GLOBALIZATION INSIGHTS

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Preface

Jürgen Stetten
Department for Development Policy
Friedrich-Ebert-Stiftung Berlin

Ramesh Jaura
Director
IPS-Inter Press Service Europa Berlin

What's in a word? Globalization is a buzzword that takes on many meanings, drawing both fervent support and fervent opposition. Indeed, the term is so imprecise that it is possible to be simultaneously for and against globalization. The Friedrich-Ebert-Stiftung's Dialogue on Globalization series has so far unpacked the globalization phenomenon mainly from a policy maker's point of view. Based on the assumption that globalization can be shaped in a way that advances the cause of peace, democracy and social justice, we have asked what policy makers – and those who influence them – can and should do. The Globalization Insights project imparts a new dimension to this dialogue.

Globalization Insights consists of down-to-earth feature stories written by journalists from all over the world. In their stories a diverse group of mostly young journalists from Africa, Asia and Latin America has written about the perceptions and experiences of people as globalization unfolds in their environs. In total, we have received 25 stories all of which are presented in this brochure. They provide us with a unique kaleidoscope of today's globalized world. Three of the finest stories – written up by journalists from Nigeria, Mexico and Yemen – had been chosen for a public presentation of Globalization Insights which took place at the Embassy of Canada in Berlin in May 2005. Furthermore, we have asked H.E. John Ralston Saul from Canada and Professor Dr. Ernst Ulrich von Weizsäcker, Member of the German Federal Parliament to write short essays on the subject. They constitute the introductory chapter of this publication.

Globalization Insights was jointly initiated, conceptualized and organized by the Friedrich-Ebert-Stiftung and IPS-Inter Press Service Europa. Without the support of many others this project however would not have been possible. First to be acknowledged are of course all participating journalists. They have made this project a truly unique and special venture. We also would like to thank H.E. John Ralston Saul and Prof. Dr. Ernst Ulrich von Weizsäcker. We feel deeply honoured that two such distinguished thinkers and writers have associated themselves with the project and that they took time out of their busy schedules to provide us with excellent and thought-provoking introductions. In addition, we wish to thank Markus Kirchgessner for allowing us to use his photographs for this brochure. Furthermore a special word of thanks goes to Annette Lohmann who was responsible for the production and final editing of the brochure. And last but not least we would like to appreciate the support of the Embassy of Canada in Berlin for this project.

Globalization really?

John Ralston Saul

The stories that follow are not abstract analyses of economics and its magisterial role in society. They are scenes from reality – the reality that many people are living outside the 20 or so post-industrial democracies. A few are happy stories. Many are unhappy. All are about confused – that is to say intelligent – people. They are confused about the real effects of globalization on each of them, as real people, living real lives, in real societies.

The classic problem with the storytelling approach is that anyone who disagrees with the implications of a true experience dramatically recounted can simply dismiss it by informing the reader that while the story is touching, it is merely an isolated case. Or perhaps it is an unfortunate example of short-term adjustments. That being the case, they will then refer to the reigning abstract theory which overrides individual experiences and makes the whole undertaking necessary.

This sort of dismissal is surprisingly seductive. Why? Because the reigning theory – in this case globalization – is inevitably constructed around the assumption of inevitability. Why inevitability? There are always reasons. God. The Market. Technology. Class. But the more the believers in a theory insist on its inevitability, the more certain you can be that you are dealing with an ideology of limited duration.

History is pretty clear. There are no philosophical or political inevitabilities. And as theories of human evolution go, economics is a fairly minor field of speculation. As for globalization, it is perhaps the first broad economic theory to insist that civilization can only function through the prism of economics. The utilitarians never went this far, nor did Marx. And Adam Smith thought quite the opposite.

That is why straightforward stories about peoples' lives are so important. They take us away from the delusions of the inevitable. Well told, they will have the virtues of good fiction. Fiction, after all, is the most accurate way we have found to express the reality that humans live. Good novels are still being read a century or two after they have been written because they tell stories about the human experience. The human reality. And that is something which doesn't really change over time.

On the other hand, fact-based theories of inevitability tend to melt away into nothingness in a few decades. Economic theories in particular rarely last more than a quarter century. A few make it to a half century. Because there are so few fundamental economic ideas, these theories keep rolling back into fashion in slightly altered forms. And so since 1971, when President Nixon dismantled the Bretton Woods agreement in order to solve an American international debt problem, we have been experiencing a revised version of 19th century free-trade and increasingly deregulated markets. We now call it globalization. Of course, they're not exactly the same. But the underlying assumptions about the market are the same. Since the late 1990's this particular experience of inevitability has been increasingly blocked. Our societies have been slipping away from globalization in other as yet unclear directions. But the globalist vocabulary and some of its momentum continues. The momentum is strongest in those places least able to resist.

That is part of the message in the stories that follow. Weaker nation-states are still being shoved along in directions most Western societies now treat with a grain of salt. Which, again, is why such storytelling is important. It has the virtue that Adam Smith laid out in his central work, The Theory of Moral Sentiments. This is the book upon which his economic theories are dependent. It is centred on the idea that humans are human to the extent that they can project themselves into the state of being of the Other. This capacity for empathy takes us into the Other. And our understanding of the Other helps us to understand ourselves.

There lays our greatest difficulty in understanding the state of globalization. It is an approach to human relationships which is so utilitarian that it blocks us from the global reality of others. Here is a world theory which, curiously enough encourages remarkably narrow fields of connection between humans. The very provincialism of the primary beneficiaries of globalization is a constant reminder of how little it is conceived as a global concept.

I draw two things from the experiences described in these stories. First there is the extent to which the outcome of globalization after thirty five years is a mixed bag. The theory is quite simply not producing the results so widely proclaimed as imminent in the 1970's, 1980's and 1990's. And thirty five years is a very long time for any economic experiment, or for that matter military or political experiment. Napoleon only had a decade. In most countries, the first modern experiment with free trade lasted only a few decades of the late 19th Century and the early 20th.

And so, after thirty five years of mixed results, large parts of the world have now turned their backs on the global economic theory. And that is the second conclusion I draw. Globalization is now a regional phenomenon. What does that mean?

Well, think of the regions of the world. Since the late 1990's, Latin America has been electing government after government leery of free trade and deregulation. These new governments, whatever their politics, are centred on national and regional projects which do not look at the world through an economic prism.

Instead they are centred on the primacy of social justice. At the same time populism and false populism have made a powerful reappearance on the continent: Peru, Bolivia, Columbia, and others.

Argentina and Brazil are the two most fascinating examples of countries withdrawing from the globalist experiment. Argentina dutifully followed the IMF/Washington Consensus rules for a decade, then registered a temporary benefit, then collapsed, then began to experiment with a very different approach.

This has included negotiating the normalization of an $80 billion international loan default simply by refusing to accept the idea of global inevitabilities. As for Brazil, its strategy is to cherry pick those parts of the global trading system that suits it, and simply to reject the rest. In particular Brazil is leading the movement to treat intellectual property rules protecting the price of pharmaceuticals as if they have neither legal effect nor market validity. And they are taking a 17th century mercantilist approach toward the sale of their commodities – one in which the seller tries to control the market, not the buyer.

In other words, Latin America has largely withdrawn from the globalist experiment. As for Africa, it was only ever in as a victim. The incapacity of Western countries and international economic institutions like the IMF simply to cancel the unserviceable debt obligations of several dozen African nation-states was the most obvious signal that the new global inevitability wasn't global.

And in Asia countries began to make serious non-global plans after the financial meltdown of 1997. They noticed that three countries did well out of the crisis. The first was Malaysia, which pegged its currency, blocked the export of foreign capital and raised tariffs. That means they succeeded by breaking three of the cardinal globalist rules. The other two countries were India and China, both of which remained untouched by the crisis because they controlled their currencies, maintained heavy government investment in their economies and insisted upon treating international trade as a tool, not a principle.

Finally, we have seen in the most recent enlargement of Europe the arrival of a first wave of countries which consider the Union to be a structure designed to protect the independence of their nation-states. They did not see themselves as joining an incipient federation. They expect that the continental market and its defences will strengthen their national structures. It seems that the 19th century concept of nationalism is back inside Europe in a serious way, and not simply along the Russian border.

In fact, a calm glance around the world reveals a widespread revival of nationalism, both positive and negative. I see political parties in power in Western Europe that use a vocabulary straight out of the late 19th century. This sort of nationalism was supposed to have died a final death sixty years ago. What brought such sentiments back? In part it has probably been the sense of powerlessness among citizens provoked by a few decades of global economic determinism. Nationalism is stronger now in the United States than at any time in living memory. India and China are building their power in the manner of classic nation-states.

What does all of this mean? Most obviously, the global economic truth asserted thirty or so years ago is fracturing and breaking apart. Today's dominant globalist vocabulary bears little resemblance to what is actually happening.

Think of the great all-inclusive promise of the 1970's, so relentlessly pursued until the mid-1990's. Nation-states were to begin slipping away. They are now more powerful than they were in 1970. Economics and global markets were to replace politics and the military as the forces shaping society. Today war and political directives are increasingly dominant. The world led through an economic prism was supposed to defeat the old problem of boom and bust cycles. Yet most of the world has been caught up in exactly that sort of instability for a decade. The growth in trade – and there has been a remarkable growth – was supposed to shrink poverty. Today's statistics tell us that the number of people living on $1 and $2 a day is actually up over the last three decades. This fundamental level of poverty now involves 2.6 billion people.

I am not suggesting that nothing positive has come out of globalization. I am merely pointing out that a system declared to be inevitable and global is neither. And this is not a good sign, but nor is it a bad sign. It is certainly a sign of a troubled period with an uncertain outcome.

If you read these stories you will, as I said at the beginning, detect great confusion. That confusion is a real expression of the state we are in. Globalization's failure is that it no longer holds the promise of eventual success for those who feel they suffer from it. A period of such uncertainty, with rising nationalism, contradictory directions and high levels of military violence is particularly dangerous.

At the same time the telling of these stories also carries a positive message. There are signs everywhere of growing citizen involvement. Much of it is not inside classic democratic structures. In the long run an active citizenry purposely working outside of representative democracy could be dangerous. But in the meantime it is a sign of responsible individualism. If so many citizens have put their efforts into NGO's and other non-political organizations, it is in part to express their refusal of a democracy which accepted thirty years ago the idea that society was on an inevitable path directed through an economic prism. More precisely, they have been expressing their rejection of a political elite which refuses to use the power the citizens have given them to shape society.

When citizens tell their stories, whether it be in Africa or Asia or Europe, they are volunteering themselves as illustrations of how the common good can be served. That is an act of courage and a serious message which those with responsibility would do well to pay attention to.

The philosophy and writings of His Excellency John Ralston Saul deal with the crisis of modern power and its clash with the individual. Mr. Saul has had a growing impact on political and economic thought in many countries. In 1996, he won the Governor General's Literary Award for Non-Fiction and the Gordon Montador Award for the Best Canadian Non-Fiction Book on social issues for "The Unconscious Civilization". His latest book is "The Collapse of Globalism and the Reinvention of the World".

Democracy and globalization

Ernst Ulrich von Weizsäcker

Globalization has different meanings for different people. To begin with, globalization was pleasant for many and a disaster for others. Mongolia, Tanzania, Ecuador and many others suffered a major de-industrialization. For the highly indebted poor countries, the bad 1980s were followed by even worse 1990s. Official development aid was reduced during the 1990s, and Northern agricultural protectionism continued, contrary to the noble announcements made during the Uruguay Round of GATT.

On the other hand, as the Mexican story tells us, some countries made appreciable progress through opening up to the world markets. Inflation rates were sent down as governments were forced to curb spending and as cheap goods, chiefly from China and other Asian countries became available worldwide. Production chains became highly international. Those countries that were included in the chains were able to create enormous added value that became available for industrial development and for a growing number of workers and traders.

All countries became interconnected by the new electronic media. For millions of people, mostly in the young generation, electronic access became the real meaning of globalization. Of course, the digital divide persists between rich and poor, but the Internet is rapidly spreading around the world anyway.

China and the “tiger states” were probably the real winners of globalized markets. They are all characterized by world class education systems, by a reliable legal system and by high skills and excellent work ethics based on old cultures. Also a few other countries were better off soon, notably Mexico, Chile and the OPEC countries. In different ways, these countries benefited from the opening of the North to imports of industrial products.

In Europe, the most dramatic changes came after the collapse of the Soviet Union. Everybody or nearly everybody applauded that collapse. The spectre of a Third World War all of a sudden disappeared. The East European countries were liberated and adopted a Western style market economy and democracy. They were quick to learn the rules of the game and after less than fifteen years ten of these countries became members of the European Union, a thing nobody would have dared to dream of before 1990.

Globalization is not only an economic and a cultural (Internet) mega-event. It is also of highest significance for democratic politics. The conservative mainstream opinion on democracy and globalization is that economic freedom and democratic ruling go hand in hand. For proof of this assumption they simply look at the transition from communist tyranny to market oriented democracies. But that is only part of the truth. As a matter of fact, democracy in West European countries as well as in many developing countries suffered a severe setback after the fall of the Wall. During the Cold War tensions it was highest priority for capital owners to keep the non-communist countries happy in order to prevent them from joining the communist camp. This situation made for a very comfortable bargaining position for the democratic state regarding taxes, the social security net, co-determination and other features of "inclusive capitalism". The social market economy was meant to keep communism away, and it worked!

However, when the fear of communism had disappeared, capital felt free now only to pursue the maximization of returns on investment. Capital owners now felt justified to ask all countries to reduce their corporate taxation, taxes on wealth and taxes on high incomes. Relentless cost competition worldwide made such demands for tax reductions a frightfully realistic thing. Countries with high taxation and extended worker rights were seen as disadvantageous by investors and thus suffered from lack of job-creating investments. Obliging with the demands of international capital seems to have become a condition of economic survival of countries. Half a dozen elections in Latin America were won by left wing parties in recent years. But soon after the elections the new rulers were rolling back and turned mostly to the policies of their conservative predecessors they had sharply criticized before.

Not too many democratic choices are left so it seems. But what is then the advantage of democracy? Many people feel completely frustrated with the system. First they put the blame on the momentary governments but soon they realize that the roots go deeper.

Historically, this lamentable state of affairs of democracy dates back to 1990. In some highly indebted developing countries, the weakness of the state dates back to an earlier phase, that of the "Washington Consensus" imposing harsh austerity measures. The Washington Consensus threw many developing countries back into an economically and politically hopeless situation.

What can be done to reinvigorate democracy? Let me mention two levels of action: First, we need a set of international rules for all private sector actors to respect. This may be called "global governance" and requires courage and intensive co-operation between public and private sector actors. The second level relates to civil society. Governments and parliaments are simply too weak to stand up against mighty corporations. But in an alliance with civil society organizations and the purchasing power of the consumers behind themselves, parliaments and governments will acquire strength and can re-establish the prevalence over petty private wealth accumulation of the commons and of public goods.

May this project and publication of presenting globalization insights be helpful in the long term struggle for a more equitable and a more sustainable world.

Prof. Dr. Ernst Ulrich von Weizsäcker is an internationally renowned scientist, writer and politician. He is a member of the German parliament since 1998. From 1999 until 2002 von Weizsäcker was the chairman of a Parliamentary Commission on "Globalisation of the World Economy". Since December 2004 he is the spokesman of the SPD working group "Sustainable Development" in the German Bundestag. His latest book is "Limits to Privatization. How to Avoid too Much of a Good Thing. A Report to the Club of Rome".

Adeyeye Joseph

Gone with the world wide web

1

Once upon a time the Nigerian capital Lagos was a scenic, coastal town nestling by the sea and inhabited by a few thousands. The skyline was beautified by tall, rangy trees.

Now Lagos is a city cast in concrete with a smoke-laden skyline and a dirty coast. The landscape is sullied by huge metal masts reaching for the stars.

The earliest of these telecommunications masts first sprouted about a decade ago when shops offering Internet services made an innocuous entrance into the city's business landscape.

Since then more Internet cafes and their ubiquitous masts have mushroomed as local businesses strive to meet the city's growing communications needs. Nigerians throng these cafés in a bid to visit all corners of the small village globalisation has turned the world into.

"There was a day I logged into Yahoo messenger and an Indian asked me if there was a problem in Nigeria," slightly built Napoleon Omere, a computer engineer says. "She said she has had about 87 Nigerians chatting with her on that day alone."

Before the Internet revolution, squabbles over International Monetary Fund (IMF) loans and social and economic upheavals induced by fluctuations in global oil prices were the aspects of globalisation that Nigerians were conversant with.

Nigeria is the world's fifth largest oil producer. But the country owes 32 billion U.S. dollars abroad.

Now, the Internet is the facet of globalisation that influences the lives of the average Nigerian more than any other. Unfortunately, only a fraction of the growth in the Internet can be surmised from figures. Until recently, Nigeria hardly kept figures.

According to a 2002 International Telecommunications Union (ITU) report, however, in 1999 there were 30,000 Internet users in Nigeria. By 2002 the figure had jumped to 420,000. Local experts believe that in the last two years the figures have leapt further, in hundreds of thousands.

Generally, Nigerians are a genial lot. A BBC report says a 2003 survey placed Nigerians at the top of the happiest people on earth. The average Nigerian loves meeting people and doing a bit of travelling. Yet, a weekend holiday in Benin, Nigeria's immediate neighbour to the west will set an average wage earner back by the equivalent of three month's wages.

