes of many observers, structural adjustment programmes by the World Bank in African, Latin American and other countries will considerably worsen the situation in the medium term in social fields such as education or healthcare, with the well-known consequences of even greater poverty amongst groups which are particularly vulnerable.[4] For example, the World Bank approved a 'Country Assistance Strategy' for Ecuador with the result that the country's expenditure for education dropped from 5.5% in 1995 to 2.83% in 2000. In view of the already existing low

3. Decisions by the WTO are binding under international law and can be enforced by sanctions, if required; no other UN organization has such powers.

4. This is confirmed in principle by the analysis of the so-called Meltzer Commission (established in 1998 as one of the conditions to ensure that the US Administration made its required quota payments to the IMF) which has certified that the Bretton Woods organizations
   - have institutionalized economic stagnation instead of economic growth, in the case of the IMF;
   - have contributed only marginally to the fight against poverty, in the case of the World Bank;
   - and are largely characterized by bureaucratic procedures and expansion of institutional power.

rate of schooling in Ecuador, it may be anticipated that this will make futile any attempt at eliminating child labour in the country. In Canada, where merely a third of the unemployed are receiving benefits after drastic cuts in unemployment insurance, compared to 80% in 1990, the IMF is demanding a further lowering of standards. And IMF staff recently complained about the intention of the Canadian government to improve the regulations for maternity protection and educational leave.

Moreover, the programmes of the IMF for fighting the so-called Asian crisis need to be regarded with a great deal of scepticism. The recipes which had been used in previous crises in Latin America made matters even worse in Southeast Asia because, unlike the Latin American problems (large state deficits, unrestrained monetary policy and uncontrolled inflation), the Asian problems did not originate in the state sector. Southeast Asian countries, with the exception of Thailand and Indonesia, produced budgetary surpluses and practised restraint in monetary policy at low inflation. It is well known that it was the private sector and its excessive debts, insolvent banks, real estate speculation, etc., that caused the crisis, and that the outflow of short-term investment capital was merely the final event which triggered the crash.

Although the export and stock markets are on the road to recovery, domestic demand has collapsed in countries such as Indonesia, owing to a considerable increase in unemployment and a drastic decline in incomes. In particular, female and migrant workers continue to suffer greatly from the crisis. In Korea, unemployment continues to be higher than before the crisis, even though the country is being regarded as a model case of successful transformation because of its growth rates. The economic upswing is a far cry from being stable. In Thailand, for example, the banking sector is still suffering from 40% bad loans, yet some individual governments – in the face of international euphoria – are already relaxing their efforts at building up functional social security systems for the next crisis. It is no irony of fate that Malaysia, which resisted IMF conditions by introducing capital flow controls, has, at least so far, fared better in the crisis than many other countries. Even the World Bank admits as much in the *Global Development Finance Report 2000*: with the action taken the government had reached its goals, notably to stabilize interest and exchange rates at costs lower than expected.

The Positions of the International Trade Union Movement: More Than Just Social Standards

The course of the WTO Conference of Ministers in Seattle in November 1999 focused media and world-wide public attention on the protests against the world trade regime for the first time. Yet the protests also demonstrated that there exist major political differences between the various groups concerned.

Many globally-active non-governmental organizations (including CUTS and Third World Network) are demanding a radical transformation of the world trade regime. Some are even suggesting that the WTO be abolished altogether.

In contrast, international trade union organizations such as ICFTU, the International Trade Secretariats (ITS), the Trade Union Advisory Committee of the OECD (TUAC) and also the labour representatives in the International Labour Organization (ILO), believe that trade and investments continue to supply the potential

for contributing to greater economic growth, more jobs and the struggle against world-wide poverty. ICFTU speaks out clearly in favour of world trade and against protectionism. Yet the WTO needs to improve its instruments on a broad scale so that trade and investments may serve social development and contribute to a better implementation of the fundamental human rights of workers rather than their denial. International economic relations and trade regulations need to be changed and made democratic by taking account of development-policy, social and ecological perspectives in a comprehensive manner.

It is therefore the goal of ICFTU to incorporate a social clause into the agreements and procedures of the WTO. This is to be seen in the context of respect for the fundamental conventions of the ILO, notably:

- the protection of the freedom of association (forming trade unions), No. 87;
- the right of collective bargaining, No. 98;
- the ban on discrimination at the workplace, Nos 100 and 111;
- the abolition of child labour, in particular in its worst forms, Nos 138 and 182; and
- the ban on bonded labour, Nos 29 and 105.

International trade union organizations are aware of the fact that the concept of a social clause is a very long term objective. It is therefore their aim that, as a first step, the WTO should establish a formal permanent working group, which is directly accountable to the WTO's General Council (similar to the Committee on Trade and Environment), and draw up proposals and recommendations for it on how to integrate enforceable core labour standards into the procedures, mechanisms and regulations of the WTO. It has been proposed that the ILO should be part of this process and should acquire consultative status with the WTO. The Commission's working programme should include a study on how trade and respect for core labour norms could be backed up by positive incentives, and also by proposed measures for those cases where trade liberalization is accompanied by a violation of such norms.

ICFTU is convinced that such a system of minimum standards will

- stop the downward spiral of competition between states;
- enable the trade unions to conduct negotiations on adequate wages and working conditions;
- prevent investments from always following the lowest standards in individual countries, thus making foreign investments more sustainable for the recipient countries; and
- contribute to more balanced growth in world trade as a result of increased purchasing power of wages and greater productivity and efficiency of trade.

ICFTU is not – as is sometimes maintained in this debate – a one-dimensional, single-issue organization with a limited agenda of 'trade and social standards'; the trade unions stand for a large number of additional demands which have been articulated and supported at both the global level and in the preparatory talks of, for example, the German Trade Union Confederation (DGB) with the German government. They include:

- more technical and financial assistance, particularly in favour of the least developed countries, and that a comprehensive solution to the debt problem ('debt cancellation') should become part of a coordinated strategy

for bringing about balanced economic and social development;

- improved market access for developing countries;
- that environmental concerns and health and safety regulations should effectively become part of all aspects of WTO mechanisms, including enabling WTO members to impose trade limitations if manufacturing and processing methods are not environmentally friendly
- that the WTO undertakes more transparent and democratic activities: decision-making in small circles ('green rooms') amongst the major trading powers, to the exclusion of the majority of developing countries, contributed, amongst other things, to the failure of Seattle;
- the setting up of consultative structures for 'social partners', i.e. business and trade unions;[5] DGB and RENGO (the Japanese Trade Union Apex Organization) are demanding a trade union consultative body of the WTO.[6]
- all negotiations concerning the service sector need to provide for the right of states to declare certain sectors, such as education, non-negotiable public services. This is the concern of, in particular, the Education International (EI – teachers' unions) and the Public Service International (PSI). But the issue of 'cross-border movement of persons' plays an equally crucial role for the trade unions in agriculture (IUF) and in the construction sector (IFBWW): in Germany, for example, the opening of CEE-labour markets on the basis of bilateral agreements since 1992 has resulted in 50% of German workers in agriculture and 20% in the building industry being replaced by workers from CEE-countries. Temporary employment agencies, in particular those operating on a global scale, will gain most from a GATS agreement;
- international negotiations on investments need to create a framework for both the introduction of legitimate investment incentives (that do not undermine workers' rights) and controls against abuse of power by multinational companies; a protection clause should allow developing countries time and space for their own national companies before the latter are fully exposed to competition from large multinational companies.

In analogy, the international trade union movement is calling for a reform of the international financial architecture in order to ensure a stable basis, sustainable growth and a balanced development in the world economy. From the point of view of the trade unions, the first positive developments in this respect are the declarations, although verbal, by the IMF and the World Bank that they will regard poverty reduction as a

5. It must be noted that US 'big business' in particular was well-represented in Seattle and contributed US$9.2 million to the costs of the Conference of Ministers: a donation of US$250,000 allowed sponsors to take part in both the opening and concluding ceremonies with five guests and a gala dinner with the Ministers of Trade.

6. A danger not to be ignored in this context, however, is that of corporatist inclusion. Incidentally, Joseph Stiglitz, the former chief economist of the World Bank, also supports the view that workers' participation may influence positively economic adjustment processes. With a view to the Asian crisis he said: 'We should be clear: workers in much of the world have grounds for suspicion. Capital market liberalization in East Asia did not bring the benefits that were promised, ex+cept to a few wealthy individuals. It did impoverish many – both through lower wages and increased unemployment. Worse still, workers have seen decisions that affect their lives and livelihoods being seemingly forced upon their countries, with hardly a nod towards the concerns of the workers, apart from sermons about the virtues of bearing pain. I believe, for instance, that there is some chance that some of the disastrous economic decisions that were made in responding to the Asian crisis would not have occurred had workers had a voice (let alone a voice commensurate with their stake in the outcome) in the decision making. And even if similar decisions had been made, at least workers would have felt that they had had their say'. See Joseph Stiglitz, 'Democratic Development as the Fruits of Labour', Keynote Address to the Industrial Relations Research Association, Boston, January 2000, p. 18.

'leitmotif' in their work[7] and to consider the active participation of civil society an important element for the evaluation of these efforts.[8] According to the trade unions, the current relatively calm situation on the financial markets could be used to rethink completely the conditionalities attached to the structural adjustment programmes of the IMF and World Bank, with their disastrous social consequences, and to incorporate the following social components into their strategies:

- promoting the building-up of social security systems for old-age provisions, unemployment, child benefits, healthcare and accidents at work;
- supporting primary school education, programmes against dropping out of school and programmes against exploitative child labour;
- supporting programmes for vocational training and active labour market policy and the participation of 'social partners' in its conceptualization;
- improving the initiative for debt relief of the Highly Indebted Poor Countries (HIPC) in line with the demands of the Jubilee 2000 Coalition;[9]
- ensuring that core labour standards are complied with in all programmes of the two financial institutions; it was again DGB and RENGO that suggested that talks with the national trade union organizations should be institutionalized as part of the regular country missions at the IMF and World Bank and, in addition, that a permanent trade union advisory council with the two institutions be established.[10] It is also a long-standing ICFTU demand.

Moreover, the trade unions call for extensive action by an independent international commission with the participation of the international public for the regulation of international financial markets. Their proposals are concerned with, for example:

- better coordination of fiscal and monetary policy between the currency blocks of Dollar, Euro and Yen; ICFTU also supports greater regional cooperation, including the establishment of regional funds for currency stabilization;[11]
- recognition of the right of governments to exercise control over short-term transfers of foreign capital with the aim of domestic, macro-economic and socio-political stabilization;
- limiting speculative capital flows and trading in derivatives;
- an international tax on speculative

7. See Joint Declaration of the World Bank and the IMF of December 1999 and the introduction of a Poverty Reduction and Growth Facility (PRGF) to replace the Enhanced Structural Adjustment Facility (ESAF).

8. With respect to the IMF, however, events in connection with the new appointment to the office of Director and discussions about the report of the Meltzer Commission leave the impression that the US Administration does not support these positions. The resignations of Joseph Stiglitz and more recently Ravi Kanbur, the author of the *World Development Report 2000/01*, indicate that it is more of the same, in a new package.

9. It must be noted that the DGB strongly supported the Jubilee 2000 campaign; however, the public engaged in the development policy discourse probably did not quite register this. But even the HIPC debt relief campaign of Cologne 1999, which falls far short of the Jubilee 2000 demands, has so far produced few results, as even the heads of states had to admit when they met for the G8 meeting in Okinawa in July 2000.

10. Developments so far are, however, a far cry from it: in a 60-page document of the World Bank on Columbia, the trade unions are mentioned just once under the topic 'Risks' as potential opposition against structural adjustments recommended by the IMF. The Colombian trade union movement in question counts more than 80 assassinated members in its ranks.

11. The Japanese government's initiative during the Asian crisis in 1997 of building up an Asian Monetary Fund was prevented by the USA for fear of greater Japanese economic domination.

foreign currency transactions (Tobin Tax);[12] and

- more transparency in the international financial system.

The positions of the international trade union movement thus reflect a broadly based agenda of economic and development policies. Yet, if you compare, on the one hand, the range of issues at stake and of organizations 'to be influenced', and on the other, the resources available to the International Trade Union Movement, you will be reminded of a statement by Albert Camus: 'you must imagine Sisyphus to have been a happy man'.

12. Support for the Tobin Tax is increasing amongst both governmental and non-governmental representatives: the Canadian Parliament voted in its favour in 1999, as did Brazil; an international meeting of parliamentarians in Brussels in 2000 submitted signatures in favour of its introduction from members of parliament from 16 European countries (including 14 Germans), USA and Canada; in the European Parliament, a resolution failed only because four Trotskyist delegates denied their support because they were afraid that the Tobin Tax would strengthen capitalism. Many civil society organizations world-wide are also in support of this initiative, including the German Netzwerk zur demokratischen Kontrolle der Finanzmärkte.

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Sustainable Development and Social Justice Must Be Part of the Political Agenda in the Next WTO Round

German Trade Union Confederation (DGB)

1. The German trade unions are proponents of fair and open world trade on the basis of regulatory principles, which lead to welfare and prosperity for all. The German Trade Union Confederation (DGB) therefore welcomes the initiative of the European Commission aimed at achieving concessions in trade policy for developing countries at the next World Trade Organization (WTO) Conference of Ministers in Qatar, 9-13 November 2001. The opening of European Union (EU) markets to the poorest developing countries without tariff and quota restrictions is seen as a genuine incentive. But the exceptions for rice and bananas will continue to restrict trade. The EU might have shown greater courage on these issues. The issue of 'market access' is an important instrument for balancing income inequalities between rich and poor countries resulting from trade liberalization. Trade policy must therefore become an integral part of a wider development strategy.

2. The DGB calls upon the German government and the European Commission to signal to developing countries at the next WTO Conference of Ministers that they will be more responsive on issues such as the following:

- improved market access in sectors where developing countries enjoy a comparative advantage;
- the removal of trade barriers vis-à-vis developing countries in areas which are important to them, such as agriculture, anti-dumping and subsidies;
- trade-related aspects of intellectual property rights should allow for exceptions in regulating life-supporting medication and the protection of biodiversity;
- extending the deadlines for the implementation of the Uruguay Round;
- technical and financial support of developing countries for the implementation of dispute settlement procedures related to trade;
- a debt relief initiative within the WTO;
- creating rules of transparency, democracy and accountability – both internally and externally;
- building up positive incentive schemes for the implementation of democratic, civil and social human rights as part of both the General Preferential System and trade agreements.

3. The DGB welcomes the intention of EU Trade Commissioner Pascal Lamy to initiate an International Forum prior to the WTO Conference in order to examine trade and social development. Policy coordination between international organizations is a major condition for progress in poverty alleviation. What we need is a strategy on how to redress the relationship between trade and development-inhibiting factors, such as indebtedness, epidemics, poverty and the arms trade. However, this should not replace core labour standards, which need to be incorporated under the WTO regime as regulatory principles ensuring fair and socially equitable trade. Consequently,

core labour standards must be part of the political agenda of the WTO. Recognition of core labour standards promotes the building-up of a social market economy, its legal foundations and institutions. Global markets must be based on global rules and institutions, which give priority to humane development and public welfare, rather than to corporate interests and national advantages. International labour standards in this sense are international trade rules regulating the conduct of governments and the corporate world.

4. The DGB therefore disagrees with the concept of resolving the issue of core labour standards as a regulatory social principle solely by means of strengthening the International Labour Organization (ILO) and the General Preferential System of the EU. The WTO regime regulates a major part of the world economic order, not just the flow of trade between countries. Every trade dispute between WTO member states will be judged according to the rules of the WTO treaty, not on the basis of national legislation. It must be made clear in this context that developing countries are most of all in competition with each other. General respect for core labour standards would prevent the most extreme forms of cut-throat competition at the expense of workers, and the exploitation that goes with it. The implementation of these standards enables workers world-wide to exercise their rights through free trade unions. This is necessary if they are to reap their fair share of the benefits of their labour. At the same time, core labour standards improve the status of marginalized groups (such as children, women or persons in bonded labour) and their social and economic situation.

5. The DGB calls upon the German government and the European Commission not to relinquish the demand to incorporate core labour standards into the WTO regime. The ILO is the only organization authorized to interpret and develop core labour standards. To implement them, however, is a general task for all international organizations, in particular for the WTO. A Permanent Forum of WTO and ILO must therefore be established and mandated to deal with the issue. This Permanent Forum should be authorized to develop legal foundations and criteria to be considered in the WTO dispute settlement procedures. International trade union organizations must be invited to take part in the activities of this Permanent Forum. Trade policy reviews can be so extended as to include trade-related environmental, social and gender issues, including core labour standards.

6. The DGB draws attention to the fact that EU concessions vis-à-vis developing countries should aim to remove suspicions on the part of the latter that core labour standards might be used as a projectionist demand by industrialized countries. In addition, the EU itself must put compliance with core labour standards on its political agenda, both in respect of implementing them in its own member states and of incorporating them, as a regulatory principle, into its bilateral trade and association agreements.

7. The G-8 countries must also make a positive contribution. As early as its communiqué at the World Economic Summit in Cologne, the G-8 observed:

> We undertake to promote effective support for the ILO declaration on fundamental principles and rights at work and the appropriate measures to be taken. Furthermore, we intend to intensify cooperation with the developing countries with the aim of improving their ability to fulfil their obligations.
>
> We hereby declare ourselves in favour of strengthening the ILO-capability of assisting countries to implement core

labour standards. In addition, we welcome greater cooperation between the ILO and the international financial institutions in promoting adequate protection and core labour standards.

We urgently call upon the international financial institutions to incorporate these standards in the policy dialogue with member states.

Furthermore, we stress the importance of effective cooperation between the WTO and the ILO in respect of the social dimension of globalization and trade liberalization.

International Confederation of Free Trade Unions Statement[1] on the Agenda for the Fourth Ministerial Conference of the World Trade Organization

International Confederation of Free Trade Unions (ICFTU)

Introduction

The collapse of the Third World Trade Organization (WTO) Ministerial Conference in Seattle in 1999 was a watershed in the short lifetime of the WTO, marking a crisis in the legitimacy of the multilateral trading system. Since then, there is nothing to indicate that any of the underlying reasons for the failure of the Third WTO Conference have changed. Governments and their trade negotiators must heed the lessons of Seattle if they are to regain public confidence in the multilateral trading system. As part of that process, a full assessment of the economic, social, labour, gender, environmental and developmental impact of previous WTO negotiations and the potential impact of any further negotiations is needed. This ICFTU statement draws on the experience of Seattle and elsewhere in order to propose a reorientation of the multilateral trading system to promote sustainable world economic growth and development, thereby creating decent jobs and a broader spread of the benefits of globalization in the interests of all people in both developing and industrialized countries.