The Internet is seen as a cheap alternative for the global-level interaction desired by many. But not all surfers go on an excursion on the web for reasons so harmless.

Despoiled innocence

Until late last year, Seun Ramson's little notebook was his most prized possession. The loss devastated Ramson, a 20-year old final-class secondary school student. "I am sure it was stolen," Ramson says, his voice threatening to break. "It contained all the web addresses that I used to visit. Now I have to start compiling web sites all over again."

Ramson lives in Ikotun, once a sleepy, rural and sparsely populated town on the outskirts of Lagos. Before globalisation, in the form of Internet cafes, crept into Ikotun, Ramson's life and those of his friends was simple and not much of a concern to their guardians.

But with the coming of the cafes the children of Ikotun (and the rest of Lagos) lost their innocence. Their daily trip to the cafes exposed them to a world that turned them into objects of concern to their parents and teachers.

"I know I cannot watch pornography at home but I can go to the cybercafe to watch it," Ramson says. To keep up with this habit Ramson skips classes daily.

As a result, Lagos school authorities have had a hard time keeping students like Ramson in school. It is a war that may be difficult to win. Recently, the state government began the construction of single monolithic-building schools to replace old school types that had classrooms scattered over a wide expanse of land.

Each three-storey, square building contains school classrooms and is accessed only by four door exits manned by school guards. Governor Ahmed Tinubu of Lagos says the manned exits would curb truancy among students.

Experts have, however, expressed concern that the doors may not prove impervious to the strong allurement Internet surfing constitutes for students.

What the Internet has joined together …

One such lure is the success stories some dedicated cyber buffs have to share. The story of John and Maria Bello is for many a Nigerian cyber buf, a fairy tale come true. Many Nigerian singles scour the web in the hope of getting a partner.

John and Maria 'met' on a singles website in 2001. Their subsequent affair, which culminated in marriage, could never have been without the Internet. It was the Internet that helped both lovers breach the 5201km distance between Lagos, where 34-year old John lives, and Jamaica, where 30-year old Maria then lived.

"Communication was what made the relationship to be very strong," John, a broker at Diverse Assets Management Limited, Ikoyi, Lagos, recalls. "We exchanged e-mails, chatted, and spoke on the phone. I watched her eat, dance and work, through the web-cam. Sometimes while watching her I would ask her to dance for me and she would."

A year into the affair when both agreed that it was time Maria's mom learn of the affair, the introduction was done online. Maria Annettee, a single mom saw Maria, a computer and management graduate of the University of West Indies, Jamaica, and her brothers through school.

"I told her Mummy there is a friend in Africa I want you to meet," Maria remembers, at the little flat she shares with John in Lagos.

Maria Annette took a good look at John and blurted out to her daughter, "Is he my future son-in-law?" Her daughter nodded. After a lengthy conversation with John, Maria Annettee left the room impressed with her daughter's choice.

The scammers …

But she changed her mind a few days later when she told some of her friends about her daughter's friend. "They told my mom, 'Nigerians! They are fraudulent. E-mail scams, frauds, name it, they are in the thick of it'."

Such scepticism and, sometimes, hostilities are hurdles well-meaning Nigerians (the majority of whom want new friends and tries to connect with old ones) routinely scale to win the trust of the rest of the world. But crossing these barriers is made Herculean by the activities of the third group of Internet users.

"Through the Internet one can become rich, one can become a millionaire," a puny, small-time scammer says, his eyes gleaming at the thought of easy wealth. "I 'met' a girl in the U.S. She sent me her pictures and she asked for mine. But I told her that I am from a poor background and I 'brained' her. I keep getting a lot of things from her."

With the return of civilian rule, the Nigerian government launched a war on scamming. Presently, a trial of suspects who swindled a Brazilian bank out of 214 million U.S. dollars is ongoing, but Britain, Nigeria's ex-colonial master, says it loses 150 million pounds sterling annually to Nigerian scammers.

"Yes, these secondary school students do lots of scams and watch porn, but I don't stop them," says Olumide Olukanni, a cyber café operator with a head for figures. Behind him on the wall hang the posters cyber café operators use to stake a part in the government anti-scamming war.

"THE USE OF BULK SCAM MAILS ARE NOT ALLOWED," one read. "419 OR SCAM MAILS ARE HIGHLY PROHIBITED AT LENGTH. YOU'LL BE ARRESTED BY THE POLICE," says another.

Olukanni says government may be fighting a lost battle. "30 percent of dedicated Internet users are scammers. They resume at cyber cafes and close there. Everyone knows them and any cyber café operator that tells you he does not sell them time is lying," he says.

Adeyeye Joseph is a staff reporter at This Day, a leading independent daily published in Lagos, Nigeria.

Maria Luisa Díaz de León

With colaboration of

Fernanda Díaz de León

2 National toys are not child's play

"Mummy, why has everything got a label saying 'Made in China'? Why doesn't anything say 'Made in Mexico'? … If my Barbie was made in China, why doesn't she look Chinese?"

Lucia, who is 7 and lives in Mexico City, is puzzled by these questions and puts them to her parents in the run-up to a visit by Santa Claus. After all, she needs to compile a Christmas list.

To encourage their daughter's national pride, Lucia's mummy and daddy take her round the shops so she can choose some Mexican toys for Christmas. But quite apart from the fact that there aren't many around, they don't appeal to the child as much as the ones she has seen on telly. She has never come across these Mexican toys before, because they don't feature on Cartoon Network or Disney Channel.

Not that there is anything outstanding about Mexican toys. The domestic toymaking sector was never a force to be reckoned with. But it is striking how these oriental products are sweeping the market.

Besides, national pride peters out in Mexico once it stumbles over the wallet. Hunting down the cheapest Christmas gifts and decorations is the most popular consumer sport.

But the season does prompt a few grown-ups, fewer by the year, to hanker for those traditional Mexican toys of wood and clay that kids don't like and shops won't sell.

Numbers speak volumes. Of the 300 toymaking companies registered in 1986, only 80 still remain.

Those who yearn for the past and are critical of multinationals ignore the lack of foresight displayed by Mexican firms during bygone protectionist days. Ten years ago the Foreign Exchange Bank increased the tariff on imported toys by 3000 percent, but the Mexican industry foundered nevertheless.

According to data held by the Mexican Association of Toymakers, the 80 domestic companies in the sector account for 40 percent of the national market, which is worth 1.2 billion dollars a year. The rest consists of imported goods and the output of foreign companies with a manufacturing base in the country.

But that is only the formal economy. And if the Mexican Confederation of Industrial Chambers maintains that 40 percent of toys sold in the country are contraband, where are these illicit wares coming from? Correct, China.

Television

Lucia was still looking for toys to ask Santa Claus for, and at last she hit upon the perfect present: Cartoon Network had run a commercial for Lip Magic and Tattoo Magic.

The matter was resolved. She wrote her letter and posted it to the North Pole. Lucia‘s Mummy and Daddy went back to the shops to look for the present, but nobody had heard of it.

“Why not, if it‘s on telly,” her mother asked the salesman.

“Look and see what country it‘s from, because we don‘t stock it in Mexico,” replied the young salesman.

True enough, when the ad appeared it gave an e-mail address and the name of the factory: Juguetes Kreisel. One look at the site revealed the company was based in Venezuela, and there they were – the create-your-own-lipstick and tattoo sets that Lucia wanted.

The girl‘s mother dashed off an e-mail asking for help so the gift would arrive before Christmas Eve. Two days later she received this answer:

“We cannot process your order. We have received many orders from abroad but we cannot deliver the parcels. When we placed our commercial with Cartoon Network, we had no idea children in other countries would be watching. We hope to improve our service in the near future. Marketing Department, Kreisel.”

Although there are many Mexican toymakers who proved unable to modernise, and yet survived in the market for a few more years, there are also some well-known brands of Mexican toys such as ‘Periquín’ and ‘Mendoza’, who failed to invest in development and technology, and are doomed either to vanish altogether or be devoured by foreign names such as the powerful Mattel.

Others, like ‘Mi Alegría,’ have salvaged their market niche with products that offer a scientific focus, such as chemistry sets, models of the human body or biology games. These articles have retained their shelf space in the big stores thanks to the general interest in such subjects, but if they do not modernise now and invest in merchandising, they too will bite the dust.

National toy manufacturers are recognising this sea-change, and some like ‘Fotorama de México’ with its puzzles and board games, have jumped on the bandwagon and started reaping the benefits of globalisation.

What are ‘Fotorama’ doing? They have invested in product research and development and studied the Mexican children‘s market. With an eye to exports, they have begun manufacturing in Asia to cut costs and maintain competitive prices in Mexico.

The success this company has enjoyed is an exception, because for all the efforts undertaken by the makers of dolls, train sets, assembly kits, miniature kitchens, first toolkits and whatever, Mexican children are turning increasingly to electronic toys.

Import substitution

Today the Mexican market is open and Mexico has trade agreements with, in particular, the United States, Japan, the European Union, Chile and Central America.

In the 1980s, however, the country pursued an economic model known as “import substitution”, and only those who could travel had access to merchandise not sold locally.

Mexicans were the captive consumers of a few domestic enterprises protected by the federal government. This gave rise to monopolies, but also to consumer contempt.

When the frontiers opened, an avalanche of foreign goods invaded the country. The wares came hand in hand with problems for a national industry accustomed to protection.

Competition arrived along with rock-bottom manufacturing, export, warehousing and transport costs. For that reason the Mexican government still applies a tariff policy that penalises certain products and countries, particularly Asian states.

Ordinary Mexicans have seen their wallets profit from globalisation because falling costs and greater market competition have translated into consumer benefits.

It would be most desirable if Lucia‘s parents could buy her beautifully crafted Mexican toys at a fair price for Christmas, but they can see in the shops that domestic goods cannot compete with the competition from abroad on either quality or price.

Mexican society has attached great importance to tradition and the family, but once people gained access to these global markets, they soon encountered new consumer options and new ways of saving money to cater for their needs.

So finally this was the list for Santa Claus to bring Lucia for Christmas:

A rag doll made by Mazahua women that her parents insisted on including because “one must uphold the traditions”, although Lucia doesn‘t like it much.

A Barbie made in China, 50 percent cheaper than the one in the department store. Santa found it on the street where they sell smuggled goods.

A lipstick set made in the United States bearing a strong resemblance to Venezuela‘s Lip Magic.

Lucia was happy this Christmas, and so were her parents. Their conscience was clear, because they bought a national product to promote Mexico and its traditions; the pirate Barbie had saved them money, and they had found a U.S. substitute for the Venezuelan toy their daughter wanted.

Maria Luisa Díaz de León works for the Grupo Editorial NORMA in Mexico City.

3

Nabil Sultan

The bane of privatization and liberalization

Majed Hajori, a 32-year-old ‘computer typist’, was very happy to get a job in a public corporation. But Majed‘s happiness did not last very long. He lost his job after the government liquidated the Yemeni Industrial Bank and offered it for privatization.

With Yemen, like other developing countries, being pressured to follow the global economic models – imposed by donor organizations such as the International Monetary Fund and the World Bank – privatization is becoming a real nightmare for thousands of low-qualified people working in public institutions.

There is a history to it: The Republic of Yemen was constituted in May 1990 with the unification of North Yemen and South Yemen. But soon after the Gulf crisis erupted, resulting in severe reductions in aid from neighbours, particularly Saudi Arabia and Kuwait as well as from Western donors, including the United States.

The Gulf crisis in 1991 and the Yemeni civil war in 1994 were accompanied by government mismanagement. This in turn sharply worsened Yemen‘s economic predicament, forcing the government to turn abroad for external assistance.

Between 1995 and 1999, 40 percent of small and medium-sized public enterprises – including Aden Textile Factory, the National Bank of Yemen and Grains Corporation – were privatized as a pre-requisite to obtaining loans from the IMF and the World Bank.

The Social Development Fund administered by the World Bank did carry out several projects that absorbed a lot of the national workforce. But these did not have a sustainable impact on the country‘s employment situation.

Then came 9/11 attacks on the United States. In Yemen, as in several other countries all over the world, the government began focussing on national security and fighting terrorism. As a result, the second stage of privatization involving Electricity, Yemenia Airlines Company and Aden Refinery was postponed.

For Ali Ghamdan and Abdul Basit al-Noami, both public-sector employees, as well as for thousands of others who were on the brink of being rendered jobless, the 9/11 attacks, which killed thousands of innocent people, proved to be “a real rescuer”. But the spectre of being rendered jobless in the aftermath of privatizations continues to haunt Yemenis.

The reason, Ghamadani and a-Noami say, is that Yemeni officials are closing their ears and do not hear the voices of the needy and the jobless, arguing that the role of the state has become too predominant.

None less than Yemeni President‘s political advisor Abdul-Karim al-Iryani points out that the government‘s socio-economic policy is dominated by liberalization, privatization and globalization.

For sure, the government also pursues the Poverty Reduction Strategy. But a large number of Yemeni people who are supposed to be the first target of that strategy are in fact falling prey to the policy of replacing indigenous policies with foreign ones.

People who do not have adequate qualifications – especially women and long-time workers – are thus being asked to pay the price of blind compliance with globalization‘s demands.

“Many women occupy jobs in some state-run institutions despite the fact that they have only basic education. The private sector will not accept them. Imagine the miserable situation if those institutions are privatized,” says Yussra al-Dola‘a, executive assistant in the Women‘s Studies Forum, a non-governmental organization.

The female literacy rate in Yemen is very low – 72 percent of women are illiterate. Many a woman obtains only basic or secondary education.

The dangers of ‘global‘ investments

The investment sector in Yemen was seriously hurt after the terrorist attacks on the oil tanker USS Cole in 2000 and the French tanker Limburg in 2002 off Yemeni ports. Since then Yemen has been trying to polish the country‘s image and attract foreign investors.

Foreign corporations are granted special privileges, especially in the oil sector and ancillary industries, leaving local investors in a direct confrontation with outsiders.

The widespread fear is that indigenous Yemeni companies and producers may go out of business due to competition from foreign corporations. Consequently, a large selection of local goods that meet the requirements of different segments of society will vanish.

“Unless local investors succeed in competing with foreign investors, unless the government supports local investors, the Yemeni economy would ultimately depend only on foreign investments,” says Abdul Rahman Ba-Fadel, an expert on economic affairs.

Politically, Yemeni people also have doubts as to whether many foreign companies operating in Yemen are “surreptitiously U.S.- and Israel-run”. For this reason they boycott their products and do not welcome integration with those countries‘ economies.

Many Yemenis believe that to best way to enslave people is to ultimately capture a national economy. Even though investment is an essential source of hard currency and competitive goods, supporting foreign investors instead of local investors holds out grave risks.

Yemen has an enormous potential to build a strong economy able to face global economic challenges, if utilized properly. In addition, it is qualified to play an important role in supporting the Arab economic objectives implied by dealing with the challenges of globalization – all the more so as the country is in a strategic position. It has human resources, fertile land, mineral and fishery wealth and huge reserves of oil and natural gas.

Yemeni people are not convinced of the government's genuine commitment to merging with the Gulf Cooperation Council (GCC) economies – a move that in their view is indeed "a mature vision". It does not make sense for Yemen to stay out of the GCC – and this under circumstances that are truly challenging.

"Yemen should reform its economy under the umbrella of Arabism instead of globalization. Arab countries are well versed in the situation prevalent in their respective countries," says Dr. Mohammed Qahtan, associated professor of economics at Taiz University.

The best way to enable Yemen and other Arab economies to jointly face the challenges of globalization is to do everything possible to ensure that the Arab Free Zone becomes operational as scheduled in 2007.

Presently this Middle East country – bordering the Arabian Sea, Gulf of Aden and Red Sea – with a 42 percent poverty rate – has serious problems in exchanging products with neighbouring Saudi Arabia, a country that plays a crucial role in the GCC.

Saudi authorities have repeatedly blocked Yemeni agricultural products entering their markets, claiming such products "do not have good quality". On the other hand, Saudi products dominate Yemeni markets.

The agricultural sector accounts for over 25 percent of GDP.

Saudi allegations have harmed the reputation of Yemeni products. Thus thousands of tonnes of national agricultural exports to Syria and Jordan have had to be destroyed recently after authorities in the two countries blocked imports.

"This is the business of the rich. They only look for markets to propagate their products, not to help the poor. In fact, this is exactly the veiled face of globalization," says Ba-Fadel.

In the face of its failure to increase export earnings, the Yemeni government has no alternative but to continue receiving aid from international organizations.

But President Ali Abdallah Sale has left no doubt that the present situation does not allow Yemen to carry out reforms according to the instructions of the IMF and the World Bank.

President Saleh was quoted having told this year's G-8 summit on Sea Island, where he was invited along with a few other Arab leaders: "We postponed lifting subsidies on oil derivatives until our situation improves. If the International Monetary Fund and the World Bank understand that, we would be pleased, otherwise it is still a sovereign issue in our hand. Every country has its specifics."

Nabil Sultan is a Yemeni journalist. He is a foreign editor at the Yemen News Agency (SABA) in Sana'a.

Sanjay Suri

Knocks on the doors of a slum

4

If Mukesh Mehta can have his way, most diamonds bought around the world could soon pass through what is at present the biggest slum in Asia.

But that would only be the more glittering part of a new deal to rebuild Dharavi, the infamous slum in Mumbai that is home to an estimated 600,000 people.