Supporting Development Priorities

A major effort is needed to boost the development of developing countries in every area of the multilateral system. This must include:

- Greatly enhanced debt relief and a substantial increase in development assistance (combined with greater effectiveness of such assistance) for developing countries that respect human rights, including fundamental workers' rights;
- Making more operational the WTO provisions for special and differential treatment to enable developing countries to have increased flexibility to ensure they have the liberty to take tariff-freezing, tariff-raising or import-limiting measures when necessary;
- Further moves to provide improved market access for developing countries (addressing tariff peaks and tariff escalation in their areas of interest),

[1] ICFTU represents unions in 148 countries with a total of 156 million members. See the web-site (http://www.icftu.org) for further information. ICFTU works closely with the International Trade Secretariats (ITS), representing workers in different sectors, and with the Trade Union Advisory Committee (TUAC) to the OECD (http://www.tuac.org). All the above organizations are on the Global Unions web-site (http://www.global-unions.org). This ICFTU statement was made for the meeting in Qatar, 9-13 November 2001.

particularly for least developed countries;

- Assisting developing countries to withstand business pressures to introduce patent laws that preclude socially responsible actions under the TRIPS intellectual property agreement, and review of the TRIPS agreement to incorporate developing country concerns, particularly in the area of access to life-saving drugs as with HIV/AIDS medication, protection of traditional knowledge, the patenting of life-forms and the relationship between the TRIPS Agreement and the Convention on Biological Diversity;
- Multilateral agreement to extend the Uruguay Round implementation deadlines for developing countries, at the same time as the industrialized countries provide detailed and binding timetables for their own implementation requirements under the Uruguay Round;
- Increased stable and predictable market access for developing countries to industrialized country agricultural markets, at the same time as enhanced measures to promote poverty alleviation and food security in developing countries, and to ensure that food aid in no way damages local food production in recipient countries; and
- Mechanisms to promote the respect of democratic principles and human rights (including fundamental workers' rights), through means such as the provision of incentives.

The Need for Progress on Core Labour Standards at the WTO

Core labour standards provoked a controversy that captured the press headlines in Seattle, but the underlying differences on this issue between the democratic countries (both developing and industrialized) that make up the bulk of the WTO's membership have been narrowing all the time. The urgency of the need for action is shown by the fact that the number of export processing zones has all but doubled in just five years, while China, a huge country that systematically violates fundamental workers' rights, is generally expected to become a member of the WTO in the near future. It is therefore a priority to protect the fundamental rights of workers in other developing countries and elsewhere against unscrupulous governments or employers who seek to gain an unfair advantage in international trade through the violation of core labour standards.[2]

Accordingly, the WTO must set up, with the participation of the ILO, some form of formal structure to address trade and core labour standards, such as a WTO negotiating group, a WTO working group, a WTO Committee, or a WTO Standing Working Forum. Such a body should also address wider issues of social development, with particular attention to the impact of trade policies on women. Regardless of its exact format, any such structure must be set up with official endorsement from the WTO and include a reporting back mechanism to the WTO's decision-making bodies. Clearly, such discussions must not result in any arbitrary or unjustified discrimination or any form of disguised restriction on trade. The reports and recommendations should be tabled for consideration no later than the Fifth WTO Ministerial Conference in 2003.

[2] Core labour standards are fundamental human rights for all workers, irrespective of a country's level of development, that cover freedom of association and the right to collective bargaining; the elimination of discrimination in respect of employment and occupation; the elimination of all forms of forced or compulsory labour; and the effective abolition of child labour, including its worst forms. Minimum wages have never been part of the proposal to protect core labour standards at the WTO.

Reform of the WTO

The Seattle Conference saw an outstanding degree of criticism of the WTO's internal and external transparency and democracy, which must be addressed urgently at Qatar. Increased transparency and financial assistance is needed to ensure that all members (particularly the least developed) are able to partake fully in all WTO activities and procedures, including its dispute settlement mechanisms. The accession process for new WTO members must provide the opportunity for technical assistance and capacity building, as well as progress towards integration into a rules-based international system (which stands to be particularly significant in the case of China's accession). A closer link and coordination between the WTO and other international institutions, including the ILO, is essential, including reciprocal observer status.

Specific consultative structures for trade unions need to be established at the WTO, including for the Trade Policy Review Mechanism (TPRM). The scope of the TPRM should be expanded to include trade-related environmental, social and gender concerns, including core labour standards. External transparency is further required in the conduct of all WTO negotiations. In addition, forms of consultation are needed for parliaments, non-governmental organizations and other elements of civil society. Procedures are needed for the effective involvement of the relevant civil society groups concerned by any dispute settlement process, which needs to be opened up for public information and involvement. All these reforms to introduce transparency, democracy and accountability into the WTO are essential preconditions to stop WTO rules being detrimental to workers' interests and to result, instead, in improvements in working and living conditions around the world.

Environment and Health and Safety

WTO rules must come secondary to the protection of the environment and health and safety, including the working environment and occupational health and safety. This would require recognition of the precedence of the precautionary principle in cases involving both consumers' and workers' health and safety, to render impossible any repeat of the type of challenge at the WTO that the EU has faced over its ban on trade in asbestos. There should be a multilaterally agreed clarification that Multilateral Environmental Agreements (MEAs) take precedence over WTO rules. Environmental labelling schemes should not be subject to challenge at the WTO.

Safeguarding Vital Services

In the current General Agreement on Trade in Services (GATS) negotiations, it must be clarified that countries can maintain the right to exempt public services (for example, education, health, water and postal services), and socially beneficial service sector activities from any WTO agreement covering the service sector, including at sub-national levels of government. Explicit reference to social and environmental concerns in the negotiations is required in order to prevent the conclusion of any agreements that undermine vital and socially beneficial service sector activities and/or the ability of governments to enact domestic regulations, legislation and other measures

necessary to safeguard, monitor and develop such services. Countries must have the right to take a future decision to increase the public sector role in their services sectors (e.g. following a change of government) without facing a WTO dispute, as would be expected under current WTO rules. A clarifying definition is needed of Article I 3(b) of GATS in order to protect social services that are provided or regulated by the government from the need to liberalize or open to market access. In the case of 'Mode 4' services supply (i.e. movement of natural persons) it is essential that protection against all forms of discrimination, core international labour standards, national labour law and existing collective agreements should be respected by all parties to any temporary cross-border movement of workers.

Investment and Competition Policy

All discussions of international instruments in these areas must respect the value of public services and state ownership. They must include adequate provisions for developing countries' interests, including technology transfer; omit any provisions that give investors the right to challenge public actions including tax and regulatory measures; exclude investor-to-state dispute provisions; include company taxation; allow for the imposition of performance requirements, especially as regards labour market provisions; ensure that foreign investments (and incentives to attract them) do not undermine core labour standards or environmental protection; and include binding references to the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy and the revised OECD Guidelines for Multinational Enterprises. Investment discussions should be limited to foreign direct investment only, excluding financial flows and portfolio investment, and should explicitly allow for the right to regulate capital flows. Any discussions of competition policy should focus on the regulation of mergers and acquisitions and abuse of market power by multinational companies, and must not undermine domestic competition policy.

Government Procurement

Any discussions in this area should cover transparency of government procurement; the protection of workers employed on government contracts, including migrant workers; and must remedy the flaws in the existing Government Procurement Agreement (GPA) by removing the ban on the use of 'non-economic' criteria and authorizing public authorities to engage in ethical purchasing policies.

Conclusion

The Qatar WTO Ministerial Conference must address the wide range of issues raised by ICFTU members in both developed and developing countries around the world. The lesson of Seattle is that failure to do so will further reduce the WTO's credibility and legitimacy in the eyes of the general public, including the trade union movement, and intensify the backlash against globalization. WTO members must seize the opportunity they now have to address the need to build a new consensus around a social, environmental, development-oriented, democratic, accountable, transparent and fairer rules-based world trading system.

The Liberalization of World Trade in Services Must Not Disregard Human Needs: DGB Demands in Connection with the General Agreement on Trade in Services (GATS)

German Trade Union Confederation (DGB)

Resolution of the DGB National Executive Committee of 3 July 2001

The German Confederation of Trade Unions (DGB) welcomes, in principle, trade negotiations about services which will produce growth-related advantages for the German economy. Yet more extensive economic liberalization must be embedded into an appropriate regulatory framework. According to World Trade Organization (WTO) statistics, some 20% of total world trade was generated by services. In 1999, Germany's share of 5.9% made it the fourth largest exporter, and with 9.9% the second largest importer of services. Germany is an export champion in proportion to its population or the number of working persons. And that is the way it should continue.

The DGB supports a broadly based approach in the negotiations, which covers all topics and service sectors. This is the most appropriate strategy to ensure that individual member states do not select 'attractive topics' or exclude 'unattractive topics'. In addition, exemptions from the Most Favoured Nation (MFN) clause must also be possible as they were in the Uruguay Round. It would make sense if internal liberalization within states was compared to GATS and if the lists of commitments made were oriented towards the situation under national legislation. As long as no decision has been taken on German immigration law and as long as Europe has no harmonized system of assessing both the level of labour required and the economic development of individual sectors, a liberalization of cross-border flows of services would be an extremely sensitive step to take. In this context, mention must be made of the fact that the EU has already achieved a high level of market opening in international comparison, both in respect of the size of the sectors involved and of the quality of the commitments made for the cross-border flow of services. One suitable way of supporting developing countries in international trade would be to implement WTO rules in those countries.

The DGB is a proponent of trade negotiations within a multilateral system of law which is equally binding to all member states.[1] GATS offers a global market regulation and a transparent and fair competitive system once protection clauses have been introduced and reinforced. Thus the working group 'GATS-Rules' has started to draw up possible protective regulations. Protective instruments are to be used in the event of certain economic disturbances (e.g. problems in public local supplies), in periods of major job cuts in specific branches or in the case of unfair trade practices. The DGB welcomes these initiatives because open world trade calls for fair regulatory principles that ensure a

[1.] There are 136 WTO members at present.

social consensus in favour of trade liberalization.