The Dharavi project seeks to bring together many strands that tie into globalization. It will seek to combine national resources with international technology, and mix private enterprise with government support to rebuild Dharavi along the lines of that other buzzword, sustainable development.

"We are not just developing Dharavi," says Mehta, who has returned to Mumbai after ten years in the United States as consultant to the 1.5 billion dollar redevelopment challenge. "We believe this can be a model for cities right across the developing world."

Dharavi does not look that way at the moment. And there are people here who say it never will.

The miles of shacks that shelter half a million people and more must be about the most decrepit spectacle in Asia. It is fortunate perhaps that the assembly of tin sheets, rags and sticks, held together occasionally by brick and cement, are challenged only during the monsoons. It helps that what torrents of water take away can be put together quickly again.

Many shacks here are also little factories. Three women squat on a squalid street outside their tin home to pack savouries into polythene bags at speed that could shame a machine. Some yards down, another two women stir hot dye in huge buckets. These little businesses add up to a turnover of more than a billion dollars, by local estimates. Many of these products from savouries and textiles to handicrafts and watch straps are exported.

Mehta plans to turn this slum into a smart new business and residential district. "Private developers would build high-rise buildings for the residents here, and they would get freehold accommodation here for free," Mehta says. "The developers would recover their money through other property they build here to hold businesses and factories. It will be a self-financing project."

Each family would get 225 square feet of built-up living area for free. A developer would get 1.33 square feet of built-up area for sale for every square foot built to house its residents.

Dharavi‘s big asset is that it is a slum that sits around some of Mumbai‘s smart neighbourhoods and business districts like the Bandra-Kurla complex. “The slum dwellers are living on very valuable real estate,” Mehta says. “This way developers can build in a valuable area and the people here can live better without paying for the property they get.”

The project aims to engage residents in new business activities. The present businesses would continue in better premises, and more businesses could be attracted to Dharavi, Mehta believes.

A major breakthrough, Mehta says, is that the Gems and Jewellery Export Corporation has agreed to house 300 export companies in the new business district proposed for Dharavi. “These businesses would have a turnover of more than a billion dollars a year, and employ around 50,000 people,” Mehta said.

Seven out of ten diamonds sold worldwide are cut and polished in India

It is a business that has connected India to the world for long. On average, seven out of ten diamonds sold around the world are cut and polished in India, mostly in Mumbai and in Surat in the neighbouring state Gujarat. Few women would suspect this is where their best friends take shape.

The diamonds business located in scattered factories has been looking for an area with better infrastructure. Proposed new sites are being offered also to about 100 factories for high-quality leather-goods exports, to be made with what organisers say will be “international design and manufacturing technology.”

A 2.5 million square feet site is being prepared for “state-of-the-art medical facilities, to promote medical tourism.” What the world would shun today is being prepared to draw the world tomorrow.

The new construction is being planned with use of Dutch tunnel shuttering technology that enables rapid construction through use of hot concrete. Mehta plans to use some of the best the world can offer, and return to it some of the best it seeks.

Dutch technology, a global market in diamonds, brought together by a globtrotting Indian seems like the globalised way to development that so many would want to embrace. But the doubters are as active as the builders.

“We have seen many promises before,” said the woman with the dyeing buckets. “You think anyone will give us a free house in a big building, just like that? We will believe it when it happens.”

Dharavi seems to have more doubters than believers. “It is impossible to think like what Mukesh Mehta is thinking,” says Joackin Arputham, a leading campaigner in Dharavi. “The new developers do not know Dharavi, they have no experience of living here. You cannot have a top-down model of development that does not involve the community.”

Such attempts have been made before and have failed, Arputham says. “Ten years back a government official wanted to develop the area. He failed. Then somebody came up with one building. It has been lying vacant for two years.”

Arputham says the people of Dharavi might not want to live in the smart new buildings even if they came up and were on offer.

“If you give me a fantastic palace, can I sustain that?” he said. “Why give me a beautiful white elephant? I will have to calculate my outgoings, on the electricity there, water charges. Just for use of a lift people may have to pay 100 rupees (2.50 dollars) a month. Who wants to do that?”

People given free houses are likely to sell them and go back to squatting and living in another place, he says. “People need to be consulted on what they want to do.”

Along the filthy lanes within Dharavi, people seem at home. Transferring them all into highrise buildings seems a fantastic idea, perhaps too fantastic an idea. But Mehta, who has the strong backing of the authorities, is determined to move the project from the drawing boards to the ground. The question now is whether the people here will accept the development that many say is being thrust upon them.

At stake is not just the fate of more than half a million people here, or the appearance of 427 acres of land. About 55 percent of Mumbai‘s 14 million live in slums not much better than this one. If infamous Dharavi can, they could.

The arguments for the status quo are strong, inevitably. But many here may not want filth, rats, cockroaches and mosquitos as neighbours for ever. Residents are being told they will gain a great deal more than they would lose, and developers are counting on them to recognise that.

Given its location between the airport and a business district, this is prime real estate, if only potentially so at the moment. Dharavi is not attractive, but it is attractively located. Whether this kind of development model would work in other places is not certain. Globalization is an uncertain visitor in Dharavi, and it may never touch slums that have nothing to offer to the world.

Sanjay Suri is an experienced Indian journalist based in London. He writes among others for ‘Outlook’, an eminent weekly newsmagazine from New Delhi.

Mario Osava

The smuggle road across the bridge of friendship

5

For millions of Brazilians, gloabalization has been entering the country via Paraguay. Thousands cross the Bridge of Friendship every day carrying wares to sell not only to vendors, but also to hundreds of shops in Brazilian cities, without having to pay taxes or face administrative hurdles.

This is plain smuggling, but authorities tolerate it. Even in the national capital Brasilia, a swarm of kiosks has sprung up under a name that does not feign to conceal the origin of its merchandise: 'Paraguay Market'.

Innovative electronic products, from information technology to telecommunications, enter Brazil en route the Bridge of Friendship.

Ángelo (not his real name) travels every week to Ciudad del Este, at the Paraguayan end of the bridge, to buy computer parts. It means more than 40 hours up and down by bus. But Ángelo finds it worthwhile. His customers are traders in the capital of a large Brazilian state. They select their products and sources on the Internet. All Ángelo has to do is to procure the goods in Paraguay and transport the package. In return he gets a commission of 10 to 15 percent.

He raises the commission up to 25 percent for 'retail' jobs that may involve procuring a single DVD player for an individual client. But it is seldom that Ángelo takes up such jobs.

Until three years ago he used to procure a variety of goods – radio and TV sets, electronic games, microwaves and trinkets – for sale to end users. But now he is in the 'wholesale' business, which apparently gives him greater income stability.

Ángelo earns well, but the risk lies with him. There is a permanent threat of inspection by the Federal Revenue Agency, the Federal Police who guard the borders and the Federal Highway Police who control the roads.

In July this year everything he and his fellow passengers had bought in Paraguay was confiscated in a raid. He lost the equivalent of 8,000 dollars. Brazilian tourists visiting Paraguay are legally entitled to bring back purchases worth just 150 dollars.

"It was the only time in all these years," he consoles himself, emphasizing how lucky he has been all the time. In March he fell and fractured his knee, forcing him to have surgery and remain idle for two months. During that time, the bus he always travelled on overturned, killing three people.

"Without this source of income I couldn't maintain my standard of living or pay for my four children to attend private schools," says Ángelo. Ninety percent of his pension goes to finance university studies of only one daughter. But he can rely on the support of his wife, herself an informal trader 'specialized in clothing' since 1986, when she abandoned her career as a schoolteacher to boost the family's plummeting income.

Thousands of Brazilians make their living like Ángelo. The bus with reclining seats always contains 24 informal importers, half of whom do the trip every week. "We're like a family, we keep each other entertained during the journey," he says.

His colleagues in São Paulo and the southern town of Porto Alegre decided to team up against the police. On Wednesday evenings they formed a convoy of 400 to 500 buses to cross the border between Brazil and Paraguay heading for Cascavel, 140 kilometres across the border, the route with the highest risk of inspection.

At times these 'informal importers' have blocked the roads into Foz de Iguazú, the border town on the Brazilian side, to protest against the enforcement measures and "defend the work they need to live from".

Shoppers' Tourism

In Ciudad del Este this 'shoppers' tourism' has expanded during the last two decades of economic stagnation in Brazil. Until the early nineties, it was the gateway for thousands of products on which Brazil had imposed an import ban. The idea was to kickstart Brazilian industry by substituting imports and rigidly protecting its market.

When the market opened up in 1990, smuggling increased. A restructured manufacturing sector, growing unemployment, expanded informal labour market and the country's technological lag all contributed to the phenomenon. Bank employees like Ángelo, who numbered over 800,000 at the start of the decade, saw their ranks halved. Privatization cost thousands of civil servants their job.

Contraband has thrived by offering prices much lower than those of legal imports, adapting constantly as liberalization takes hold of the economy. Smuggling has been kept alive because Brazil is slow to absorb innovations from abroad by legal means. Mobile phones lined the wallets of many of these travellers until industry and the network operators responded to exploding demand by cutting prices so drastically that smuggling no longer paid off.

And so it was with the games, the television sets and other electronic goods from Asia. Their place has now been taken by a new generation of products, such as digital cameras and DVD players, which cost over

150 U.S. dollars when traded legally, three times the price in Ciudad del Este. Constant innovations in the IT sector keep Ángelo's business going.

Severino, who also preferred not to give his real name for fear of reprisals, has discovered a different niche. For two years he has been selling remote controls that can handle up to seven devices, from televisions and DVD players to microwave ovens. They are made in Indonesia and he displays them on a box in a central street of Rio de Janeiro, ready at any moment to flee the police patrols reinforcing the ban on vendors. He sells for the equivalent of 7 to 8.50 dollars, half the price charged by specialist retailers.

The exchange rate is another decisive factor. The years from 1994 to 1998, when the Brazilian real was overvalued at around one dollar, were a halcyon days for imports and contraband in Brazil.

During that period Ángelo's wife took several trips to New York and made "fantastic gains", selling jewellery for ten times the purchase price, perfume for five times and clothing for three times as much. She was checked only once at customs and had to pay 2,500 dollars in duty, but she did not make a loss, "just less profit", as she was carrying products worth 12,000 dollars.

In Ciudad del Este this 'shoppers' tourism' resulted in business worth 10 billion dollars in 1995. This boom, combined with rural exodus, has made the population of Foz de Iguazú grow to six times in thirty years, and it is now estimated at 270,000. Many of its residents work in the Paraguayan town, others as 'naranja', crossing the frontier with goods purchased by the 'sacoleiros', named after their sacks full of shopping.

Activity has waned in recent years as currency devaluation in 1999, Brazil's increasingly international economy and anti-smuggling measures have taken their toll. The economic and social crisis has hit hard Ciudad del Este, where many shops have closed down, and Foz de Iguazú. Both also suffered from economic depression in Argentina in 2002.

Business is acquiring new formats. "Now people trade over the Internet, replacing the shop counter by the computer" and opting for other means of transport, says Aluizio Palmar, a former newspaper owner who has lived in Foz de Iguazú for 25 years.

"The sacoleiros are not poor unfortunates", they have distribution networks and resources to bribe the police, says Luiz Antonio de Medeiros, an MP who chaired a Parliamentary Commission of Inquiry on 'piracy'.

Piracy, which covers contraband, counterfeiting, freight robbery and other types of fraud, is widespread in Brazil, causing losses in state revenue amounting to 15 billion reales (5 billion dollars) a year and "the destruction of two million decent jobs", estimates the parliamentarian.

As a result of the parliamentary inquiry, a number of judges and police officials have been sent to prison since last year for corruption or aiding and abetting. Medeiros played a leading role in sentencing Law Kim Chong, a naturalized Brazilian of Chinese origin believed to be the country's biggest smuggler. The MP pretended to accept a sevendigit bribe in a filmed encounter that was broadcast on television. But Chong's network of sales outlets is still functioning.

The smuggling phenomenon has been exacerbated by globalization, but it also has its roots in the country's poverty and in impunity, because society regards is as a "trivial offence", says de Madeiros, even when it is linked to drug trafficking and organized crime.

Mario Osava is a veteran journalist based in Brazil. He contributes regularly to web based Tierramérica. Its weekly print edition is published in newspapers and magazines in Belize, Brazil, Bolivia, Costa Rica, Ecuador, Honduras, Mexico, United States, Uruguay and Venezuela.

Henri Fotso

Cameroon gets connected

6

Mrs. Kamguia thinks nothing of spending half her daily income on an airtime card for her mobile phone. She needs to be connected as much as her family needs to be fed. Her husband too is connected. His phone rings in the evening when he is having dinner. Immediately he hangs up. The wife wants to know who called. The inevitable quarrel begins. The husband thinks the wife has spent too much on her airtime card, and the wife rages because she suspects it was a girlfriend who called at dinner time. Cameroon is playing its part now in these globalised quarrels.

The mobile telephone, once a luxury for a few privileged people, is now accessible to many who offer it as a token to their loved ones. Or, they buy them airtime cards. Nowadays, some girls will only date boys or men who can offer them a mobile telephone. “I cannot date a guy who can‘t buy me a mobile telephone,” says Annie, a student in Lycee Jos Douala. But the mobile phone has also brought a globalisation of amenities. The mobile telephone is an asset in many towns and villages in Cameroon. Mrs. Makenmou lives in Tse quarters in Bandjoun village, which has neither piped water supply nor electricity. Ten years ago, this mama could not imagine that she could speak with her son (a businessman in Douala, some 300 km away from the village) from her thatched-roofed kitchen in the village.

Today, she regularly keeps him informed about her health, thanks to the magic of the mobile telephone network that has penetrated deep into the hinterland. Mrs. Makenmou‘s mobile phone saved her life this December 2004. She could immediately call her son after a high blood pressure attack, and he in turn called a doctor in nearby Bafoussam and asked him to attend to his mother.

In some communities, the mobile telephone is also frequently used to fight crime. One just needs to dial the security numbers, 12, 13, or 17, to call the police, the gendarmerie or the army. A private radio station in Douala, “Equinox FM”, has a night programme where people attacked by thieves can recount their experience minute by minute. Thanks to this facility, many homes have been saved from thieves.

Another outstanding fact is the proliferation of call boxes as well as telephone repairers in the streets of all towns in Cameroon. Both fly the colours of either Orange Cameroon or MTN Cameroon, the two mobile telephone companies who took over the business from Cameroon‘s state-owned corporation CAMTEL in 1999. The arrival of these two operators has directly and indirectly created new jobs.

Not only have the two companies influenced people‘s behaviour, they have extended their networks to count about two million subscribers. A third operator is believed to be ready to join the first two. This will be to the advantage of the customers, since the law of demand and supply will definitely play in their favour.

In five years, the average price of a mobile phone has dropped sharply. But the spread has brought heavy demand, and the attractiveness of the mobile phone business led to its privatisation in 1999. The sale of rights to mobile companies, though, has brought little money to the state. Much of this money seems to have disappeared into the pockets of a few stalwarts of the regime, bringing to the limelight the crucial issues of corruption, good governance, and lack of transparency in the management of public funds as well as the opacity of the privatisation process in Cameroon.

The privatisation process has known problems for some time now, ranging from the opposition of natives to the Cameroon Development Corporation (CDC), the controversy over the sale price of the lone water distributing company, SNEC, to the unresolved case of Cameroon Airlines, which now has aeroplanes only on lease.

The privatisation of the mobile telephone business by Cameroon in 1994 was a decisive step towards globalisation and has remained one of the rare success stories of privatisation in Cameroon. Examples of unsuccessful cases of privatisation abound. The national electricity company, SONEL, was taken over in the year 2000 by an American company. Five years after the take-over, many people have lost their jobs and Cameroonians are now faced with the new phenomenon of power rationing. This has created untold problems and even led to the closing down of some companies.

But Cameroon is nevertheless steadily following its path into the global village in a journey marked by the sale of government-owned companies to multinationals. This was the prescription of Bretton Woods institutes (the World Bank and the International Monetary Fund), which saw it as the only way out of the economic crisis that gripped Cameroon and other African countries in the late 1980s. But the result is deplored by many Cameroonians who do not seem to have reaped the announced benefits.

The fact that these privatisations have turned out below expectations, and because the companies have mostly been swallowed by multinationals, many have come to see the change as just a reshaping of colonisation through the transfer of national sovereignty from nationals to international powers in the name of multinationals and globalisation, even if it is nice, mostly, to have a mobile phone.

Henri Fotso is a correspondent in Cameroon for Agence Internationale d'Images (AITV).

7

Wu Zheng

The underpaid pay for China’s success

From a small office at an industrial zone in Shanghai, Yu Rong checks the oil price every morning from his Toshiba laptop after he is driven to work by his chauffer in a Santana car. The 36-year-old entrepreneur sees his furniture business as more and more integrated now into the international trading system.

“The raw materials the plant uses are derived from crude oil,” the bespectacled Yu explains. “There is about one to two weeks delay of oil prices in China as the country still sets its own prices. But by learning the price on the world market, I can get ahead of market development and decide more wisely on how much raw materials and inventory I should get hold of.”

“I started this business with my mother as a small family business serving the domestic Chinese market,” Ye said. “But now I tend to see ourselves as a Chinese company serving the global market.”

Indeed. Shanghai Shengfu Decorative Material Co, the company Yu and his mother founded in 1996, is now supplying buyers from Southeast Asia, South America and Africa. And last year the family business, which specialises in the manufacturing of adhesives for plywood, home decoration and furniture, was off to a roaring new start as one of his key buyers, a Malaysian plywood producer, became a contracted supplier of Ikea. New orders began to flood in.

“The prospect looks good,” said Yu. “I don‘t think there are many producers around who can compete with us, particularly if you talk about the price. Besides, companies like Ikea are spending more and more in China to buy things. There are always business opportunities.”

Yu‘s optimism is well founded. Multinational corporations are either moving production to or purchasing more in countries like China. No one wants to be left behind.

Ikea, the Swedish company that is the world‘s largest furnishing retailer, announced at the end of last year that it has started to build its largest distribution centre in Asia in Shanghai with an investment of 75 million euros (99 million dollars). The company purchased a total land area of 287,000 square metres to build the new centre. The project is expected to be completed within three years.

The centre will have a turnover of 60 containers a day, twice that of its current largest Asian distribution centre in Malaysia, the company has announced. And this is only part of the plan. The company may build a second logistics centre in Shanghai, said John Frauenfelder, general manager of distribution, Ikea China.

He told local media that the second phase of the project will be a warehouse for Ikea‘s global business, distributing its procurement in China to stores around the world.

China became the largest supplier of Ikea in 2001. Last year, the company procured about 19 percent of its commodities from China.

Ikea‘s move is exactly what the Shanghai government has been looking for. The city, which is at the forefront of China‘s globalisation drive, envisions itself as “an international procurement centre.” The city has been gearing all its efforts to wooing a company like Ikea to set up a procurement centre.

The efforts have paid off. So far 22 multinational corporations have set up procurement centres in Shanghai, and the city expects the number to increase to 45 by the year end.

What makes Chinese products attractive is still, by and large, cheaper prices.

Yu says most of the workers he hired are farmers who left home in pursuit of a better life in a big city like Shanghai. Yu pays his workers a little more than over 1,000 yuan (12 dollars) a month. While admitting that the gap between him and those he hires is expanding year after year, he said matter-of-factly: “They should not complain. Otherwise, they can go back to their land.”

“Maybe sooner or later the production cost here will become less competitive as Shanghai is becoming increasingly expensive,” Yu reflected. “But I don‘t worry about that. I can always move my production out of Shanghai to those less urbanised places. China is so big.”

Thousands, if not millions of business owners like Yu reason the same way. They did not see much need to increase payment for their workers over the course of the past several years because the vast rural areas offer plenty of extra labourers flooding into cities like Shanghai.

So it came as no surprise that a recent World Bank report found that rural households in China are suffering from income loss while the urban population has been gaining benefits since China joined the World Trade Organisation in 2001.

According to the report, China‘s economy has gained more than 400 billion dollars a year and its trade has doubled since it joined the WTO. But it points out that families in rural areas have benefited little from the WTO membership.

Based on a survey of 84,000 Chinese families, the report said that almost 90 percent of urban households reported income and consumption gains since

WTO accession, while “the poorest rural households suffered a sharp six percent drop in their living standards, as measured by consumption, due to the combined efforts of a drop in real wages and an increase in the price of consumer goods.”

“While China has experienced remarkable growth in trade as a result of its WTO accession, it now faces the challenge of adjusting labour market policies to improve productivity in the rural sector, and to allow workers to move to more competitive sectors,” said the report ‘China and the WTO: Accession, Policy Reform, and Poverty Reduction Strategies’.

“They may become poorer as I become richer,” says Yu. “But the point is, by working for me, I give them opportunities to learn skills. Some day, somehow, those who are good at learning can have better jobs than working on the assembly line. I don‘t see that‘s a problem.”

Yu said he spent much of his time last year helping workers improve their skills, establishing a better management system and making his products more environmentally friendly as he tries to win certificates like ISO 9000 and ISO 1400. “With these two certificates, it will be much easier for me to approach international buyers,” Yu said. “But it is not that easy, I have to learn. My workers have to learn. We have to improve ourselves.”

“I think that‘s the best thing globalisation brings us,” he said. “We‘re given opportunities to catch up. That‘s exactly what we need.”

Wu Zheng is Deputy Editor-in-Chief of an English-language newspaper, the Shanghai Daily.

8

Maria Helena Tachinardi

Brazilian food needs only a chance

While expectations are increasing on the greater role the BRICS group (Brazil, Russia, India, China and South Africa) should play in the world economy, there is growing debate also over the competitive advantages of these economies, and what to expect from them in international trade.

Brazil is emerging as a country that produces and exports several technological and value-added products in a wide range, such as aircraft, soybeans, cars and iron ore, meat and capital goods.

The country is destined to become a giant in industry and agribusiness, in the technology of uranium enrichment, and in biotechnology since it has one of the largest biological reserves on the planet and an extremely mineral-rich soil. The value of one sector does not impede the importance of the others. But the story we want to tell here is how well agribusiness in Brazil copes with globalisation or the interdependence between markets.

Although Brazil's share in world trade is still minor, about one percent, the country is a big supplier of foodstuffs, and makes good use of its unbeatable competitive advantages. Brazil brings together agricultural technology, an abundance of land that is still cheap, a soil and climate allowing for two harvests per year, and high productivity thanks to a combination of investment in research and technology, private funding of equipment, and modernisation.

The private sector in Brazil has experienced manifold expansion across the territory, expanding the boundaries for the cultivation of grains and cereals, and for livestock farming.

Brazil is the third largest exporter of agricultural products worldwide, trailing only the United States and the European Union. It is the leading exporter of soybeans, coffee, orange juice, sugar, beef and chicken. Without domestic or export-related agricultural subsidies in the United States, the European Union and Japan – some of the most important issues at the World Trade Organisation (WTO) Doha round – and sanitary and phytosanitary restrictions in the wealthier markets, the country would show a real export boom that its competitors would have difficulty surpassing.

China, one of the fastest-growing emerging economies, imports grains, iron ore and other commodities from Brazil. The demand for food is related to the growth of the world population. According to the Food and Agricultural Organisation (FAO) the world population will grow from around 6 billion currently to 8.3 billion people in 2030. Brazil could certainly make use of growing market opportunities, this would bring in the area of agro-industrial commodities, above all in China.

But exports in this sector will not be easy. Because when it comes to food, economies protect themselves using concepts such as 'food safety' (the idea of protecting health against diseases, residues and additives) and 'food security' (against hunger, war and disasters).

In this context we should see that the WTO Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement) is clearly linked to globalisation. One incident of BSE/mad cow disease in one country or region affects the global meat market. Mad cow disease, which first appeared in the United Kingdom in 1986, caused panic in that country, as well as in neighbouring nations, and did a lot of damage.

The panic was due to uncertainty regarding possible cross-contamination of human beings. In fact, there is a human variant of the disease, Creutzfeld-Jakob disease (vCJD). To the extent that countries were alarmed, international trade was restricted. With globalisation, it is no longer possible to establish 100 percent efficient control of contagious diseases within the context of food imports. Products that might have to be restricted because of mad cow disease range from natural and processed meat to gelatine products, bone meal, leather and fur, and even gelatine-based cosmetics.

"Brazilian women could be left without French cosmetics because of mad cow disease," says Rodrigo Lima, a 30-year old lawyer from Ponta Grossa in Paraná, a Brazilian state with a flourishing agribusiness. "This would be unthinkable outside of the context of globalisation. In a globalised world, borders have become permeable, which can be both good and bad for countries."

Rodrigo learned how important sanitary and phytosanitary measures are when he started on his master's degree in 2002, a year after the conflict between Brazil and Canada broke out over mad cow disease. The disease did not exist in Brazil, but Canada used the pretext to complicate Brazil's external trade.

The Brazilian reaction, especially in the media, was not only to suggest a boycott of Canadian products but also to politicise Canada's attack. The largest-selling Brazilian weekly, Veja, ran a cover in which Canada was depicted as a bear, suggesting that it was not the cow that was mad, but rather the bear associated with Canada.

The mad cow episode has become rooted in the collective unconscious of the nation. Who in Brazil would not recall the row with Canada? The episode showed also to what extent sanitary and phytosanitary measures can be used as a protectionist shield. This was one of the hypotheses that Rodrigo explored in his thesis ‘Sanitary and phytosanitary measures at the WTO: protectionism or defence of legitimate objectives’.

Four cases adjudicated to date by the WTO show that such measures have been applied without scientific evidence. The European Union could not justify that the ban on hormone-treated beef coming from the United States and Canada was necessary to protect consumer health. A case between Canada and Australia showed that Australian measures to protect the health of the salmonids were not based on sound scientific evidence. The last two cases were a dispute between the United States and Japan about phytosanitary requirements for the import of fruits and vegetables. Japan could not prove that its protectionist measures were necessary to prevent the entry of pests.

Rodrigo‘s supervisor, Welber Barral from the Federal University of Santa Catarina, suggested that the board of examiners include the president of the Institute for International Trade Negotiations (ICONE), Marcos Sawaya Jank, who liked the work and invited the researcher to continue his studies on the issue. The topic is of great importance to the sponsors of the institute, among them the Brazilian Association of Agribusiness (Associação Brasileira de Agribusiness – Abag), the Brazilian Association of the Vegetable Oil Industry (Associação Brasileira das Indústrias de Óleos Vegetais – ABIOVE) and associations with links to the beef, poultry and pork industries (ABIEC, ABEF and ABIPECS).

Maria Helena Tachinardi is director of public affairs of the Institute for International Trade Negotiations (ICONE) in Brazil. She also writes for many Brazilian publications, such as the magazines FOCO Economia e Negócios and Desafios do Desenvolvimento. She is a free-lancer for Valor Econômico, a financial newspaper.

Adam Morrow

Egyptian economy, society confront globalisation

9

Over the course of the last decade, the pace of globalisation has quickened as national economies are integrated within a larger whole, and advancements in communications bring novel ideas to untold millions. The Middle East – at the centre of international attention since September 11, 2001 – has hardly been spared, and Egypt, the Arab world's most populous nation, has struggled to come to terms with the drastic challenges to its conservative culture as it, too, is brought into the new world order.

"The effect globalisation has had on Egypt is dramatic," said Amr Abdel Motaal, senior partner at a local law firm, who appeared on Egyptian state television recently to discuss the local impact of globalisation on a weekly talk show. "It's scary."

In many ways, the triumph of globalisation here has been a final reversal of the principles on which the country was founded post-independence, such as self-reliance and an end to the imperialistic pretensions – both military and economic – of the great powers.

The revolution of 1952, which ultimately propelled Gamal Abdel Nasser to the presidency, rejected the depredations of foreign – particularly Western – capital, and, in the mid-1950s, most British and French holdings were nationalised, while their foreign owners were expelled from the country. The most notable of these nationalisations was the dramatic takeover of the International Suez Canal Company – the ultimate symbol of Western economic dominance in the Middle East – in 1956.

"Nasser could be seen as an early anti-globalist, despite the fact that the term hadn't been coined yet," explained Dr. Moustafa Kamal Al-Sayyid, director of the Centre for Developing Country Studies at Cairo University. "He was into protecting local industries, and foreign capital was equated with colonialism."

Anwar Al-Sadat, who became Egypt's president upon Nasser's death in 1970, reversed this trend with his Infitah, or "opening up" initiative, which eliminated restrictions on foreign investment, allowed for joint ventures between local and foreign businesses, and provided foreign investors with guarantees against future nationalisations. “The Infitah was the beginning of the free-market economy in Egypt – the economic aspect of globalisation,” said Abdel Motaal.

President Hosni Mubarak, since his ascension to the presidency in 1981, has largely followed Al-Sadat‘s legacy, albeit in painfully measured steps.

The pace towards economic liberalisation was given fresh impetus when Egyptian participation in the U.S.-led anti-Iraq coalition in the 1991 gulf war was rewarded by Western debtors, who wrote off 14 billion dollars of Egypt‘s total foreign debt.

In return for this largesse, however, Cairo was expected to embark on an ambitious programme of economic “structural readjustment” aimed at transforming the state-driven economy into a free-market system. This was to be achieved by relaxing a tightly controlled foreign-exchange market, deregulating economic procedures to allow a wider role for the local private sector and foreign investment, and the gradual privatisation of state-owned enterprises – a general undoing of Nasser‘s protectionist initiatives some 40 years earlier.

After running out of steam through the late 1990s and into the beginnings of the new century, the drive towards a free market was stepped up only last year, with the appointment of a fresh cabinet, many members of it committed economic liberalisers.

The new prime minister, Ahmed Nazif, in an indication of the new government‘s globalisation-friendly position, had previously been minister of communications and information technology, widely credited with bringing Egypt into the information age with an aggressive campaign to promote Internet use.

“Many of these new ministers have close interactions with globalisation in terms of trade, tourism, communications and investment,” said Dr. Mohamed Kamal, professor of political science at Cairo University. “They‘re a diverse group who know the meaning of globalisation and recognise the benefits of integration into the global economy.”

The new government – led by an influential group of ministers wielding high-profile economy portfolios – has already taken a number of concrete steps towards economic reform, including significant customs reductions, an overhaul of the national tax system and a handful of privatisation announcements. The local currency, meanwhile, after having been devalued in 2003, is now more or less in a state of free float, after having been pegged to the U.S. dollar for more than a decade.

But whether such changes are in Egypt‘s best interest remains an open question. “If we‘re going to have a free-market economy, we have to ask, what can Egypt produce?” said Abdel Motaal. He said Egypt‘s one major competitive advantage lay in its enormous tourism sector. “Without viable industry to absorb the working class and the 750,000 fresh graduates entering the job market every year, you have a time-bomb.” From the perspective of the average citizen, a floating currency and privatisation simply translates into rising inflation and unemployment, he said.

According to Kamal, however, the advent of globalisation, despite some short-term discomforts, “will ultimately have a positive effect on Egyptian society” by instilling a culture of competitiveness and “greater responsiveness to ideas and products coming from outside.” He cited as examples the two most prominent regional Arabic-language satellite news channels, Al-Jazeera and Al-Arabiya, both of which served to raise the bar region-wide for national channels in terms of news reporting. “Just look at Egyptian television,” Kamal said. “It was forced to improve itself in order to compete with these new rivals.”

But economic considerations are not everything. According to Al-Sayyid, most Middle Eastern observers are “less concerned about the economic significance of globalisation and more concerned that Arab culture will be diluted by an influx of Western media.”

Over the course of the last decade, satellite television and Internet penetration have increased rapidly, the latter under the guiding hand of the new prime minister. According to Ahmed Elassy, co-founder of Kenannah.com, a Cairo-based web portal, the phenomenon is not unique to the urban centres of Cairo and Alexandria. “Cyber-cafes are opening up all over Egypt,” he said, “even in the relatively conservative southern towns of Upper Egypt.”

While satellites and cyberspace can provide fresh perspectives and alternate sources for news coverage, they can also challenge longstanding social mores, particularly in regard to gender roles. One of the most visible manifestations of this is the current rash of video clips featuring the gyrating midriffs of scantily clad Egyptian and Lebanese singers – provocative images long confined to Western music channels.

“It was shocking to see video clips like this on television,” said 24-year-old Cairo resident Amira Hassan, a marketing coordinator for the Accor hotel chain. “It will certainly have an effect on society. My little sister is always watching and imitating them. There was nothing like this on television when I was growing up.”

Egyptians are reacting to these changes in different ways. While many observers decry the ill effects of Western decadence and materialism on indigenous society, others see globalisation as a means to achieve new political freedoms.

“Globalisation will polarise Egyptian society – divide it into liberal and conservative camps,” said Kamal. “Conservatives will probably become more conservative, but the numbers of the more liberal-minded are increasing.”

Kamal added that wider access to Western and regional media has resulted in more than just a plethora of sexy music videos. “Because of the revolution in communications, there‘s a greater push for political reform; for the integration of Egypt into the international community of democracies,” he said. “Of course, there‘s not a consensus on all these issues.”

One dissenter from this view is Dina Heshmat, an active member of the Anti-Globalisation Egyptian Group, founded in 2002 and run by a core membership of about 30 activists. According to Heshmat, the results of what she calls “corporate globalisation” are overwhelmingly negative, and include rising commodity prices, unemployment and agrarian legislation favouring landlords over the peasantry in rural areas of the country.

The group has also been outspoken against American actions in Iraq and Israel‘s treatment of its Palestinian population. “We think the militarisation of globalisation is a part of the process,” she said. “There‘s a connection between corporate globalisation and the situations in Iraq and Palestine. Just look at Halliburton, and the connection is clear.”

Lawyer Abdel Motaal, too, like many Egyptians, views the phenomenon – and all of its ancillary threats and opportunities – with skepticism. “If globalisation is altruistic, as its defenders say, it‘s a good thing. But if it‘s only a façade to squeeze the rest of the world economically and politically, and even militarily… this is not so good,” he said. “After all, human nature revolves around greed.”

Adam Morrow works, among others, for the Business Monthly magazine in Cairo.

10

Foster Dongozi

Information highway to the world beyond Zimbabwe

As if afraid to be noticed, Joseph Mudzimba, a 24-year-old private in the Zimbabwe National Army, quickly slips into an Internet café located in the heart of the Harare central business district. He does so every evening after performing guard duties at a military barracks.

Clad in his green military fatigues, Joseph steadfastly ignores the pointed stares of civilian Internet browsers. In Zimbabwe, the sight of a soldier in full battle gear is enough to make civilians uneasy because the army has a fierce reputation gained from years of brutally suppressing anti-government demonstrations.