The DGB calls upon the German Federal Government and the European Commission to consider the following principles for governing liberalization of service sectors.

The **financial service sector** should not be opened unless the financial institutions of the country concerned comply with the Basle supervisory rules. Market opening should be linked to strengthening of financial institutions. In the event of turbulence on the financial market, protective clauses should be possible and should enable the country concerned to be exempt from commitments made.

The DGB would be able to support further liberalization of the **telecommunications sector** if at least the market regulatory principle of universal services was put in place. The funding of universal services, in particular, must be ensured. Companies which provide their services internationally must be subject to the same rules as companies which operate in geographically limited markets. It must also be ensured that the quality of telecommunications services does not deteriorate; this may require state control mechanisms and the issuing of licences in some areas.

A major concern in assessing the liberalization of **postal services** is again the issue of universal services. A gradual opening up of markets and further restrictions of reserved services should take place only if a nation-wide provision of affordable, high-quality postal services for the entire population would not be jeopardized.

As far as **transport services** are concerned, the DGB calls for greater attention to environmental and social standards. Since this is a sector in which personnel costs make up a large part of the overall costs of an enterprise, it is an obvious area for achieving competitive advantages by lowering costs. Liberalization of transport services must not lead to distortions on the labour markets which would run counter to the Chapter 8 objectives of the European Treaty.

Liberalization in the classic areas of environmental protection, such as **waste and water management** , may result in the privatization of existing public providers. The privatization of the waste and water industries has in many cases contributed to undermining existing health and safety and environmental standards. In the German water industry, private corporate interests must not achieve a dominating influence on strategic decisions in connection with resource consumption and water protection. The DGB therefore opposes a liberalization of the water market in environmental services as long as the protection of intact ground water and other forms of water supply is not reconcilable with market-economic interests.

The ongoing discussion in the area of **energy services** on whether energy constitutes a commodity or a service is in principle to be welcomed. In respect of the drawing-up of a definition, however, the DGB strongly emphasizes that certain minimum standards of supply and environmental protection must be observed for grid-based services.

Education plays a key role in the economic and social development of all economies. This is why the DGB continues to call for public responsibility in this area to ensure free access to a good quality education for all individuals. This is more important to developing countries than it is to industrialized countries. The potential for economic development would be seriously jeopardized if the qualifications of the population were determined by short-term

market interests only. As long as no public discussion about the objectives and content of the GATS negotiations and their impact on educational services takes place, the DGB demands that this service sector be excluded from negotiations. The active involvement of trade unions in the trade negotiations may help to identify alternative options and solutions.

The proviso about national regulatory responsibility must definitely be maintained in the case of **health services** . General, open and largely cost-efficient access to healthcare must not be restricted by liberalizing this sector. Standards governing a national social health service as well as professional access and qualification and licensing standards help towards securing quality; they must not automatically be interpreted as trade barriers. A process of liberalization must not endanger the special features of non-profit providers and institutions.

Trade liberalization in **tourism** within the framework of GATS must be addressed from the perspective of sustainability. Tourism must be developed in conformity with the multilateral agreements on the environment, in particular the Framework Convention on Climatic Change (FCCC, 1992), the Convention on International Trade and Endangered Species (CITES, 1992) and the Convention for the Control of Input of Wastes and other Harmful Substances (London Dumping Convention, LDC, 1972). WTO members should continue to enjoy the right to limit and control the ownership and commercial use of landscapes, if such use is likely to entail the risk of serious damage to the natural and cultural environment and its conservation. Market access by information companies in the tourism industry must not result in preferential treatment for industrialized countries because developing countries have inadequate technologies and too little qualified staff at their disposal. Developing countries must be granted an exemption from liberalization commitments in the event of structural imbalances. The WTO member states must ascertain that liberalization in tourism is not used as a pretext to reduce safety in passenger transport.

The DGB calls for a more broadly based definition of universal services by including **advanced telecommunications services** , such as e-(lectronic) commerce, in order to facilitate reasonably priced access to the Internet for all sections of the population. Such a measure is intended to help break down the digital divide within and between countries. The spread of electronic business transactions will result in the virtual mobility of labour and business. The EU must respond to the shift of operations to locations in which the core labour standards of the ILO are not respected by demanding fair trade on the Internet. If work is contracted out by means of e-commerce, compliance with ILO-core labour standards should be enforced.

The DGB holds the view that a further opening of markets in **public procurement** on the part of the EU should be envisaged only if compliance with ILO Conventions No. 94 (public purchase orders), No. 95 (wage protection) and No. 98 (right of association and collective agreements) is guaranteed in the sense of 'fair competition'. The undermining of European standards must be prevented; this means that a future European tendering law in which such criteria will be incorporated must set the standard for the WTO agreement on public procurement.

A liberalization of the **freedom of establishment** should not impair national sovereignty and legislation, yet it should be in line with anti-discrimination rules. The DGB rejects built-in mechanisms for automatic deregulation and liberalization according to Article 19 of GATS. This must

be applicable not only to the current status of the law, but also, in particular, to future developments. Regulations which guarantee, for example, unlimited property rights and free transfer of capital, and at the same time ensure an opening mechanism for the free mobility of individuals, are inconsistent with this principle since they restrict the scope of action in economic policies, particularly in less developed economies. In consequence, liberalization of the freedom of establishment must be linked to compliance with ILO core labour standards, particularly the freedom of association and collective negotiations. WTO member states must continue to be able to establish the origin of invested capital, the identity of owners of subsidiaries and also the professional qualification of their management.

The DGB holds the view that there is almost no scope for further liberalization in the field of the cross-border generation of services by natural persons. The following conditions must be met for market opening under mode 4:

- the observance of fundamental workers' rights (core labour standards) by the posting company, even in countries with lower social standards;
- the observance of domestic wage and working conditions by external providers of services, i.e. an extension of the European Directive on the Posting of Foreign Labour to GATS;
- better possibilities of combating illegal and exploitative forms of employment;
- the guarantee that the posting of foreign labour will not impair the functionality of social systems in both the country of origin and the country of work;
- a guarantee that employees of the employing company can claim workers rights in the country of work without having to fear reprisals on return. The workers employed must also have legal redress against their employer for enforcing workers rights in the country of work. It must be possible to enforce rulings made by the courts in the country of work against the posting company even in the country of origin.

The DGB draws the attention of the German government and the European Commission to the fact that world trade must be regarded as democratic and social. It is, in particular, the liberalization of services that requires acceptance by people, fewer prejudices and a change of general political and legal conditions. Global markets must be based on global rules and institutions which give priority to humane development and public welfare rather than to corporate interests and national advantages. International labour and environmental standards in this sense are international trade rules regulating the conduct of governments and the corporate world. Open world trade can promote growth, but it must be embedded in a fair regulatory framework and have a positive effect on the social and ecological development of the member states. The German trade unions are proponents of such fair and open world trade on the basis of regulatory principles, which lead to welfare and prosperity for all.

Bringing About Change in Burma

Harn Yawnghwe

Summary

When its survival has been threatened in the past, the Burmese military has changed. It changed from ruling through the Revolutionary Council in 1962 to ruling through the Burmese Socialist Programme Party in 1974. In 1988, the State Law and Order Restoration Council discarded 'socialism' and adopted 'capitalism', hoping to replace foreign aid with foreign investments. In 2000, the State Peace and Development Council (SPDC) again changed tactics from confrontation to 'dialogue'. However, it is clear that while the military has changed its tactics, it is not yet committed to finding a solution to the crisis in Burma through political dialogue, negotiations and compromise.

The 'Secret Talks' that are currently in progress are designed to decrease pressure and give the military time to consolidate its power base. The aim is to retain its grip on power. The international community does not have a comprehensive strategy to ensure that this does not happen and that the current Secret Talks will develop into a 'political dialogue'. It is depending instead on the goodwill of the generals and the hope that common sense will prevail. Recent developments indicate that these hopes may be misplaced and that the Secret Talks could be on the brink of a breakdown. The international community needs an overall comprehensive strategy to ensure that a political dialogue will follow the Secret Talks. Instead, conflicting signals are being sent. The need for a facilitator to coordinate the strategy should also be considered. However, before a comprehensive strategy is adopted, the international community needs to clearly understand the basic issues at stake in Burma. The root of the conflict is a constitutional one, dating back to 1947. Unless the constitutional problem is also resolved, simply replacing a military government with a democratic one will not work.

To save the 'Talks', the international community first needs to demonstrate that it is unanimous in its opinion that the crisis in Burma can only be resolved through political dialogue, negotiations and compromise. Second, it needs to convey the message that the current pace and manner in which the Secret Talks are being conducted is not acceptable. Minimum requirements must be met if the international community is not to 'interfere' by imposing more sanctions to speed up the dialogue process. Only then can progress be made and various steps taken to encourage the further development of the dialogue process. Without these minimum steps, it cannot be deemed that the Secret Talks have progressed.

The unique opportunity presented by the Secret Talks must not be lost. The international community must adopt a comprehensive strategy to make it happen.

Introduction

When circumstances demanded it, the Burmese military leadership did change. It changed in 1974 from ruling as a Revolutionary Council by adopting a Socialist one-party constitution and continuing to rule through the Burmese Socialist Programme Party. Again, when the international community withdrew foreign aid in the aftermath of the 'State Law and Order Restoration Council (SLORC) Coup' in 1988, the generals became 'capitalists' overnight and invited direct foreign investment in order to survive.

The question is not whether the generals will change but what will make them change and in which direction? I maintained in early 2000 that circumstances in Burma were ripe for the military to make another major tactical change. The January 2001 announcement by the United Nations Special Envoy for Burma, Ambassador Tan Sri Razali Ishmael, that secret talks have been underway between the generals and Aung San Suu Kyi since October 2000 indicates that the military has made that tactical change.

What Brought About the Change?

Events in 2000 may have convinced the military that it can no longer continue ruling by force of arms alone. At the beginning of 2000, the policy of the ruling SPDC was to eliminate the election-winning National League for Democracy (NLD) and its charismatic leader Aung San Suu Kyi by year-end. After systematically closing down NLD offices and increasingly restricting its leadership, SPDC tried in September to detain Aung San Suu Kyi and marginalize her.

The strong reaction and increased international pressure, even from neighbouring states, caught the generals by surprise. The stronger Common Position adopted by the European Union (EU) in April 2000, and the unprecedented decision by the International Labour Organization (ILO) in June 2000 to sanction the regime for its forced labour practices also shook the generals. By year-end, the military seemed to have accepted that changes would have to be introduced if it seriously wanted to maintain its political role in the future.

The military power has also realized that it is not in its best interests to allow the situation in Burma to deteriorate further: a weakened nation might not be able to defend her sovereignty and territorial integrity, and Burma's viability as a nation might be brought into question. The severe deterioration in the nation's health and education systems, the continuing economic and social problems, the increased fighting and unrest in non-Burman ethnic areas and the high rate of desertion from the army could have been some of the factors that contributed to the decision to change tactics.

Events in the rest of Southeast Asia in the year 2000 could also have influenced the military's decision. The increasing violence and uncertainty in Indonesia and the political crises in the Philippines may have convinced the generals that it would be in their best interests to oversee a planned transition to democracy rather than allow a situation to develop where control may not be possible and the threat of foreign intervention increased.

The Current 'Secret Talks'

Much misinformation, speculation and rumour surround the Secret Talks, but the facts that can be ascertained are as follows:

- Aung San Suu Kyi has, since October 2000, had a series of meetings with Major-General Kyaw Win of the SPDC's Office of Strategic Studies.
- SPDC Chairman Senior General Than Shwe is ultimately in charge of the Secret Talks, not Intelligence Chief and Secretary-1, Lieutenant-General Khin Nyunt.
- SPDC has ordered its news media to stop public attacks on Aung San Suu Kyi and the NLD.
- Without specifically mentioning the Secret Talks, Senior General Than Shwe made a somewhat reconciliatory speech on Armed Forces Day on 27 March 2001.
- The helicopter crash in February 2001, which killed SPDC Secretary-2 and Army Chief of Staff Lieutenant-General Tin Oo together with Armed Forces Inspector General Brigadier General Lun Maung and Southwest Military Region Commander Major-General Sit Maung, seriously affected the stability of the SPDC and could have adversely affected the progress of the Secret Talks.
- The *Myanmar Times*, which is published in English and read by foreign businessmen, carried front-page news of Razali's announcement of the breakthrough and reports regularly on the Secret Talks.
- While the fact that the Secret Talks are taking place has been confirmed to the international community and has been reported extensively by foreign media, no official statement had been made about the Talks in Burmese in the official media up to the end of June 2001. Since all media in Burma is controlled, this means that the people of Burma had not been told about the talks that had been taking place in the previous nine months and are known to the rest of the world.
- Aung San Suu Kyi agreed to stay within her compound in order to facilitate the Talks.
- Aung San Suu Kyi has access to U Lwin, a member of the NLD Executive.
- Neither the UN nor the diplomatic community knows the substance of the talks. It is not known how well informed the NLD executives are of the substance of the Talks.
- Neither the UN Special Envoy, nor his representative, nor any NLD executives have ever been present at the Talks. The Special Envoy himself was unable to visit Burma again until June 2001 after he made the announcement about the talks in January 2001. His unofficial representative in Burma, Leon de Riedmatten of the Humanitarian Institute, was also unable to visit Aung San Suu Kyi between January and April 2001.
- Since the UN Special Envoy's visit in June 2001, a number of political prisoners have been released, apparently as a gesture of goodwill. These include prisoners over 65 years old, members of parliament, prisoners who have already finished their official sentences and those who have been detained without being formally charged.
- NLD Vice-Chair Tin Oo and other executives have been released from detention but certain restrictions seem to have been placed on them. They are not totally 'free'.

- The NLD headquarters, the Mandalay Divisional office and 18 township offices in the Rangoon Division have been allowed to reopen. Local authorities have not permitted the NLD to open other offices elsewhere. The local authorities claim that it is illegal to do so.

Analysis of the 'Secret Talks'

- There is an imbalance. Aung San Suu Kyi does not have the same freedoms and access to the media as the SPDC has. She has not talked to the media. The SPDC Foreign Minister has twice make pronouncements about the progress of the Talks to the media.
- Aung San Suu Kyi alone is involved in the Talks. She has no access to colleagues or advisors to discuss and weigh options, whereas the SPDC representatives are able to consult each other and have, at the very least, the Office of Strategic Studies to depend upon.
- Aung San Suu Kyi is not talking to an equal. Major-General Kyaw Win can always appeal to his superiors if a disagreement develops. If Aung San Suu Kyi disagrees, there can be no solution.
- No facilitator is involved. Neither side may be getting adequate input regarding possible compromises and negotiating techniques. A deadlock could easily develop.
- A public relations war seems to have developed around the Secret Talks with rumours and stories being circulated to discredit Aung San Suu Kyi. For example, it has been insinuated that Aung San Suu Kyi is arrogant and content to talk to the generals by herself; and that she is in the process of making deals with the military without consulting either her party executives or other leaders, especially the non-Burman. These stories ignore the fact that access to Aung San Suu Kyi is controlled by the SPDC. Her isolation is the condition imposed on her by the SPDC. It is not of her own choosing. In fact, she has in the past stated categorically that she will not make unilateral decisions about the future of Burma without wider consultation (see Appendix I).

It is becoming clearer from these developments that while the military has changed its tactics from confrontation to 'dialogue', it is not yet committed to actually finding a solution to the crisis in Burma through dialogue. The Secret Talks have been used as a way of decreasing internal and external pressure and giving the military government more time to regroup and consolidate so that it can continue to retain power with as little compromise as possible. In other words, the SPDC is still not serious about negotiating a transition whereby the military's prominence in national affairs could be reduced.

It is also possible that Aung San Suu Kyi may not yet be fully committed to finding a compromise solution. She may be in the process of testing the commitment of the generals by making demands and waiting to see if they are met. She could be trying to decrease the military's power with as little compromise as possible. She may not want to negotiate a compromise transition whereby the military's prominence in national affairs could be maintained or institutionalized.

In essence, the Secret Talks have, after nine months, not even reached Step 2 – the 'Official Agreement to Enter into Negotiations' as outlined in *A Possible*

Transition Plan for Burma/Myanmar, January 2000 (see Appendix II). Both sides are using the Secret Talks to bargain and strengthen their positions. Neither side is yet convinced that the best solution for Burma is a negotiated compromise solution. Without a firm commitment from both sides to try to find a solution to the crisis in Burma through dialogue, negotiations and compromise, the Secret Talks will fail.

The fact that Aung San Suu Kyi did not attend the official ceremony on Martyr's Day on 19 July 2001 indicates that, notwithstanding SPDC Foreign Minister Win Aung's claims that all is well, the talks are in serious trouble. It may require another visit by the UN Special Envoy, Ambassador Razali, to salvage the Talks, as he did in June 2001.

Given the fact that the Secret Talks have not progressed towards a 'dialogue', other domestic actors and the international community are also beginning to lose patience. Some domestic actors are also beginning to demand information on the substance of the Secret Talks and/or participation in the Talks. As for the international community, the United States is considering increasing sanctions against the SPDC with legislation to ban imports from Burma in order to speed up the dialogue process, the European Union is also considering strengthening its Common Position on Burma in October 2001 if there is no progress, while Japan is considering an alternative strategy of relaxing sanctions and increasing aid to facilitate the dialogue process.

In other words, the initial momentum behind the Secret Talks is faltering and more and more actors are beginning to introduce their own initiatives to speed up the process. Such initiatives, if they are uncoordinated, could work at cross-purposes and further complicate the political process in Burma. It is therefore urgent that an overall comprehensive strategy for Burma be put in place.

How Can the 'Secret Talks' Be Further Developed?

Since both parties in the Secret Talks are not yet negotiating a compromise solution, it may be necessary for the international community to adopt a strategy that will clearly show the participants that negotiating a compromise is the only viable solution.

An example of the necessity for a strategy can be illustrated by the current Talks. It is the expectation that the current 'Secret Talks' will lead to a 'Dialogue Process'. However, the question is what will happen if the expected outcome of 'Political Freedom' is not forthcoming after aid is given? If, as suggested, the SPDC is trying to use the Secret Talks to decrease internal and external pressure and give itself more time to regroup and consolidate so that the military can continue to retain power with as little compromise as possible, what is to prevent the military from not allowing more 'Political Freedom' after it has received aid?

Expectations

TALKS ⇨ PRISONERS RELEASED ⇨ $$$ AID ⇨ POLITICAL FREEDOM ⇨ DIALOGUE

Possibility

TALKS ⇨ PRISONERS RELEASED ⇨ $$$ AID ⇨ / Gap / ⇨ MORE AID ⇨ SPDC RULE

Another point to be considered is that it may also be necessary to provide a facilitator or mediator, although neither side is currently requesting this. SPDC, for one, is quite adamant that the Burmese can solve the problem without any outside help.

Basic Issues

Before the international community can propose or adopt a coordinated strategy for Burma, it is crucial that the basic issues be clearly understood.