Joseph's discomfort is soon reduced when three nervous-looking uniformed police officers enter the Internet cafe and crowd before one computer, looking very unsure of themselves.

Three giggling nurses in white uniform, obviously comfortable using the computer, also enter the café and are soon intent on surfing the Internet.

The use of the Internet has increased overwhelmingly in Zimbabwe over the past five years. The information highway has become an escape route for a population eager to find employment and study opportunities in Europe, USA, Canada and Australia.

Joseph explains why he and other members of the security forces are always uneasy about using Internet cafés. "We are afraid of using the public Internet cafes because although it has not been officially communicated to us, those found using the Internet would have to prove that they were not sending military information to countries perceived to be enemies of Zimbabwe."

Although many Zimbabweans, especially the younger generations, are computer-literate, the high costs of computers, connection and service fees limit the number of people with Internet facilities in their homes.

Those privileged with access to the Internet are mainly senior company executives, secretaries and other desk-bound workers. This has resulted in long queues forming outside Internet Service Providers (ISPs). But for Joseph and other young Zimbabweans, the Internet has become an employment agency as they spend thousands of their hard-earned, worthless Zimbabwean dollars in search of a better future.

Statistics provided by the Zimbabwean government indicate that a staggering 3.4 million people out of 12 million are exiled either as political or economic refugees.

Out of that figure 1.1 million Zimbabweans have found sanctuary in Britain, Zimbabwe's former colonial master. 1.2 million are in neighbouring South Africa. Another million are scattered in other parts of the world. Australia is home to a further 100,000 Zimbabweans.

Joseph says following the closure of 'The Daily News', 'The Daily News on Sunday' and 'The Tribune' – all privately owned newspapers – many members of the armed forces are resorting to the Internet to find out what is really going on in their country.

"The government-owned media, like 'The Herald', 'The Chronicle', 'The Sunday Mail' and national radio and television, will not give a true account of what is taking place in the country. We can find out what is happening in our country by surfing the websites of BBC and CNN on the Internet," says Joseph.

Ironically, both CNN and BBC are banned from operating in Zimbabwe.

John Robertson, an economic consultant, describes the economy of the southern African country: "The Zimbabwean economy is the worst-performing in the world among countries not involved in a war."

Seeking greener pastures in foreign armies

Joseph says poor salaries in the police; intelligence and the military are driving them to the Internet to seek jobs or scholarships to further their education overseas.

"The salaries that we get in the civil service are so bad that most of us live from hand to mouth. A lot of younger soldiers and policemen are using the Internet to join military forces in developed countries," says Joseph.

One of the reasons why many armed officers are afraid of using the public Internet facilities, says Joseph, is that they would be accessing military websites of foreign powers like Britain, USA and Canada, sworn enemies of the Zimbabwean government.

An employee at the Internet café said over the weekend that a large number of their customers accessed websites of military powers for recruitment purposes. "On Saturdays, we get many people accessing the recruitment websites of Western military powers while some of them actually come to ask how for example they could join the British Army."

The Zimbabwean government has already demonstrated that it abhors having its nationals joining the uniformed forces of its 'enemies'.

During the invasion of Iraq by coalition forces led by the U.S. and Britain in 2003, the repatriation of the body of a Zimbabwean soldier killed during the war caused a lot of embarrassment in the official corridors of power for a government that gave muted support to Saddam Hussein.

Spirited attempts by the government to block the repatriation of the body failed, though this resulted in the burial being delayed.

Joseph says the soldiers, like many other Zimbabweans, are prepared to do menial jobs, which will enable them to earn the strong foreign currencies like the euro, the pound sterling and the U.S. dollar.

"We are not really choosy about which jobs we get but naturally we would prefer something that we have already been trained for," he says.

Figures indicate that hundreds of Zimbabwean officers from the uniformed services have gone AWOL after managing to acquire the elusive visas to Europe and North America. But with authorities in Zimbabwe eager to control what the locals can read, listen to or watch, e-mails deemed 'to carry subversive or offensive material' are now being blocked.

Although the Supreme Court ruled that it would be unconstitutional to monitor all electronic mail, attempts continue to compel ISPs to block e-mails deemed to be inimical to the country's laws.

Many e-mail users have received messages that their mails have not been delivered because they carried offensive messages.

Zimbabwean President Robert Mugabe indicated his desire to control the information highway in December 2003, when he told the World Summit on Information Society (WSIS) in Geneva that developed countries were undermining the security and national interests of poor developing countries through "information technology superiority."

The southern African country, which believes it is under siege from Western countries, appears to have borrowed the idea from attempts by the George W. Bush Administration to monitor the Internet and electronic mail as part of the "War on Terror."

The U.S. Congress blocked the move, saying it would amount to a violation of the rights of the American people.

An information technology specialist, Hardy Shava, said it would be easy for the government to monitor all electronic mail as TelOne, the state-owned telecommunications company, was in charge of the information gateway.

Shava said: "The Internet service providers are engaged in a legal battle with the state-owned telecommunications company, TelOne, which has a monopoly over the control of the information highway while at the same time operating Internet service cafes which would enjoy an unfair advantage."

The information technology expert said: "Internet service providers are not willing to be used to monitor the information highway, because this would infringe on the free flow of information, while the expensive technology to monitor electronic mail would have to be installed by the service providers."

For people like Joseph, who is still battling to be recruited by the British military, the doors to Europe and the U.S. might be slammed in his face.

"With authorities monitoring our electronic mail, I fear that any attempts on my part to be recruited in the military of foreign powers could land me in very serious trouble," says Joseph dejection writ large on his face.

Foster Dongozi is a senior reporter with The Standard, Zimbabwe's Independent Sunday Newspaper published in Harare.

Richard M. Kavuma

11 A new openness, a new privatisation

Stephen Kabuleta laboured to explain that he was not opposing his president, just pleading for helpless boys.

"Because our president has said he needs investors, does that mean slavery?" said Kabuleta, a local government councillor in the Nakawa division of the Ugandan capital Kampala.

To ensure he was not misunderstood, Kabuleta quickly added that he was a strong supporter of President Yoweri Museveni.

In his office were four men aged between 20 and 31 complaining that their former employer had beaten them up and sacked them – without paying their dues. One of them, Ezekiel Alijuna, was still in agony, a month and a half since his boss, an American citizen of Asian origin, had kicked him in the stomach. Reports from the government hospital showed a diagnosis "consistent with assault with bare hands."

For many people, globalisation comes as part of a package that includes economic measures like privatisation.

According to Jim Mugunga, spokesman of the Uganda Privatisation Unit, 119 state-owned companies have been sold, with about 30 left to go. Mugunga says the process has created employment, increased competitiveness of industries, and increased technology transfer.

Many Ugandans would find this surprising, because to them privatisaion always came with retrenchment and loss of jobs. Mugunga says that while jobs may be lost when one company is sold, the multiplier effect of liberalising industry will often create more jobs.

He cites the example of the former Uganda Posts and Telecommunications, which gave way to companies like MTN, CELTEL and Uganda Telecom, which he says have indirectly and directly offered more job opportunities.

President Museveni looks to private capital as the key to development. While people like Alijuna get mistreated at work, government officials privately say that investors cannot be touched because the president is passionate about them. Officials in the ministry of labour speak of political interference when they try to enforce labour laws, while a member of parliament representing workers told this writer that the investor who beat up Alijuna was "above the law" because nobody could touch him.

There were allegations in a Kampala factory manufacturing textiles for export to the United States that a Sri Lankan manager had beaten up workers. The workers went on strike, also citing poor pay (40 dollars a month), work as long as 18 hours a day, and a need for written permission to use the toilet.

Management sacked 200 of the girls. Months later, Museveni told a rally in Eastern Uganda that he had sacked the girls because their strike would have scared away potential investors from Uganda.

Pamela, a Kampala journalist in her early 20s, argues that while the government was traditionally expected to protect its people, privatisation makes the government sell its citizens to private investors.

"Workers are underpaid, they work in appalling conditions, but they cannot speak out because the government needs the investor and would not want to jeopardize the business relationship," she says.

The World Bank-funded report, Doing Business 2005, showed that Uganda scored highly on the index for hiring and firing workers. Its mark, zero, the best possible mark, means that Ugandan workers have zero protection against being dismissed from their jobs without notice or compensation.

Many Ugandans agree that several services are much better than they used to be under the government. It used to take months to get a phone line, now it takes minutes. What, they ask, is if it is ideal for the government to sell everything, including its right to protect its citizens from maltreatment?

Martin Wandera, MP, says this is not surprising. He says capitalism and the Bretton Woods institutions are not interested in the welfare of people like Alijuna – only in capital.

Alijuna, from Kyenjojo district in Western Uganda, came to Kampala after dropping out of ordinary level school. He hoped to earn money to fund his education.

Although he was mistreated at a furniture factory, he could not immediately get much help because the person who had abused him is seen as an "investor" – one of those President Yoweri Museveni regards as the hope for the East African country.

In the early 1990s, President Museveni started adopting the Structural Adjustment Programmes of the World Bank and the International Monetary Fund. Uganda would soon be seen as an economic miracle, with annual economic growth reaching seven percent.

A decade and a half later, the policies of privatisation and liberalisation are manifesting themselves differently.

But as Alijuna was sweating away for the American furniture manufacturer in Kampala's Industrial Area, Miriam was having a much nicer time in the city centre. This was quite another face of globalisation.

Seated at her aunt's Dell laptop, Miriam spent her Ordinary Level vacation days surfing the Internet and apparently listening to music over headphones. From where she sat, in one corner of the office where her aunt works, you could not easily see what she was watching – until she forgot to minimise the computer screen when her aunt called her over. And there it was, a pornographic site.

Miriam and Alijuna have benefited differently from the global forces that dominate Ugandan society and force older Ugandans to think hard about the direction the country should take.

On the one hand is the abundant communication revolution that best manifests itself in the use of the Internet and the mobile phones that have become popular with many young people, not least in Kampala. On the other hand, 38 percent of the population is still below the poverty line.

As more Internet cafes open up in Uganda‘s towns, use of Internet and e-mail is increasing, especially among younger people. But Uganda is a largely moralistic country and there is concern about foreign values coming in through the information highway.

Miriam‘s protective parents, for instance, had wanted her to stay at home during her entire vacation, fearing she might be subject to bad influences, and find a boyfriend. But the Internet gave her freedom to move around the world without leaving the safety of her aunt‘s office. Such freedom for a girl her age clashes with the cultural values her parents want her to have.

The country was traditionally sexually conservative – until the current sex revolution appeared in magazines, and on the Internet and TV channels.

In February the government barred the staging of Eve Ensler‘s play the Vagina Monologues, declaring it immoral. At press conferences, information minister James Nsaba Buturo could not bring himself to speak the title.

In March the vice-chancellor of Makerere University in Kampala led students and university staff in a demonstration against the Red Pepper tabloid, which freely publishes nude pictures, and East African Television, which beams music videos of gyrating, scantily dressed musicians. They presented a petition to the speaker of the Uganda parliament, demanding a ban on media houses they see as promoting immorality.

“Pornography is a major problem, and especially the problems that come with it,” says Priscilla Zawedde, a banking executive in Kampala. Saraha Akello, a worker with a non-governmental organisation (NGO) in Tororo in Eastern Uganda, is also concerned that Africans risk losing their identity as the Internet lures younger people into“such things like immorality and sexuality.“

Journalist Pamela agrees that the Internet has taken control away from the traditional ways of imparting information to younger generations. She fears that her nephews, aged ten and three, and already curious about the Internet, might get lured into pornography.

But there is no denying the advantages of the communication revolution: Zawedde, for instance, says “the advantages are more important, especially faster communication through the use of the e-mail.”

Benon Oluka, a student at Makerere University Business School also sees the good. “For a person like me who does not even live on my own, I always depend on the Internet to communicate.”

Yet he fears that information at mouse click encourages intellectual laziness. Instead of doing research, he says, some of his schoolmates just rush to the Internet and present what they gather as their own work.

Richard M. Kavuma is a reporter at the Uganda Observer in Kampala.

Tran le Thuy

With an eye on the world, Vietnam looks within

12

Vietnam has found a way of listening to the world and doing its own thing.

"Vietnamese officials have been very good listeners to all kinds of advice since the mid-1980s, but choose to implement that advice that is best for Vietnam's development while maintaining sovereignty and stability," says Robert Glofcheski, chief resident economist of the United Nations Development Programme (UNDP) in Vietnam for the past ten years. He is currently in charge also of Laos and Cambodia.

Foreign advice is heeded, and delivered, discreetly. "Meaningful advice is often delivered quietly and behind closed doors," an expert said. "Smart advisors do not publicly claim credit since senior officials in Vietnam, and most other countries, do not like to be seen following the advice of foreigners."

UNDP, which provided training of senior officials on market principles and transition economy in the late 1980s, has often been asked for advice in the run-up to Communist Party congresses over the past ten years. In 1996, UNDP was asked to comment on the draft Political Report for the Party Congress. The draft advocated that the state's dominant role should be increased from 40 percent of GDP to 80 percent, which UNDP said was highly risky for the country's development sustainability and stability. The clause was struck from the report at the Party Congress.

Sweden, the first Western country to resume diplomatic relations with Vietnam after its unification in 1975, is one of the government's most trusted donors. It was commissioned to do most sensitive projects like public administration reform, including experiments to improve the government's structure and personnel, or to conduct the first comprehensive survey of corruption and human rights.

The first Japanese adviser to Vietnam, Prof. Ishikawa, was consulted by the Communist Party politburo about development policy in September 1995. He argued that since 80 percent of Vietnam's population still lived in rural areas, the country would never join the developed world if it did not lift these people out of poverty. Following that consultation, the eighth Party Congress passed a landmark resolution to "industrialise and modernise agriculture and rural areas." His other advice that still works in Vietnam is to maintain controlled expansion rather than go for double-digit GDP growth.

However, the country's impressive success in poverty reduction over the past 20 years is mainly due to important policy and institutional decisions made in the late 1980s and early 1990s and related to land reform, price liberalisation, deregulation, etc. These domestic decisions had a major impact on the lives of people in rural areas, where the majority of Vietnamese poor people lived. Notably, the most important policy decisions were taken well before major donors started to arrive in large numbers after 1993.

International donors have become more deeply involved now in Vietnam's reform process. And their ideas have proven to be a more powerful generator of positive change than their money.

International financial organisations can now talk freely with the government about issues like corruption, topics that were taboo just five years ago, says Klaus Rohland, director of the World Bank (WB) in Vietnam. "The discussion about banking reform is also deeper than before," he said.

Vietnam is a preferred country for donors, with official development assistance (ODA) commitments increasing every year despite the general downturn aid in the world in the last few years.

With Vietnam home to the second fastest growing economy in Asia in 2003 and the government moving "in the right direction," as the World Bank put it, development aid to Vietnam is rising every year despite the global downturn in aid commitments. Donors seem reassured that their money is being well spent in Vietnam.

In 2003 alone, spending in this area amounted to 533 million dollars, including ODA for economic management, administrative development, and international and domestic trade.

Vietnam is also being open to donor concerns. "It is a welcome surprise that the government is actually talking about many of the themes that originated within the donor community," said Susan Adams, head of the International Monetary Fund (IMF) in Hanoi.

ODA accounts for 5 percent of GDP in Vietnam, compared to 12 percent in Cambodia and 12-18 percent in Laos. Foreign debt amounts to 37 percent of its GDP.

Vietnam's total debt is 15 billion dollars, according to the World Bank. Its annual debt is less than 10 percent of its export revenue, which the World Bank and IMF have said is a sustainable rate.

However, ODA is just one of the four main financial resources for the country, along with export revenue, foreign direct investment and overseas remittances. One way or the other, the economy is tied closely to the outside world.

There are two main interests of donors in Vietnam. First, to push Vietnam toward a more open market economy with good economic growth in order to allow domestic companies or multinational corporations to make profit. The second is for humanitarian and human right purposes, in a country that still feels the effect of years of war.

But while donor concerns are taken on board, they do not drive government policy. Asked about the role of donors in Vietnam's policy-making process, both Deputy Prime Minister Vu Khoan and State Bank Governor Le Duc Thuy had the same answer.

According to them, donors have their own conditions and are willing to help Vietnam's transition to a market economy, but they must also respect the country's sovereignty.

"Donors and the government have the same target and direction," Thuy said. "The difference is speed. Donors want Vietnam to move faster while we want to go slow but steadily, which doesn't mean we want to delay."

In terms of reforming banks and state-owned enterprises, the most controversial topics with donors, Thuy said the government wanted to set its own course before making any changes nationwide.

"It needs to have a consensus politically and socially rather than merely economic techniques," he said. "Sometimes donors do not thoroughly understand Vietnam's politics and culture."

Thuy said there had been more pressure from donors in the early 1990s. "But now we share more common views and struggle less."

The World Bank seems in tune with this view. "The government does not always agree with donors and we don't always agree with them," said Rohland. "Sometimes maybe we are wrong. Some things work in other countries, but for some reasons they don‘t apply in Vietnam. But generally there is a spirit of listening to each other, and that‘s a sign of development.”

UNDP‘s Glofcheski said in regards to foreign experiences in policy and institutional reform, “Clearly China has had the biggest influence and impact on Vietnam’s reform process. Moreover, the Chinese experience has often been in contrast to that advocated by those Western advisors, especially those advocates of the Washington consensus kind of advice”.