To casual observers, the problem in Burma is a power struggle between authoritarian rule represented by the SPDC and democracy represented by Aung San Suu Kyi. More knowledgeable ones say that there is an underlying 'ethnic' problem.

In fact, the military likes to advertise that there are 135 races in Burma, implying that without a strong military to hold it together, the country would fall apart. However, all Burmese are actually from the same Mongoloid people group. They can be roughly divided into 3 major subgroups: Tibeto-Burman, Sino-Thai and Mon-Khmer.

In political terms, there are only eight ethnic-based states, not 135 – Arakan (Rakhaing), Burman, Chin, Kachin, Shan, Kayah (Karenni), Karen and Mon. (It should be pointed out that the Burmans are also one of the ethnic groups of Burma.) The so-called 135 races are actually the number of different dialects spoken by the three major sub-groups. The problem, therefore, is not as complicated as that painted by the military.

The Constitutional Problem

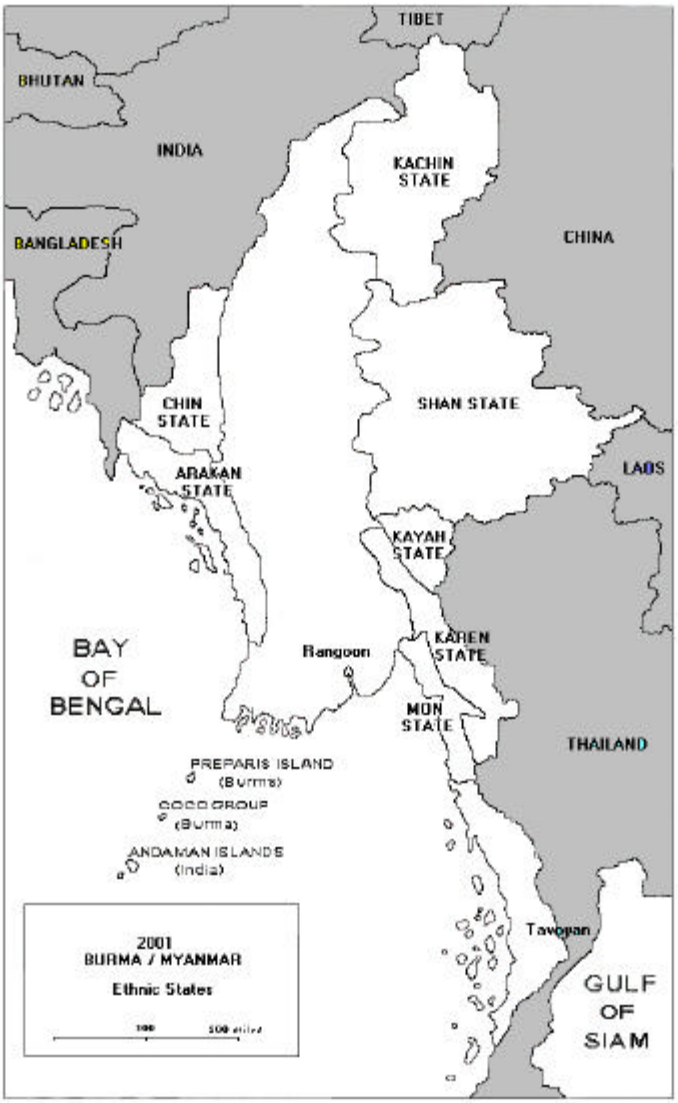
The 1947 Union Constitution was drawn up based on the Panglong Agreement. The non-Burmans believed they were getting a federal system, but in reality, while the Shan, Kachin and Kayah States and the Chin Special Division were recognized, power was not devolved to the states. A concession made in the 1947 Constitution gave the Shan State the right to secede from the Union after ten years if its people were not satisfied.

Given the assassination of General Aung San, the unwillingness of the British to continue to rule Burma, post-Second World War uncertainty followed by the Cold War, and the mutiny of the Burma Army when the Burmese Communist Party took up arms immediately after independence in 1948, the non-Burman leaders decided to support the newly independent government of Burma and try to make the best of a bad deal.

At that time, the Kayah (Karenni) people felt that they had been forced into a union without adequate consultation or recognition of their independent status and took up arms against the government of Burma.

Separate negotiations with the Karens also broke down. Atrocities committed by the Burma Independence Army during the Second World War against the Karens, who had remained loyal to the British, did not help matters. The Mon and Arakan people also joined the rebellion and Burma was thrown into a civil war which continues to this day.

The Ethnic States of Present-day Burma (Myanmar)



In 1958, the Commander-in-Chief of the Burma Army, General Ne Win, was invited by then Prime Minister U Nu to take over the reins of government. The rationale given was that a 'caretaker government' was necessary to stabilize the political situation in Burma after the ruling Anti-Fascist Peoples' Freedom League split into two factions.

Non-Burmans, however, saw it as a constitutional crisis – an attempt by Burman nationalists to prevent the Shan people from exercising their constitutional right to secede. This led young impatient Shan nationalists to take up arms against the central government while their elders attempted to amend the constitution legally instead.

Burma's constitutional crisis finally came to a head in 1962. Convinced by non-Burman leaders of the 'Federal Movement' that the constitution needed to be amended, Prime Minister U Nu convened a National Convention. With all of Burma's political leadership assembled in Rangoon, General Ne Win launched a coup d'etat and arrested them all, claiming he had to act to prevent the nation from breaking up.

Ironically, while General Ne Win was able to prevent the amendment of the 1947 Constitution, he actually pushed the nation closer to disintegration. As seen above, the non-Burmans saw the 1947 Agreement and the 1947 Constitution as the legal basis binding them to the Burmans. When Ne Win discarded the Constitution in order to rule through the Revolutionary Council, the non-Burmans no longer felt bound to the Union.

In fact, the Shans argued that since they were no longer legally bound, they were independent and that the Burma Army in the Shan State was an illegal army of occupation. As a result, the Shan State Independence Army, which was founded in 1958, was transformed into the Shan State Army to defend the homeland from the invaders. Following the example of the Shans, other non-Burman nationalist armies were also formed and plunged Burma into a deeper and wider civil war.

Clearly, in order to find a solution to the problems in Burma it is not sufficient to just replace military rule with a democratic government. The basic constitutional problem also has to be resolved. This problem has been recognized by the United Nations General Assembly which has called for a 'Tripartite Dialogue' – the military, the democratic forces led by Aung San Suu Kyi and the non-Burman peoples – in order to restore democracy to Burma.

A Comprehensive International Strategy

In order to ensure that the Secret Talks develop into a Dialogue:

1. The international community should not be seen to be divided. When the unity of the international community was demonstrated in the aftermath of the UN-sponsored 'Seoul Meeting on Burma' in March 2000, the Secret Talks became a reality. A divided international community invites the Burmese to play one nation off against another to delay actually having to negotiate a political compromise.
2. All international actors need to clearly show the Burmese participants that they support the comprehensive strategy for a compromise solution and will act in concert to promote the development of a Dialogue Process in Burma, regardless of their 'special interests' or 'special relationships' with the participants.
3. The international community needs to agree on having only one comprehensive strategy and only one facilitator or mediator to manage the Dialogue. This could possibly be the UN Special Envoy for Burma. His role could be enhanced to make him more effective in encouraging the Secret Talks to develop into a Dialogue.
4. There is an urgent need to establish an 'irreversible process', which is not dependent on the goodwill of one or more parties, and can be expanded to include all.
5. There is a need to urgently revitalize the Secret Talks and boost the confidence of all political actors in Burma and the international community that the Talks will actually lead to a Dialogue Process, and, in time, political and economic reforms.

To boost confidence in the Secret Talks and ensure that they actually do lead to a Dialogue Process, certain steps are recommended.

If it is agreed (as in step 3 above) that the UN Special Envoy for Burma should be the sole facilitator, he could convey to the Burmese participants of the Secret Talks that:

(a) Ultimately, Burma's problems cannot be resolved except through political dialogue, negotiations and compromise.

(b) The process must be inclusive rather than exclusive; and that a Tripartite Dialogue to address the constitutional problem will be necessary (as per UN General Assembly resolutions since 1994) before new elections can be held.

(c) The pace of progress and the manner in which the Secret Talks have been conducted to date is not acceptable.

(d) A minimum level of 'results' from the Secret Talks is required to keep individual nations or group of nations from taking unilateral action to speed up the dialogue process. In other words, if the Burmese want minimum interference from the outside, certain basic steps need to be implemented.

(e) The international community needs to state clearly that without these steps further aid, humanitarian or otherwise, will not be forthcoming.

Recommended Basic Steps

The participants in the Secret Talks need to agree on the following basic steps, without which it cannot be deemed that there has been progress:

1. Make an official joint statement in Burmese on the status of the Secret Talks.

   Example: "*The talks since October 2000 have enabled the SPDC and Aung San Suu Kyi to understand each other's positions better. To date we have met X times. No substantive issues such as power-sharing or new elections have been discussed. Prisoners are being released to show our commitment to a dialogue and to enable us to continue with the talks. All sectors need to work together for the good of the nation*".

2. Commit to making Joint Statements in Burmese on the status of the Secret Talks in a similar vein on a regular basis, i.e. at the beginning of each month. Such regular announcements will build confidence, keep the Talks alive, assure others that they are part of the process and dispel fears that the Secret Talks are being manipulated.

3. Make a public commitment that substantive issues will not be discussed without proper and wide consultations with appropriate bodies. This would allow the Secret Talks to develop at an appropriate pace without undue pressure to immediately include other parties, which could jeopardize the Talks if it is done prematurely.