Vietnamese officials are still talking about the fact that the government did not follow IMF and World Bank advice to float the dong currency during the Asian economic crisis of 1997, which international experts said would help the fledgling economy avert disaster.

Vietnam instead continued to peg its exchange rate to foreign currencies, sparing the new and relatively weak economy the crises experienced in neighbouring countries. Prior to the outbreak of the Asian crisis in 1997, Vietnam did not liberate capital account and currency convertibility as advocated by World Bank and the IMF.

This view has also now been substantially modified. “Fortunately China and Vietnam did not have to learn the hard way like so many other countries,” said Glofcheski.

Former World Bank director in Vietnam Andrew Steer, who was in Vietnam for five years until 2002, said Vietnam has a good balance in taking donors‘ pills. “It is neither too weak, obeying everything donors said, or too hard, thinking that they know everything,” he said. The clearest example of the government‘s insistence on independence came when the IMF required Vietnam‘s foreign currency reserve to undergo an independent audit, which is not a common practice in Asian nations.

The Vietnamese government turned down the request and, as a result, in April 2004, the IMF cancelled disbursement a three-year loan of up to 244 million dollars that it had committed to provide.

Susan Adams is still surprised by the government‘s strong response. “It is strange that Vietnam didn‘t need to come back to IMF for another loan. If the government need money, they may just play around,” she said.

The IMF no longer provides much in the way of loans for Vietnam, but it continues to provide technical assistance.

“My perception is that the government remains very much in the driver‘s seat. They don‘t want to create antagonism with donors or any other outside party. The general rule is to create a win-win situation,” said Adams.

That attitude seems dictated by recent history. “They fought enough wars to rid themselves of foreign domination,” Adams said. “Politically, they are very wary of relationships that require too much of them. The Vietnamese government is sovereign, and it decides what is best for Vietnam. They won‘t be forced into anything that isn‘t in their own interest.”

However, considering donor advice can sometimes be tricky.

Twenty-two donors, including the IMF, the World Bank, and World Trade Organisation (WTO) members like Australia, the EU and the United States have provided a budget of 57 million dollars to support Vietnam‘s WTO accession, but none have ever publicly pointed out the negative impact of WTO membership on the country.

The Vietnamese media has been talking only about the profits Vietnam will reap on joining the organisation, following public conferences sponsored by donors.

The first real discussion about the downside of WTO membership began only last October, when Oxfam UK issued a report analysing the dangers of free trade to the emerging economy. But this was published when Vietnam had already completed negotiations with the EU on WTO accession. Experts worry whether poor farmers and small fledgling domestic companies are fully prepared for the huge changes that could come if Vietnam becomes a WTO member.

Now, with the 10th Party Congress due this year, Vietnam is once again looking to international experts for advice on its next five-year development plan. The biggest advice from the donor community at present is to tackle corruption. UNDP has warned that countries like Brazil or Indonesia went through a fantastic development period like Vietnam, but then collapsed due to corruption.

“Now Vietnam is going out to the sea,” said Adams.

Tran Le Thuy is Hanoi correspondent of Saigon Times Group.

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Paul Adams

South African farmers feel the free trade squeeze

South Africa is the region‘s economic powerhouse, but agriculture here is currently as vulnerable as in the continent‘s poorest countries due to farming subsidies and other global agricultural trade barriers.

In 1994, black majority rule in South Africa swept away the protective farming policies of the apartheid era. The government believes that agriculture must be internationally competitive and survive without subsidies as the government concentrates spending on infrastructure and social services for the poor black population.

This has made South Africa one of the world‘s most liberal agricultural trade regimes, on a par with Australia and New Zealand, according to the international Producer Price Estimate, but has made its farmers among the most exposed to market forces.

Lacking the subsidies of the rich industrialised world or the cheaper labour of some rival developing countries, South Africa faces a slump in grain prices at the same time as the strong exchange rate of the rand is undermining its competitiveness across a range of products.

At current prices, cheap imports threaten to wipe out wheat production and make export of maize uneconomic. Poultry and dairy farmers have been hit by illegal dumping, while fruit farmers are struggling to compete with efficient producers elsewhere in the southern hemisphere for the prized European export market.

Yet the government has been slow to impose anti-dumping measures, and has so far failed to impose import tariffs, which are legal under World Trade Organisation (WTO) rules.

Farmers‘ groups say that they cannot yet quantify the fallout but farm closures and thousands of job losses are likely unless the government takes prompt action. Grain SA and other organisations warn that besides the risk of commercial grain farmers going out of business, the initiative to boost production by smaller black farmers may also fail. This would endanger black rural empowerment and land redistribution – two key policies of the ruling African National Congress (ANC).

Agriculture contributes less than four percent of gross domestic product (GDP) in South Africa, but economists estimate it accounts for up to 27 percent of employment, directly and indirectly.

Yet AgriSA, the union representing mainly white commercial farmers, says the interests of agriculture come second to the government‘s aim to keep food prices low.

“It‘s much cheaper to import from Kazakstan than produce wheat here,” says Grain SA chairman Bully Botma.

“We import one million tonnes of wheat a year,” he says. “A legitimate import tariff would have allowed us to produce that one million tonnes locally. Even a doubling in the producer price of wheat would only push up the price of bread by 16 percent. Yet the government makes more out of a loaf of bread through various taxes than the farmer does by supplying the wheat.”

The Ministry of Agriculture denies that the government neglects farmers.

“We try to balance farmers‘ and consumers‘ interests,” says a ministry spokesman in Pretoria. “In 2002, when the maize price was R2,000 (342 dollars) a tonne, producers profited. Now at R500 a tonne they want us to act. It‘s difficult to strike a balance.”

The Ministry blames developed world subsidies for the crisis.

“Subsidies distort world markets, so that success is not a reflection of a producer‘s competitiveness but of a state‘s willingness to support him,” the spokesman said. “In the current climate, South Africa is finding it hard to tackle this injustice. However, we have just introduced anti-dumping legislation against cheese from Ireland and milk from other EU countries. Two years ago we took similar action against poultry dumping from Latin America.”

However, the official admits that the process is slow. It takes a year‘s investigation before taking anti-dumping measures can be implemented. The process is even slower for introducing tariffs, taking up to 18 months.

AgriSA says the process is excessively bureaucratic and must be streamlined. “Low prices have brought wheat production in South Africa to a crossroads,” says Botma. He has called for urgent investigation into the factors affecting its profitability, including the current free market system, quality control on local as well as imported wheat, international competitiveness, tariffs, input costs and diversification.

“The economic and social importance of wheat production in South Africa, particularly in certain rural areas, makes the involvement of millers, input suppliers and the government imperative,” Botma says. Current price levels could also destroy South Africa‘s maize farming, he warns.

If the government policy of settling black commercial grain farmers on redistributed land is to succeed, the government must raise import tariffs, he says.

“Competition is a good thing but you have to have a level playing field,” says Aggrey Mahanjana, General Manager of the National Emergent Red Meat Producers Õrganisation (NERPO), which represents 38,000 small-scale black farmers who are mainly in livestock but also produce grain.

"Look at subsidies, technology, and infrastructure. The levels of these are all much higher in the developed world, or the North, so the playing field isn't level, it's tilted in their favour. The biggest effect for us is global maize prices. These are so low that it's going to cause job losses as maize farms close down or are re-possessed by the banks."

Mahanjana also calls for legitimate import tariffs. "But we in South Africa don't have the systems to monitor and implement tariff changes quickly enough. By the time they are ready to implement tariffs, they may no longer be needed. This has happened with maize and with poultry a year ago. Our capacity to implement tariffs is lacking."

GrainSA says the government may also be reluctant to confront barriers to South African exports in favour of political expediency, pointing out that Namibia blocks grain imports even though it is committed to free trade with its neighbours as a member of the Southern African Customs Union (SACU).

Against this, economists point out that farmers have to look at their costs as well as their revenue, and make some hard decisions about what they produce. They point out that maize costs R900 (154 dollars) a tonne to produce in the North-West province, while only Kwa Zulu Natal province can break even on maize at current prices.

South Africa has been going through a learning curve since deregulation of agriculture began in the mid-1990s. "But for the first time, market forces are hitting South African grain hard," says an agricultural economist at Absa Bank in Johannesburg.

Bully Botma predicts a wave of bankruptcies after August, when commercial banks require repayment of their loans to grain farmers. The harvest runs from May to July.

"We can buy grain through Safex (the South African grain futures market) cheaper than we can produce it. From August we'll have a surplus equivalent to nearly a year's supply of maize," says Botma, a grain farmer from Free State province.

"Of course, Argentina is not subsidised and they are cheaper producers than us, but they have other advantages," he said. "Firstly, they don't suffer from a strong currency because they and the other Mercosur countries have currencies linked to the dollar. Also, their labour costs are cheaper because they don't have the same labour laws we have here."

Nor has the strong rand brought down South Africa's production costs, even though 70 percent of the inputs, in value terms, for maize are imported. Botma says high crude oil and gas prices are mainly to blame, pushing up fuel and fertilizer costs.

In the long run, South Africa will need to focus on the products where it is most competitive, and many of these are smaller niche export markets including citrus fruits, grapes, fruit juice, apples, avocados, timber, meat and leather.

The fate of the local tea industry is another reason to worry. Tea production in South Africa is in a state of collapse, as much through the strength of the rand as the phasing out of import tariffs over the past four years under free trade agreements in the Southern African Development Community (SADC).

The Department of Trade and Industry says up to 15,000 jobs could be lost if the tea industry cannot be revived. The largest producer, Sapekoe, recently shut its doors, unable to compete with tea imported from lower-cost producers such as Malawi, Kenya and Sri Lanka.

Paul Adams is a freelance journalist who worked for 'This Day' and 'The Financial Times' and now works for the South African Institute of International Affairs.

Antonio Javier Ponce Cevallos

Immigration not exactly globalised

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Every week at least one batch of 80 to 90 emigrants return to the ports of Ecuador, having been "surprised" off the coast of Honduras or Guatemala by US naval patrols boarding illegal vessels. The American military authorities always maintain that they have rescued these migrants under gruelling conditions, exhausted and on the verge of shipwreck.

However, the faces of those who return to this nation of 13 million in Latin America between Colombia and Peru betray neither hunger nor failure. They will set off on their voyage again. Some are making their second or third attempt, aided by entrepreneurs known as "coyotes," who charge them five or six times the cost of a regular trip to the United States.

To this end, the would-be travellers have sold all they had in their homes, or mortgaged their farms to pay off a mafia who, paradoxically, offer the only assistance available to anyone pursuing the adventurous goal of emigration.

The Ecuadorian newspapers will cover the story of their aborted journey in the crime pages, and the emigrants will spend a brief period in custody before being released pending "investigation," as if they had committed an offence.

Meanwhile, Ecuador is negotiating a "free trade" agreement with the United States. Its aim is to abolish the frontiers for capital and goods, but not for people. In fact, none of these agreements devote a single word to migration policies or migrant rights. Strangely, this labour force does not constitute part of the "free market". Nor can the state of Ecuador boast of any policy in the field.

These clandestine adventurers are the paradox of globalisation. Drawn to havens of paradise that seem just around the corner, their dreams of change nourished by the simultaneity and credibility of modern communications, they are in fact victims of a curious sealing off of borders by the nations of the North. The apparent demise of national frontiers has actually yielded to an unprecedented reinforcement of perimeter walls by rich Northern societies in the grip of fear.

Since the financial crisis of 1998, between 10 and 15 percent of Ecuador's economically active population has emigrated, most often to Spain and Italy. Initially they adopted imaginative strategies, travelling as tourists on package holidays advertised by state travel agencies. When the new century saw the adoption of tighter controls and a requirement to obtain a visa before travelling to any country of the European Union, they arranged for extraordinary itineraries via Russia, Eastern Europe and even Morocco in order to reach Murcia or Milan.

It is estimated there must be at least 300,000 Ecuadorians living invisibly in Spain, sometimes not leaving homes where they enter domestic service for three or four years. They were denied even their health rights when the previous government of José María Aznar began monitoring local authorities that had been granting unrestricted provision to foreign workers who work without official papers.

Altogether there are now about 600,000 Ecuadorians in Spain, and estimates suggest that, with the Socialist government opening up and legalising illegal residents, the figure will reach a million within three years.

The treatment experienced by Ecuadorians in the North concerns four fundamental rights: the right to the minimum livelihood recognised by the host country; the right to family reunion; the right to access the labour market freely in conditions similar to those of domestic workers; and social and political rights. Not even those who manage to legalise their status have access to these rights.

In the globalised world, travel has become a veritable odyssey for the people of Ecuador, and not only to Europe, but even to Central America or Mexico. Consulates try to dissuade them from the outset by imposing all manner of obstacles, even requiring them to submit their bank account and credit card statements for the last six months, deeds for real estate and car registration papers, certificates confirming that they have a well-paid job and invitations from public or private bodies in the countries they wish to visit.

In extreme cases, the fear of attracting unbridled immigration can result in the kind of reaction manifested a few years ago by the Swiss government, which chartered a long-haul aircraft to return a single illegal immigrant to Ecuador. There is a fear that immigrants will bring communal violence, even terrorism, but there is also a fear of something which resides at the very heart of globalisation: the social melting-pot.

Meanwhile, Ecuador's fragile economy is sustained by transfers of money from some two and a half million citizens, many of whom regularly send their families two to four hundred dollars a month. This income constitutes the second pillar of national revenue after the oil industry; in fact, it amounts to more than the net tax revenue from oil and to more than the total earnings from traditional exports such as bananas, coffee and sea food. During a time of acute national crisis in 2000, these transfers accounted for nine per cent of gross domestic product.

In the countries of the North, emigrants begin by shielding themselves in ghettos, sharing beds on a rota system (even where the incumbents do not assume the role of labour agencies for new arrivals), gradually encroaching on the territory of local residents and triggering the inevitable ethnic mix.

The greatest paradox surrounds communications. In the urban districts of Ecuador, where most emigrants originate, Internet cafes and telephone centres are an essential feature of community life. There is one on every corner. For their part, emigrant support associations set up imaginative lines of direct communication between family members, using television or radio stations in Spain and Ecuador.

Here, communicating on the Internet, the emigrants create family networks. An ancient hallmark of Ecuadorian society has taken root within global communication: the extended family, entire communities consisting of parents, children, grandparents, uncles and aunts, nieces and nephews, even godparents and friends, which preside over the lives and destinies of their members.

Around the Internet, the symbol of globalisation, strategies are woven to undermine the rigid border controls through which the North would negate that globalisation, to finance journeys at exorbitant cost and dispensing with the aid of any Ecuadorian institution.

Against the backdrop of a growing demand for foreign labour in countries whose own citizens no longer want jobs as servants, farm hands or building labourers, it is the emigrants and their families who regulate supply, undertaking fantastic odysseys to reach their destinations.

Antonio Javier Ponce Cevallos is an Ecuadorean journalist based in Quito.

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Dipankar De Sarkar

The double whammy of globalization

Some time ago poor farmers in coastal Senegal found themselves hit by a double whammy, which has impacted on their quality of life for no fault of theirs.

First, their diet, once rich in fish, became increasingly devoid of the protein- and mineral-rich food because the best of the local fish was being sold for consumers in rich countries. Then, just when they were getting used to eating “bad fish”, thiss too disappeared from the market. The reason, as a Senegalese farmer noted at a recent meeting in Rome, was that the European Union now wanted the poor-quality fish in order to feed European livestock. “So now we can’t even eat the bad fish,” he said.

The Senegal scenario is in fact being played out across the globe, from Africa to Asia and beyond. Whether it is to place a fish on the American dinner table or to prepare animal feed for the European farmyard, the task often hits the poorest in the poor countries the hardest.

One word captures the myriad and complex economic, political and social factors in play behind what happened in Senegal: globalization, described by the UNDP as representing the adoption of market-friendly economic policies and programmes, specifically directed to the liberalisation of trade and exchange policies.

It is a process that reorients development and investment priorities, and restructures rules and provisions guiding economic transactions.

And increasingly, many experts and others working in the field of development say that it is a process that can leave the poorest people worse off unless immediate measures are taken to shield them in the first instance – and then ensure that the wealth it generates also benefits the poor.

In particular, there is increasing international concern about the impact that globalization can have on local farms and fisheries if adequate regulatory instruments are not introduced and if already-weakened farm institutions are left to die.

And if the poor are left to their own devices then, experts agree, the internationally agreed and ambitious Millennium Development Goals (MDGs) will remain unattained, leaving globalization as an instrument to further increase the gap between the poor and the rich.

Globally, extreme poverty is overwhelmingly rural. Just one figure alone ought to make policymakers sit up and take notice: In 1990 some 900 million – or 75 per cent – of the 1.2 billion 'dollar poor' lived in rural areas in developing countries, and mainly depended on agriculture to make a living. Yet official development assistance fails to acknowledge this simple fact.

While agriculture is the primary livelihood source for the rural poor, international financing for agricultural development declined nearly 40 percent from 1988 to 1998. Only 12 percent of global development assistance goes into the farm.

The implication of this in terms of the impact of globalization is that if rural areas continue to be ignored in development policy, then the gap between the urban and rural areas, and between the rich and the poor, will continue to grow, with the well-known accompanying threat of social destabilisation. Maoist militancy in South Asia, particularly in Nepal and India, is a direct product of economic and social inequities.

One of the regions that has emerged as crucial in the battle against global poverty is South Asia, home to the largest number of what are called the 'dollar poor' – people living on incomes of less than a dollar a day.

In particular, experts say, attention needs to be paid to farmers and others living in rural areas. Even in 2025, when the majority of the world's population is projected to be living in urban areas, 60 percent of poverty will remain in rural areas.

Policy alternatives that developing countries ought to be considering include: linking the rural economy and different segments of the poor with the market; identifying and then targeting those who are chronically poor; infrastructural support (e.g. roads and transportation), education, and agricultural research, extension and deregulation.

Of course, not all the news about globalization is bad – there's some to cheer about, especially in the Indian context. Although the evidence on the extent of poverty reduction in India continues to excite opposing passion among economists and other academics, many agree that its current high rate of economic growth has the potential to make a dent in poverty. Experts appear to agree that similar high rates of growth seen in Southeast Asia during 1970-90 translated into poverty reduction primarily because it was sustained over two decades, as economic growth steadily expanded employment and increased productivity.

However, even in a climate of high growth it is unreasonable and unrealistic to expect developing countries to look after the well-being of their poorest entirely on their own in a world where trade rules are still stacked against poor nations.

While rich nations have relentlessly pressured poor countries to dismantle their trade barriers and other protectionist measures, they themselves have been less than quick to practice what they preach. The continuance of agricultural subsidies in the world's wealthiest countries means farmers from the unsubsidised world of poor countries are unable to compete in the world market. Not only that, they find their own domestic market skewed against them, favouring far cheaper agricultural produce from wealthy countries.

Ugandan President Yoweri Museveni has some pet sarcastic phrases to describe such subsidies. He calls them "preservers of rural poverty" and "poverty conservation measures".

"If there were no cotton subsidies in the U.S., then the Americans wouldn't produce cotton because the production costs would very high," he says. "However, Africa and India would still produce cotton, and they would take the market".

Experts say that while rich countries need to end their farm subsidies, so that the fruits of globalization can be shared more equitably, developing countries too need to diversify more and add value to their commodities (turning cocoa into chocolates, for instance, or cotton into shirts) in order to compete more effectively.

While adding value is not necessarily a problem in India, where the manufacturing and service sectors are often portrayed as success stories, there is a growing view that it now needs to focus strongly on its most marginalised groups – the poorest of the poor – to ensure that they do not end up bearing the costs of globalization and liberalisation. Among the most marginalised in India, and in other countries of South Asia, are women and indigenous people.

In recent years and months, many international economic commentators have lauded and compared India and China – calling them the first developing countries to make globalization work for them. The Group of Eight (G8) advanced industrialised nations has even begun to invite China and India to their meetings.

Both countries are great innovators. Although there are clear contradictions between what the Bretton Woods institutions advise these countries, and what smaller development agencies would like to see through a process of dialogue, ultimately each country has gone its own way, often eschewing prescriptive one-path development models.

Dipankar De Sarkar is a freelance journalist who works, among others, for Indi-Asia News Service.

Gabriel Pasquini

The unfinished fight against Argentine debt

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Alejandro Olmos was no banker, politician or economist, but for the last 18 years of his life he was obsessed with one thing: Argentina's foreign debt.

On 4 April 1982 Olmos, an intellectual of nationalist persuasion, appeared before a judge in Buenos Aires to file a charge against what he considered to be one of the greatest crimes ever committed against his country: the acceptance of loans from international banks by the then military regime (1976-83) and the assumption by the state of dollar-denominated debts contracted by private companies.

Olmos was not a celebrity, and his charge was apparently just one among many that were lodged against the dictatorship during its final years, precipitated by the war against Britain over control of the Malvinas/Falkland Isles (2 April-14 June 1982). He did not expect any political support: he had to rely on his own resources. He dug for information, initiated measures, sought agreements with lawmakers and economists, tried to interest researchers and journalists. To achieve a greater impact, he compiled all the data he had in a book printed by a small nationalist publisher: All you wanted to know about the foreign debt that they would never tell you. But to little or no avail.

Eighteen years passed. Cancer of the pancreas began to devour him rapidly. He still hoped that the court might lighten his last days with a ruling that would lend purpose to his life, but when he died on 24 April 2000, aged 76, his case – like a Kafka novel – was still at the procedural stage.

At the time, foreign debt was a cancer eating into the Argentine national economy. In 1976, when the Armed Forces took governmental power by force, the country owed 7,875 million dollars, according to Central Bank statistics. By the end of 1983, when democratic government was restored, this liability had risen to 46,000 million dollars. In other words, the percentage of gross domestic product (GDP) accounted for by the national debt had risen from 18.9 in 1975 to 63.6 in 1983. And it has been growing ever since, as if the Argentine state had become addicted to the irresistible drug of foreign finance.

Under the administration of Raúl Alfonsín (1983-89), who was forced to resign amid hyperinflation, debt increased by 44.6 percent. During the two terms of office held by Carlos Menem (1989-99), whose policy of privatizing public companies, economic deregulation, opening up trade and one-to-one parity between the U.S. dollar and the Argentinian peso was held up as a shining example by the International Monetary Fund (IMF), it rose by another 123 percent, and interest payments went up by 253 percent.

By this time the debt was no longer just Argentina's problem. In 1998 the country's financial needs were soaking up 25 percent of all the funds available for emerging markets, and three years later it was 33 percent. In December 2001, when not even the international financial institutions were lending to Argentina any more, public debt skyrocketed to 140,000 million dollars.

Given the absence of funds and a fear that the untenable parity between the peso and the dollar could spark a run, the government of Fernando de la Rúa (1999-2001) froze all bank assets. Lack of political support and mass demonstrations in the streets forced him to step down on 20 December 2001. His acting successor, Adolfo Rodríguez Saá, told Congress four days later that Argentina had defaulted: she would not be servicing her foreign debt. To ovations in parliament, Rodríguez Saa argued: "There is no getting round the crude reality that some people are saying the foreign debt, at least in part, is the biggest business deal Argentina has struck in all her history."

When Olmos died, investigations into the debt had swollen into some thirty fat files and innumerable documents held in Treasury rooms at the Argentine Central Bank. Once he had gone, there was only one person who could say with any certainty what truths might be con-cealed in that mountain of paper.

Juan Carlos Foerster was a sergeant in the Economic Crime Squad of the Federal Police when in 1983 Federal Court 2 recommended inquiries into the debt incurred by the Banco de Italia y Río de La Plata, a small piece in the huge debt investigation.

During the years that followed he studied to qualify first as an accountant and then as a lawyer. In the end he was given a job at Federal Court 2. He found that a new judge had arrived, but that enquiries into the foreign debt were still underway. Foerster saw two more judges arrive before he was entrusted with the case in 1993. It became a personal crusade. For all his efforts – with nothing but a small office and one assistant, set against the need to deal with many other complex cases – he did not manage to obtain a ruling before Olmos passed away.

About three months later, and 18 years after the initial indictment on 13 July 2000, Federal Judge Jorge Ballestero finally signed a court decision stating that Olmos had been right: Argentina's foreign debt was the product of a chain of crimes committed by public servants under the military dictatorship.

Forced to borrow

First of all, the state had taken out loans without necessity. As former minister Martínez de Hoz told the court, „at meetings of the World Bank and other international bodies (in the seventies) there was a serious concern about what was called the international financial liquidity problem. The solution the countries which had these surpluses came up with was to recommend that the international commercial banks place these financial resources in countries that deserved loans and whose needs required finance for development."

Public companies were compelled to incur debt, and this led them down the path to ruin. The state oil company YPF, for example, only owed 372 million dollars in 1976, but this figure swelled to 6,000 million in 1983. The money acquired in this manner was not used for public companies or public works, but solely to sustain a programme, implemented from 1976 to 1980, which would open the country to trade and enforce parity between the domestic currency and the U.S. dollar.

Investigations revealed that the Argentine state had not kept any accounts of its foreign debt; it relied entirely on creditors' records. This gave rise to abuses of all kinds. The former Minister of Economic Affairs, José Alfredo Martínez de Hoz (1976-80), acknowledged, for example, that a loan of 4,000 million dollars entered as awaiting payment had actually been settled and that part of the overall foreign debt consisted of loans between different divisions of multinational companies.

In some cases Argentina deposited the money with the international banks that lent it at their headquarters abroad, in return for paying lower charges on the loan. In 1979, for example, 83 percent of the country‘s foreign currency reserves was placed in banks abroad. The Central Bank did keep a secret record of these placements, which was exposed during the investigations. The court also established that the "safe exchange" mechanism set up by Domingo Cavallo, then Director of the Central Bank (1982), ascribed the debts of private companies (some of which did not even exist) to the state.

Ballestero's ruling states: "No objections were raised about non-compliance with the Charter of the Central Bank of the Republic of Argentina; changes to legal instruments were facilitated and decreed in order to defer the jurisdiction of national courts to foreign judges; accounting records for the foreign debt are proven to have been non-existent; in order to uphold an economic policy, public companies were compelled to incur debt to obtain foreign currency which remained with the Central Bank, only to be returned to the exchange market; moreover, there were evidently no controls over the debt contracted by state companies with state guarantees."

Of course the ruling did not impose any punishment. As the period which had elapsed was longer that the sentence which could have been passed, the accused could no longer be punished. One court source commented that "perhaps it is for the best. If they had wanted to punish anyone, the case would have gone on to the Supreme Court, and who knows if the ruling which demonstrates what happened would have been upheld?"

So the ruling was not intended to penalize individuals but to review the debt question. Judge Ballestero declared in his decision that a copy would be sent to Parliament so that this body could take "the measures it considers conducive to the best solution in negotiating the nation's foreign debt which (…) was indecently increased from 1976 onwards by means of crude, exacerbating economics and politics which brought the country to its knees".

One of his predecessors on this case, Judge Martín Anzoátegui, had attempted to hand the investigation over to Parliament in 1984, predicting that it would prove too big for the court to handle. It did not happen then, nor did it happen after the ruling. Attempts to set up a legislative committee on the matter came to nought.

Rodríguez Saá, the president who announced that Argentina would no longer be paying its debt and questioned its very legitimacy, was compelled to resign seven days after his speech. The two presidents who followed him, Eduardo Duhalde (2002-2003) and Néstor Kirchner (2003-mandated to 2007), did not draw on the judge's arguments when negotiating how to restructure the debt.

Among other factors, the creditors were no longer the same. Of a total of nearly 150,000 million dollars, 78,000 million in negotiable bonds, on which the government of Argentina has offered to pay only 25 percent, are spread among thousands of investors all over the world. Of the remaining sum, 20 percent is accounted for by debts with international loan institutions and the rest falls to Argentinian creditors.

The international banks who, along with servants of the military dictatorship, agreed the loans that triggered that huge snowball, which has never stopped growing, took pains to be rid of the burden in the eighties and nineties by way of various plans. These machinations are being investigated by the authorities following a second indictment that Olmos filed in 1993. That case has not yet been concluded.

Argentina has championed the idea of placing the administration of justice on an international footing. It therefore supported setting up the International Criminal Court. Luis Moreno Ocampo, its prosecutor, is a well-known Argentine jurist. Nevertheless, the files that encapsulate the criminal history of Argentina‘s foreign debt are still gathering dust in clerk Foerster's study.

Gabriel Pasquini, an Argentine national, is author of investigative books and contributes to newspapers such as La Nación and Pagina12. He also teaches at an Argentine university.

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William Rasoanaivo

This Madagascar tunnel leads to the world

"I am glad I have this job," says Soa, a 48-year-old woman who works in a shirt factory located in Antananarivo, capital of this Indian Ocean island nation near Mozambique in southern Africa. "But sometimes I am frustrated because I feel I am cheated by my employer."

The firm is one of the 186 free zone enterprises registered in Madagascar. Like most cases in enterprise of this kind, the work is done in chain.

Soa is in charge of the labeling. Seated behind a metallic table, it seems she forms one body with the machine she uses to sew the label onto the piece of fabric which would eventually be the back of a shirt. Behind and ahead of her, and on both sides, rows of workers are busy making shirts. "We might be 1,000 people stuffed in this tunnel," Soa says.

She starts at six am and knocks off at seven pm. Workers are allowed an hour's lunch break. In many firms of this type, production per worker has been computerised to manage production.

"I manage to sew 100 labels per hour," Soa says. She estimates she does more than 1,000 labels per day. She works officially five days a week but urgent orders often lead employees to work overtime on Saturday, up to mid-afternoon.

"Many workers can't keep the pace and are either fired or quit," she says. "But many others also come to replace them."

About 85,000 people work in free zone enterprises. Sunday is a day off Soa consecrates to church and her family. Soa is married and has three children. "The job might be exhausting but it permits me to make some money to help meet our expenses such as the school fees for my children," she says. "It would be tough if my husband is left alone to provide."

Soa earns about 50,000 ariaries a month, which is about 25 dollars. "Not even enough to pay for a big bag of rice (100 kg)," her husband says. They both agree, though, that it is better than nothing.

A worker from the price label department once told her that the salary of one employee was less than the selling price of just one of the shirts they make.

“Thinking of that frustrates me,” says Soa. “How little value my sweat and my time are to the eyes of my employer. That‘s why I feel I am cheated.” She does not know where exactly these products will be sold, but she believes that the shirts are exported to USA and to Europe.

Madagascar is among the countries which benefit from the African Growth Opportunity Act (AGOA) and from the Cotonou Agreement. These agreements guarantee tax-free and duty-free access for some exports such as textiles to the USA and to member countries of the European Union. Free zone enterprises already benefit from diverse tax free measures in Madagascar.

Last year was particularly successful for them. The number of these enterprises grew from 172 in 2003 to 186 on 2004. Exports to the USA from January to September 2004 were valued at 215 million dollars. Yields from free zone enterprises represent 75 percent of the export of manufactured products, and 43 percent of all exports.

About 90 of the investments are of foreign origin. Tax concessions and low wages are meant to encourage investment in Madagascar.

Soa does not believe that the increasing number of investors in free zone enterprise would improve her situation. “I‘ve been working for this kind of firm for nine years now and conditions haven‘t change much,” she said. “I don‘t think they would improve. Repeating the same motion over and over a thousand times a day doesn‘t offer any prospect of growth.”

Soa says she is particularly concerned about young people who have to do such work. “They are fresh, talented, strong, and most of them are educated,” she says. “I have the feeling they are wasting their youth in these firms. We suffer this job because we do not have much choice.”

Unemployment is a serious issue in Madagascar. In spite of all the hardships she has to endure at work, Soa still thinks her job is some kind of blessing. She intends to hang on until she loses the strength to compete with young workers.

Soa is unaware that other factors than her age and her health threaten her job. Managers fear that the dismantling of the Multifibre Agreement (Mfa) since January this year will have a negative impact on their trade. With the lifting of apparel and textile quotas on Asian products, operators are convinced that China and other Asian countries will flood the market with their goods, leaving scrap to them.

Christophe Dabezies, administrative and financial manager of the firm Akanjo has said that 20 percent of the enterprises will suffer, causing a loss of up to 30,000 jobs.

Chinese products have already invaded Madagascar. Motorcycles, clothes, shoes and electric appliances made in China find plenty of consumers.

Anjara is a young woman who wears outfits made in China. “They are cheap and pretty good looking,” she says. She wears white counterfeit ‘Nike’ sneakers. People like to fall back on Chinese products which are affordable considering how much they earn.

“They are not as effective as expected and break easily, but seeing how much they cost, it is not a big deal,” says a buyer. Ironically, Soa and her colleagues all wear clothes from Asian countries. Little do they know that if Christophe Dabezies‘s prediction about the blow to free zone enterprises in the face of Asian products proves true, they could be undone by the likes of their own somewhere else.

William Rasoanaivo is a journalist and cartoonist for Midi Madagasikara, a newspaper in Madagascar.

Lu Baokang

Chinese state begins to count the price of success

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Susan Huang has reason to be satisfied with her career with the giant paper company Lingqing Yinhe Paper Co., Ltd., in Shandong Province, China.

"I would not accept the offer as an import and export director for the company if it had not changed ownership from state-owned to collective-owned," she said. Now there is something in it for her.

She speaks of government interference in her earlier experience with a state-owned company. "Now I work both for my company and myself," she said.

Huang graduated from Chongqing foreign language university, majoring in English, and then went on to do an MBA in Canada. She has now established a network of clients worldwide because the company imports paper pulp and exports high-quality paper products.

China is still in transition from a command economy to a market economy. Government officials try their best to gain from rapid economic growth, whereas the business circle, whether private or public, resists by holding on to their power in the enterprises.

China's entry into the World Trade Organisation (WTO) means that its economy is now extensively mixed with world business. That is good for Susan Huang.

"WTO is a good thing. Without it, I would not be able to fly all over the world on business trips. Without it, China's economy would not grow so fast." The most important role WTO plays in China's development is that local government now has less power to interfere with her business, Huang says. "WTO sets the rules."

Lingqing Yinhe Paper Co., Ltd, has gone through a management buyout, with most shares going into the hands of management staff and its 6,000 employees. Huang admitted that less than half of the company's asset value was realised when ownership of the company changed hands. "Never could we afford the whole asset value. However, the company had (earlier) been losing money all the time. Now I am fully confident of my company's capability competing in the world market."

But in December last year the State-Owned Assets Supervision and Administration Commission – the central government body responsible for managing state enterprises – banned management buy-outs for large companies, and set strict conditions for such transactions for smaller government-owned businesses.