4. Schedule regular visits by the UN Special Envoy for Burma, i.e. once a month at the time of the announcement of the Joint Statements. Such visits would give more credibility to the fact that the Secret Talks are progressing well. Recurring delays, seemingly at the whim of the SPDC, do nothing for the credibility of the Talks.

5. Agree to discuss 'difficulties' or 'sensitive' issues with the UN Special Envoy for Burma to enable the international community to respond appropriately to the perceived difficulties by agreeing to provide aid, humanitarian or otherwise;

or agreeing not to impose more sanctions against the regime. This would enable specialists from various countries with similar 'transition' experiences to provide technical input to both parties to help bridge differences. However, to have credibility, the UN Special Envoy would also need a clear mandate and framework within which to work. He must be seen to be an honest broker and not a shady backroom dealmaker.

If the participants in the Secret Talks were to agree on implementing the above basic steps, it would do much to revitalize the Talks and ensure that they will not fail. Only when these basic steps are taken will it be possible to look at various ways to encourage the participants to continue with the Dialogue Process.

Conclusion

To ensure that the Secret Talks do not fail and that they actually do develop into a Political Dialogue, the international community, especially the UN Special Envoy for Burma, needs to develop a comprehensive strategy for Burma.

It is recommended that the UN Special Envoy for Burma convene a small group of experts to assist him in brainstorming and further developing the plan outlined above and in *A Possible Transition Plan for Burma/ Myanmar, January 2000* (Appendix II). There is still much good will towards Burma and a practical plan that can be acceptable to all is possible.

The UN Special Envoy could then present the proposal for further input to the Burmese participants in the Secret Talks as a recommendation. At that point, it would be crucial to stress that the proposal's acceptance by the Burmese would benefit Burma and ensure that control of the Dialogue Process remains in Burmese hands.

The UN could then convene another 'Burma' meeting, such as the one held in Seoul, in March 2000 to enable all international players, including ASEAN, China and India, to acknowledge the proposed international strategy for Burma.

The Secret Talks present a unique opportunity to solve Burma's crisis by non-violent means. The opportunity should not be missed. If these recommendations are followed, there is strong reason to believe that the challenge can be met.

Notes

Various Factors That Could Facilitate the 'Talks'

1. Humanitarian Aid. It has been suggested that giving humanitarian aid for HIV-AIDS could be a first step to encourage the Secret Talks, even if a substantive political agreement cannot yet be reached. Difficulties that have to be surmounted include:

(a) Funding for SPDC's Ministry of Health;
(b) Permission from the SPDC for international NGOs to implement the programmes;
(c) Cooperation of the SPDC to get the aid into the areas of most need – non-Burman ethnic areas;
(d) A nation-wide ceasefire to ensure that aid can be delivered.

2. In addition to HIV-AIDS, humanitarian aid in the form of medicine, immunization, food, clothing, shelter, etc., for internally displaced populations, especially in non-Burman ethnic areas and cross-border operations, should also be considered.

3. Forced labour cannot be eliminated in Burma as long as the military structure remains the same – porters are required when the military launches an offensive. To satisfy ILO requirements and also to indicate the military's seriousness about a dialogue, the SPDC should declare a unilateral nation-wide cease-fire.

4. A National Reconciliation Movement or Council to support the Talks has been proposed. A domestic council might be too threatening to the military, but organizing a 'movement' overseas is feasible and might be desirable to consolidate international support from, for example, India, China and Japan, for the UN initiative. It needs a context or the Council could become too political and intrusive. The timing and the definition of the role of the Council would also be crucial. It may only be possible after the Dialogue Process has been established and both sides have agreed upon a transition mechanism. The Council representing all walks of life – religious, ethnic, professional and political – could perhaps then lend moral legitimacy to the transition mechanism. It could be a sort of council of eminent 'wise' men and women.

5. It is going to be very difficult to lift sanctions against the SPDC to facilitate the Talks if no substantive agreement is reached. This is especially so since all sanctions are based on the human rights and democracy situation in Burma. The conditions in these areas have not changed. The only possible relaxation might be visa restrictions for specific individuals involved in the Talks.

6. In the longer-term, after some substantive political agreement has been reached, it may be useful to invite General Maung Aye and a few key field commanders to observe UN peace-keeping operations in East Timor. Myanmar is on the UN's Standby List for Peace Keeping. A visit will 'reward' the SPDC and at the same time expose them to how other modern armies function and cooperate. It will also give them ideas about alternative roles for the Army in the future.

'BURMAN' or 'BURMESE'?
'Burman' and 'Burmese' are often used

Some Definitions

interchangeably in the English language. In this article, 'Burman' is used to refer to the majority ethnic population, and 'Burmese' refers to all the citizens of Burma.

'BURMA' or 'MYANMAR'?
It has been argued by the military that 'Burma' refers only to the majority Burman population, whereas 'Myanmar' is more inclusive and therefore, more appropriate because it refers to all the peoples of Myanmar. Ironically, Burmese nationalists fighting British colonialism in 1936 argued the reverse.

DIVISIONS & STATES
The constituent states of Burma are:

States	Sq kms	Land Area (%)
Burma Proper	287 000	43.2
Shan State	156 000	23.4
Kachin State	89 000	13.5
Karen State	37 000	5.6
Arakan State	37 000	5.5
Chin State	36 000	5.4
Mon State	12 000	1.8
Karenni State	12 000	1.8

'Burma Proper' is divided into seven administrative divisions – Irrawaddy, Magwe, Mandalay, Pegu, Rangoon, Sagaing and Tenasserim.

HISTORY OF BURMA

146 Arakan Kingdom of Dinnya-wadi
754 Nanchao (Shan?) dominion over northern Burma
825 Mon Kingdom of Hanthawaddy
1044 Burman Kingdom of Pagan
1287 Shan Kingdom of Ava
1531 Burman Kingdom of Toungoo
1752 Burman Kingdom of Shwebo
1824 British begin annexation of Burma and neighbouring principalities
1886 Burma is annexed to British India
1937 Burma is separated from British India
1941 Japanese occupation of British Burma
1945 The British return to Burma
1947 Panglong Agreement to form the 'Union of Burma'
1948 Independence from Britain, civil war, parliamentary democracy
1958 Caretaker government of General Ne Win
1960 Return of Parliamentary Democracy
1962 Coup d'etat by General Ne Win
1968 Anti-Chinese riots. Chinese support for the Communist Party of Burma
1974 New constitution – one-party rule by Burmese Socialist Programme Party
1987 United Nations classifies Burma as a 'Least Developed Country'
1988 Democracy uprising. State Law and Order Restoration Council (SLORC) seizes power
1989 SLORC cease-fire negotiations with non-Burman ethnic armies
1990 General Elections organized by SLORC. NLD wins but is denied power
1991 Manerplaw Agreement to establish a Federal Union of Burma (in exile)
1992 Establishment of the National Council of the Union of Burma (in exile)
1993 SLORC convenes the National Convention
1994 UN General Assembly calls for Tripartite Dialogue to resolve Burma's future
1995 Aung San Suu Kyi's statement – 'No Secret Deal'
1997 Maetha Rawhta Agreement – non-Burmans agree to work with Burmans (in exile)
1998 UN-World Bank US$1 Billion Proposal for Dialogue
1999 National Reconciliation Programme established (in exile)
2000 UN Seoul Meeting. SPDC and Aung San Suu Kyi begin 'Secret Talks'

Appendix I

No Secret Deal

In response to concerns expressed by non-Burman ethnic leaders about the secret meetings held between the leader of the National League for Democracy, Daw Aung San Suu Kyi, and Senior General Than Shwe, Chairman of the State Law and Order Restoration Council, and Secretary 1 Lieut-General Khin Nyunt in September and again with Khin Nyunt in October 1994, Dr Michael Aris, husband of Aung San Suu Kyi, released the following statement in Bangkok on 23 January 1995:

"It has always been the firm conviction of those working for democracy in Burma that it is only through meaningful dialogue between diverse political forces that we can achieve national reconciliation, which is the first and most vital requisite for a united and prosperous country.

That the international community shares this view is evident from clause 5 of the General Assembly resolution of December 1994 which encourages the Government of Burma to engage 'in a substantive political dialogue with Aung San Suu Kyi and other political leaders, including representatives from ethnic groups, as the best means of promoting national reconciliation and the full and early restoration of democracy'.

It was in full acceptance of this view and with genuine good will that I approached the meeting with members of the State Law and Order Restauration Council on 20 September and 28 October 1994.

There have not been and there will not be any secret deals with regards either to my release or to any other issue. I adhere to the principle of accountability and consider myself at all times bound by the democratic duty to act in consultation with colleagues and to be guided by the aspirations of those engaged in the movement to establish a truly democratic political system in Burma. I remain dedicated to an active participation in this movement."

Aung San Suu Kyi
22 January 1995
Rangoon, Burma

Note: As a result of Dr Michael Aris' role in publicizing Daw Aung San Suu Kyi's position regarding the 1994 talks with SLORC, he was barred from visiting his wife. Dr. Aris died of cancer on 27 March 1999 in England without ever seeing her again.

Appendix II

A Possible Transition Plan for Burma/Myanmar, January 2000

The latest World Bank report underlines the gravity of the situation in Burma/ Myanmar. It has taken 38 years of gradual decline to reach this level of devastation. No government, democratic or military, can hope to solve the problems in the short-term. Massive and sustained international aid will be required for many years to come in order to turn the country around. No short cut solutions with the injection of a few hundred million dollars in investments or aid will work.

The political deadlock makes it impossible for anyone to even begin to address the problems. It may be possible for the current regime to maintain the status quo for some time yet. But the longer the problems

persist, the less it will benefit the people. As the situation deteriorates further, Burma/Myanmar's sovereignty and territorial integrity may also be compromised. It is no longer a question of whether it is a military or a democratic government that will rule.

The whole nation, the military, the democratic forces and the ethnic nationalities need to be mobilized to work together to reverse the situation. The international community also needs to mount a sustained and coordinated effort to encourage the Burmese/Myanmar people to talk to each other and work together to rebuild their nation. Independent highly publicized short-term efforts by individual nations or individuals only confuse the picture, are not particularly helpful and may even be counter-productive.

The question is how to break the political deadlock and bring the various political actors together? It is clear that the future of Burma/Myanmar is at stake.

Key Ingredients

For any transition plan to work, the following points must be emphasized and respected:

1. The problem is essentially a Burmese/ Myanmar problem.
2. Only the Burmese/Myanmar themselves can ultimately resolve their problems satisfactorily for the long-term.
3. The international community is willing to support the Burmese/Myanmar in their efforts to try and resolve together the serious problems they face.
4. The international community will only assist to the extent requested - i.e. hosting negotiations in a neutral third country, facilitating talks or if required, mediation. The Burmese/Myanmar themselves will decide what they require.
5. A solution unacceptable to one or more of the parties will not be imposed.
6. There is a solution to the problems if the Burmese/Myanmar have the political will.
7. Basic to this plan is the preservation of Burma/Myanmar's sovereignty and territorial integrity.
8. The ultimate aim is to see democracy established in Burma/Myanmar. This goal is acceptable to all parties in the conflict.
9. The plan is based on the principle that dialogue, negotiations and political compromises, instead of coercion or force, are necessary if democracy is to be established and brought to maturity in Burma/Myanmar.
10. The plan does not apportion blame and seeks to reconcile differences.

For the plan to work, the various political players must be convinced as follows:

Democratic leaders have to be convinced that an immediate return to democracy will not solve Burma/Myanmar's deep-rooted problems. Basic social infrastructures need to be rebuilt to sustain the change. It will take time, political will and resources, both human and material, to get the job done. Popular and unrealistic expectations could in the short-term cause many to become disillusioned with a democracy.

Ethnic leaders need to be convinced that they have more to gain by remaining within the Union of Burma/Myanmar and voluntarily working out their own political future to their satisfaction than by opting out as an independent entity. They need to be convinced that participating actively in the political transition process in Burma/ Myanmar is to their best advantage.

Military leaders need to be convinced that they can no longer continue to hold on to power by force. It is not economically or politically sustainable. The situation can

only deteriorate further. The military will then have to suppress the unrest by more force, which will be even harder to sustain. The fear that without a strong hand, the nation will disintegrate may prevent the military from negotiating. They need to be convinced that if they want to preserve the nation, the military needs to work with the rest of the country, not against it.

The danger is that although the political actors in Burma / Myanmar realize that change is required in order to prevent the situation from deteriorating further, they may not realize the extent of the problem. They may be tempted with some small amounts of foreign aid from one or two sources to attempt a quick-fix solution, which may alleviate symptoms but ultimately lead to a worse situation.

The Transition Plan

In order to allay suspicions, distrust and fear of hidden political agendas, it will be beneficial if all concerned parties can first agree on how a transition will develop and how their concerns will be addressed. The following is an attempt to outline such a plan.

1. *Unofficial talks to determine areas of common concern*

This step has already been taken by various Burmese / Myanmar actors and is continuing informally and in utmost secrecy. This process needs to be recognized and integrated with international efforts. The international community should also not send conflicting signals, which can derail or have a negative impact on these initial efforts by the Burmese/Myanmar themselves. Publicity should at this stage be avoided at all costs.

2. *Official Agreement to enter into Negotiations*

If the international community supports the unofficial Burmese / Myanmar initiative and coordinates its own efforts to encourage all parties in the Burmese/Myanmar conflict to accept a framework similar to the one outlined here, official agreement to enter into negotiations will definitely follow. The political actors have to date been distracted by various international offers of help. This has slowed the informal process as each new external initiative is evaluated by the actors to see if it offers a more palatable way out. There is only one way out – an all inclusive political dialogue, negotiations, compromises and a transition. The sooner this message is driven home, the sooner they will get to the negotiation table.

3. *Official low-level Pre-Negotiations to determine Objectives / Conditions / Participants / Agenda / Time-Table & Procedures, etc, including the steps outlined below*

This step will enable wider participation from all sides (it can start as a bilateral process between the SPDC and NLD) to test the waters and re-evaluate their own positions to see what issues they are willing to compromise on and what are non-negotiable. It is important at this stage that the issues under discussion are not publicized and politicized. If this happens, it will kill the process. It must be emphasized that the parties are at this stage only negotiating a process and a possible time-table for the process that will be acceptable to all parties. Confidence-building measures could be negotiated and built into the process at this stage.

4. *Lifting of political restrictions to facilitate Negotiations*

For the Pre-Negotiations and Negotiations to really work, the military must be willing to lift some political restrictions to enable the other parties, especially the NLD to function properly. Effective negotiations cannot take place if one party is seriously disadvantaged. It is obvious that the NLD must convince the military that it is committed to this transition plan and dialogue process and will not use its political

freedom to rally the country against the military or use it to implement the results of the 1990 general elections. Apart from political activities, lifting restrictions and controls on other social and civil society activities might also be considered.

5. Negotiations

The 1990 election results will be a key negotiating item between the SPDC and the NLD. While the military may wish to ignore the results, the NLD cannot possibly relinquish them because it represents a mandate freely given by the people. For the same reasons, the military cannot accept the 1990 election results. Recognizing these facts, a compromise needs to be worked out whereby the election results are recognized by the military but the NLD does not use them to take over power. The NLD's election mandate can be used to legitimize the negotiations and the proposed Transition Administration. In return, the military must accept that neither the SLORC nor the SPDC are the transition governments that they claim to be. A 10-year plus transition period claimed by SPDC cannot qualify as a transition. Democratic governments do not normally exceed a 5-year term.

6. Formation of an Interim Administration to oversee the Transition

Apart from the question of the 1990 election results, how the Transition Administration will be formed, who will be included, under what constitution or regulations will the Transition Administration govern, what is its main task, how long it will govern, what power it will have over the military, etc., will be the substance of the negotiations.

7. Political normalization as agreed by all sides

This will be another major item to negotiate. To achieve political normalization, the military must be confident that all the parties will not gang-up against it. Again, they need to be convinced that all parties are committed to the process and will not deviate from it for short-term political gain. Without political normalization, the Transition Administration will only be another form of SPDC-rule with some NLD and others coopted into the regime. Without political normalization, the political process cannot be all inclusive. If the process is not all inclusive, the objective of establishing a stable democracy in Burma/Myanmar cannot be achieved.

8. Nation-wide cease-fire / General amnesty for all sides

Nation-wide cease-fires and a general amnesty are essential and necessary measures for political normalization. Without general cease-fires and an amnesty, the armed groups cannot be included in the political process. If they are not included, it means that Burma / Myanmar will continue to face years of rebellion and violence. On the other hand, the general amnesty could also work for the generals and officers accused of human rights abuses and other misdeeds.

9. International Financial Assistance to facilitate Step no. 10

This step will be necessary if Step No. 10 is to be undertaken. The support of the international community becomes crucial at this point. It might perhaps be necessary at the beginning of the Transition Process for the international community to guarantee that at the appropriate time, it will step in to provide the necessary financial assistance to implement the regional development and social rehabilitation programmes.

10. Regional development and social rehabilitation programmes nation-wide

It is not enough that the Transition Administration opens up the political process. In order to convince people that problems must be resolved by political means, the Transition Administration must

also be able to visibly deliver social and economic benefits. This is especially true for the ethnic people who have suffered years of devastation. Their faith in and their commitment to the Transition process must yield material as well as political benefits if they are to be convinced that remaining in the Union of Burma/Myanmar is to their advantage. Demobilization in Step No. 12 will also be more attractive if soldiers on both sides see that there are other easier ways to earn a living.

11. National Convention to draft a new Constitution

The SLORC/SPDC's National Convention and constitution, the 1990 NLD constitution, the 1974 Socialist Constitution, the 1947 Union constitution, and the NCUB Federal constitution, all need to be debated and discussed. The role of the military in politics will be a key factor to be discussed and negotiated. However, there are grounds to believe that all parties generally agree that a negotiated transition to democracy is desirable. In this context, the SPDC must be willing to negotiate how the military can participate in the political process in Burma/Myanmar without reserving a special role for the military, which is not compatible with a democracy.

12. Demobilization, security integration, peace-building

As mentioned in Step No. 10, demobilization and security integration may be easier to undertake if material benefits from an alternate lifestyle are obvious. Without demobilization, the national referendum on the new constitution and the subsequent general elections will have little meaning. Armed men marauding freely around the country are not conducive to free and fair elections. Security integration and peace-building will be key items to negotiate with the ethnic peoples of Burma/Myanmar.

13. National referendum on the new Constitution

If the Transition Administration has been successful in implementing an all inclusive political process, been able to deliver improved regional development and social rehabilitation programmes and successfully demobilized the armed groups, the national referendum should not be a difficult process. International observers, etc., could be invited to allay fears and suspicions.

14. General Elections

Again, if the previous steps have been more or less successful, a general election should pose no particular difficulties.

15. Transfer of power to the Elected Government

As with the referendum and general elections, this step should merely be a formality but perhaps it would be the real test to see if the Transition Administration will hand over power.

The above should not be seen as a proposal being put forward by any one party. The plan is a summary or distillation of various proposals and contains common elements acceptable to all concerned.

This plan is workable if no one Burmese group claims ownership and if the international community agrees to work together and firmly support it instead of following a single nation's particular agenda.

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