This is the result of a popular TV talk show in Shanghai hosted by Hong Kong business professor Larry Lang. In the past seven months, Lang – whose Chinese name is Lang Xianping – has become nearly as influential a TV personality in China as Larry King, the veteran CNN talk show host in the United States. Lang gained his fame by his biting attacks on the business establishment in China on the one hand, and on the other by winning the hearts of thousands of jobless people at a time when the gap between rich and poor was widening.

"I have been told by viewers in Shanghai that there are three fashions: to carry a Louis Vuitton bag, to wear a Cartier watch, and to view Larry Lang Live," Lang said; he is not modest about his success. Lang says his claims about the private wealth generated for managers of state companies is borne out by a list published in January of the country's richest business leaders. According to Euromoney China, five of 50 executives listed acquired their shares through management buy-outs.

Lang's core argument is that the management buy-out process in China is inherently flawed because the people who decide what price should be paid for the assets are usually the officials who are leading the acquisition. There is neither fairness nor transparency in the process.

But top Chinese economists in favour of privatisation totally disagree with Lang's argument. Although they acknowledge that the process has not always been fair and transparent, they believe Lang's attacks on management buy-outs are hampering a necessary process of starting to get the government out of business in China.

"Mr. Lang's solution for protecting state assets from erosion by government interference runs counter to the trend of reform in China. The end result is to stop the process of reforming state-owned companies'. That exactly meets the power expansion impetus of officials in the State-Owned Assets Supervision and Administration Commission," said Han Chaohua, director of the Institute for Micro-Economy Research at the Chinese Academy of Social Sciences. "His solution is absolutely non-professional."

Han Chaohua argues that under government control and protection state-owned companies could be made bigger by means of mergers, but they could never become stronger. "MBO (management buy-out) is only one form of state assets erosion. There are many ways of erosion under the current model of governance of state-owned companies, such as bad decisions on strategic development, poor management, indifference to public wealth, and so on. Therefore, the pressing task for the State-Owned Assets Supervision and Administration Commission is not to forge tighter control on state-owned companies. Efforts should be made on separation between government interference and enterprises' operation. MBO is a feasible way, on condition that the process be improved."

The debate on the merits of management buyouts will continue, but the ban on MBO is real. As people grow suspicious of the seriousness of the ban, a news release by Xinhua News Agency on February 20 shocked many people in business circles. It said that the state-owned wine supplier Changyu Group Co., Ltd., had announced a plan to privatise its assets, selling most shares to a local corporation and an Italian investment company.

A leading wine producer for almost 100 years, Changyu was a listed state-owned company with assets of 1.47 billion yuan (177 million dollars) in Yantai, a middle-sized city in Shangdong province in east China. Changyu was owned by the Yantai bureau of the State-Owned Assets Supervision and Administration Commission.

According to the announcement, 45 percent of the shares were sold to the Yantai Yuhua Investment Development Corporation for 387.99 million yuan (46.7 million dollars). The report said that analysts discovered that the Yuhua, founded recently by senior Changyu managers and officials, bought the shares at an extremely low price. Experts were quoted as saying that 45 percent of the company is really worth 661 million yuan (79.6 million dollars). They suspected that the state-owned company was "taken unfairly" in an MBO.

Han seems to be in a stronger position to influence the administration of China, whereas Lang focuses on the masses of China. For the foreseeable future, MBO will remain on top of the Chinese government agenda.

Lu Baokang is Director of the International Department of Wen Hui Daily in Shanghai.

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Martin Kapende

Along the trail of destitution in Zambia

The privatization of 257 enterprises in less than ten years might sound like a remarkable achievement. But it will surely not go down in history as a ‘success story’ of the country‘s economic policy, says Austin Muneku, an economist at the Zambian Congress of Trade Unions (ZCTU).

The reason: Zambia‘s privatization and liberalization programme, coupled with public sector reforms, has left a trail of destitution, company closures and thousands of retrenchees amidst increasing poverty and unemployment.

A case in point is Jane Chirwanda. “I am 40, my husband died shortly after retrenchment in 1998. The severance package that I received from my husband‘s work was too meagre to sustain a family of five,” says the widow. “Ever since privatization, getting the package has been a problem. It took me four years,” she adds.

Jane was lucky to even have collected her husband‘s severance package, but there are thousands, retrenched in the mid- and late 1990s, who still remain unpaid.

John Chinyemba hails from Northwestern Province, more than 1,000 kilometres from Lusaka, the capital of Zambia. He has been travelling to the capital to obtain his pension every four months for the last two years. “Four months ago, the Public Service Pensions Board told me there was no money and I travelled back to Mwinilunga district,” he says.

Ironically, the government owes the Pensions Board about 240 billion kwacha. One U.S. dollar is equivalent to 4,800 kwacha, the Zambian currency.

To understand the misery of retirees and workers, it is necessary to go back to 1991 when the government concluded an agreement with the International Monetary Fund (IMF) and embarked on a structural adjustment programme (SAP) supported by the World Bank.

The main objectives were to restore macroeconomic stability, facilitate private sector growth, and move agriculture and industry from the public to private sector.

Partly swayed by the winds of globalization, former President Frederick Chiluba embraced the most rapid and rigid SAP in Africa. Its focus was privatization, liberalization and public sector reforms. This involved divestiture of parastatals, down-sizing, retrenching public workers and resort to a liberal trade regime.

The World Bank hailed Zambia‘s programme as a model for other African countries in 1998 because its pace was the fastest. The World Bank has reiterated that view in its latest country assistance strategy document: “The Privatization Act and institutional framework to implement it were judged as ‘models’ and execution of large numbers of privatizations through this mechanism was carried out satisfactorily.”

But ZCTU economist Muneku says it is a programme that has failed. “The Chiluba government was keen to gain credibility with Western donors and foreign investors at all costs, hoping this would help solve the country‘s economic problems,” he says. “Now the social cost of embracing this sort of globalization is unravelling.”

Robert Kayombo, who works for Konkola Copper Mines, says: “We worked on full-time jobs but now we are casuals and our contracts were modified without any formal notice and no gratuity.” Konkola is one of the bigger privatised copper mining firms.

Minister of Labour Patrick Kafumukache has assured: “The government is keen to redress problems of retirees and deplorable working conditions.” But he stirred the wrath of the labour movement recently when he proposed that retrenchment packages be slimmed so as to attract investors.

The ZCTU likens this to renting out workers. “Permanent good-quality jobs in the formal sector are being replaced by contract work and casual jobs without job security and terminal benefits,” says Muneku.

The Zambia Privatization Agency (ZPA) argues that only 6,000 jobs have been lost due to privatization. But the unions and other non-government agencies have alarming figures. The Jesuit Centre for Theological Reflection (JCTR), a Catholic think-tank on socio-economics, says: “Formal employment has fallen from about 490,000 to about 350,000, but since some more civil servants were retrenched in 1997, the real figure is even higher.”

But the country‘s Central Statistics Office insists that employment levels have only fallen to about 416,000 as of March this year, from 418,981 in December last year. Andrew Chipwenda, the ZPA chief executive, contends that “with or without privatization jobs are far from sustainable since privatised firms operate at 30 percent capacity utilisation.”

Privatization has led to ‘casualisation’ of labour and deterioration of working conditions. Deputy Minister of Labour Chile Nguni says “that according to existing legislation no one should be a casual worker for more than three months.” But sophisticated employers have perpetrated the practice. “We have embarked on fire fighting and we are correcting some of the messy situation created by privatization; we are addressing workers‘ plight.“

There is very little the ministry can do, though; it is handicapped financially and poorly manned.

Oliver Saasa, Professor of International Economics at the University of Zambia, highlights another aspect: “Excessive zeal in Zambia‘s liberalization is evident at the level of tariff reduction relative to that of its regional trading partners. The question of speed and sequencing of liberalization matters, a mere shift in investment roles from public to private operators would not necessarily lead to higher sustainable investments without macro-economic stability.”

Indiscriminate liberalization has turned Zambia into a dumping ground for cheap imports from neighbouring Zimbabwe and South Africa. In fact, the Development Bank of South Africa this year warned that Zambia risked becoming a trading province of South Africa. The trade imbalance is one to eight in favour of South Africa.

Despite Zambia making some inroads to penetrate South African and Zimbabwe markets, exports are still met with tariff and non tariff barriers. It is an uphill battle. Zambia has higher production costs than all its major trading partners.

The Zambian Association of Manufacturers, a proponent of liberalization, argues that blind liberalization has led to Zambia exporting jobs to neighbours. Chairman Mark O Donnel says: “(We are) tired of telling the government that local industry is being wiped out.” Firms such as Dunlop Zambia were forced to close down shortly after liberalization. The list of failed firms is long.

“When they shut down Dunlop, they paid us a few months‘ salary and the government said new investors where coming to re-engage us. It is now ten years and all we have seen is that machinery was transferred to other countries,” says 48 year old Mundia Muliokelanga, retrenched when Dunlop relocated.

The failed firms and job losses are prompting critics like Father Henriot, director at JCTR to say: “The process of globalization operates within discredited neo-liberal paradigm of development that has not brought economic or social improvements to Zambia.”

“Globalization leaves out people. … Looking at how Africa is experiencing globalization today, it is important to note that this is but the fourth stage of outside penetration of the continent by forces that have had negative social consequences on African people‘s development,” says the Jesuit priest.

“The first was slavery, then come colonialism, followed by neo-colonialism and now globalization,” he says.

For many Zambians the impact of the current policies has seen deteriorating human development indicators.

The United Nations Development Programme (UNDP) has ranked Zambia at about 173 on its development index. It has been slipping further downwards since the reforms. Indicators such as school attendance, infant mortality rates, and life expectation have all slipped. This has now been exacerbated by the HIV/AIDS pandemic.

But Zambia‘s macro-economy is improving, while investments are also trickling in. The World Trade Organisation‘s recently released World Investment Report ranks Zambia among the few African countries getting between 100 million to 400 million U.S. dollars in foreign direct investments.

For the majority, however, benefits such as increased export earnings and availability of various goods and services are overshadowed by the negative social and economic consequences of privatization.

President Mwanawasa acknowledges the woes of Zambia‘s reforms. “The privatization process lacked a human face, resulting in people losing jobs. Under my administration, the process would now be slow and against privatization of essential industries,” he has assured. “We have told the World Bank that Zambia Electricity Supply Corporation, the Zambian Telecommunications Company and Zambian Railways are not for sale but will only be commercialised,” he said.

Obviously the adverse effects of globalization have prompted a rethink of some of the blanket policies pursued by Chiluba‘s regime.

Martin Kapende is Business Editor of Zambia Daily Mail.

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Mourad Teyeb

The world comes home to Tunisia

The dramatic changes in the world economy at the end of the 20th century, mainly marked by the end of the Cold War, rapid technological progress, as well as the creation of the General Agreement on Tariffs and Trade (GATT) and the World Trade Organisation deeply influenced Tunisia's approach to globalisation.

As traditional alliances between nations were dissolved or altered, and new ones emerged, and as the centres of power and influence shifted, socio-economic changes accelerated and economies became more and more interdependent.

Countries seeking to safeguard their interests in the new international configuration joined together to form regional groups.

Tunisia has always had a role in both the Mediterranean and the Arab-African regions. But its low position in the global economy, a dwindling share of world trade, poor foreign direct investment and a widening income gap with advanced countries compelled it to seek to reposition itself to take advantage of globalisation, to accelerate economic growth and reduce poverty.

Globalisation has also affected the world of ideas. Tunisia is now undergoing a social revolution. People are becoming more spending-oriented. A society which valued human relationships more than anything else is now becoming more materialistic in its outlook.

The country is witnessing a mass migration of its youngest and most talented brains to Europe, Canada and the Middle East. Opportunities were never great in Tunisia since its independence from France in 1956, but people did not migrate because they did not know about the world outside. Now, thanks to globalisation, they know more about opportunities to better their lives.

The corporate consumer culture that increasingly characterises the United States and the Western world has now been exported around the globe, and to Tunisia. Globalisation advocates often nod to local cultures, then overshadow them with the promise of Western affluence. But thoughtful citizens of countries experiencing that long shadow offer instructive perspectives about the effects of globalisation.

The impact on women has been mixed. One feature of economic globalisation has been the generation of jobs for women in export processing, free trade zones, and world market factories. “Globalization to me is the process that reduces time and geographic distances. It increases cross-border economic, sociocultural, political and technological exchange,” says 30-year old U.S.-trained telecom engineer Rym Mouakher.

“Our lifestyle is changing,” she says. “People are more and more busy, even missing lunch breaks to finish some work, always in a hurry. It‘s the American style that is spreading, as some pessimistic people describe it.”

Mokhtar Ounalli, an unemployed football coach, roughly shares Mouakher‘s attitude on what Tunisians like to call the new world order. “To me, globalisation is about the world being a single village with everything that happens in one area directly affecting the rest,” says Ounalli, 42, who gradutaed eight years ago from a specialised institute in Cologne, Germany.

“In my country globalisation is understood to mean two things,” he says. “It means my country must dance to the tune of the World Bank, International Monetary Fund and the broader international finance and donor aid community, which are understood to be extensions of U.S. hegemony.”

But it also means, he said that “in the very south of Tunisia, in the remote village where my family is, we drink the same Coca Cola that anyone else can drink in Washington.”

“Globalisation has turned me into a cultural schizophrenic,” says Lamia Bahroun, an 18-year old schoolgirl in the wealthy, Europe-like coastal city Sousse, 150 km south of Tunis. “Like most people today, I dress like a Westerner, enjoy being with fellow teenagers, and experiment with all Occidental stuff reachable.”

Lotfi Chikhaoui, a middle-aged journalist and university teacher, says “globalisation has led the media in my country to leap far ahead of its audience. Most media practitioners are influenced more by the BBC, AFP or Le Monde than by the needs of their local audience. The cost of media publications is also higher because most inputs – newsprint, ink, computers, printers, cameras, etc. – are imported”.

Chikhaoui says September 11 shattered his expectations of America. “Certainly, the news media in America is not what many assumed it was on issues like objectivity, wide knowledge, choice of story, etc.,” he said. And, he added, “there is nothing more instrumental in spreading the effects of globalisation than the media.”

The government-owned French-language daily La Presse recently offered what seems to be the official view on globalisation on its front page.

“There is no doubt that increased discrepancies at the international level are one of the issues brought about by globalisation,” it said in an editorial comment. "It also poses new challenges in all fields, thus threatening the cohesion or even at times the existence of national economies. This calls upon the international community to endeavour to redeem the tragic situation in many parts of the world due to rising poverty rates, increasing unemployment, and a widening gap between rich and poor."

Human advancement, it said, "cannot be achieved in cases of broken balance or deeper differences between North and South due to unequal growth rates or the marginalisation of whole regions with regard to the progression of mankind."

To most people, the face value of globalisation is cultural globalisation. This refers to worldwide cultural standardisation – as in 'Coca Colonisation' and 'McDonaldisation' – but also to postcolonial culture, cultural pluralism, and 'hybridisation'. The various aspects of globalisation have promoted growing contacts between different cultures, leading partly to greater understanding and cooperation and partly to the emergence of transnational communities and hybrid identities. But globalisation has also hardened the opposition of different identities.

What follows could be this very face, the positive one, theoretically, of the globalisation trend.

Globalisation has spread the advance of knowledge. Scientific cooperation between Tunisia and Japan, for instance, has been going on with several seminars and workshops in a great variety of fields, both in Tunisia and Japan. A Mediterranean Centre for Asian Studies 'Access Med-Asia' was inaugurated in Tunisia and a centre for North African studies, the 'Alliance for Research and Education in North Africa (ARENA)' was inaugurated at the University of Tsukuba in Japan.

A scientific cooperation agreement between the Engineering School of Sfax of the University of Sfax in Tunisia and the Faculty of Engineering and Resource Science of Akita University in Japan was signed in December last year.

The cities of Nabel in Tunisia and Seto in Japan have been promoting bilateral exchange as two cities with an age-old history and tradition in ceramics. They are interested in expanding this exchange to the cultural and economic fields.

The two cities aspire to foster mutually beneficial relations between them as partners working together to enhance friendship, cooperation and mutual understanding through exchange in the areas of culture, art, industry, and tourism as well as in the field of ceramics.

Mourad Teyeb works for Information Economique Africaine (a bi-monthly magazine) in Tunisia, Travel Trade Gazette (TTG) in London, and Travel Watch (USA).

Jean-Jacques Cornish

China and South Africa not exactly in a union

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In 1998 veteran trade unionist Chris Dlamini was named South Africa's first ambassador to Beijing, as much for his work with unions as for any natural diplomatic skills he possessed.

Seven years later it is doubtful any of Dlamini's comrades in the Congress of South African Trades Unions (COSATU) he helped set up during the apartheid era would consider taking the job.

As much as COSATU General Secretary Zwelinzima Vavi insists the unions are not against China, they are fighting the government tooth and nail to stop the flood of cheap textiles, clothing and footwear threatening South African businesses and jobs. They have heard some encouraging noises from trade minister Mandisi Mpahlwa, who has indicated he might consider imposing some restrictions on Chinese goods that are undercutting locally manufactured proucts.

With the plethora of bilateral agreements signed between South Africa and China carefully protecting trade, Mpahlwa has his work cut out.

South Africa knows it must have good relations with China. But it is learning the cost – both financial and moral – of dealing with that complex and canny country housing a fifth of humanity. Democratic South Africa got off to a bad start with China. Having taken support from Moscow and members of the Warsaw Pact in its liberation movement days, the Africa National Congress (ANC) found itself on the other side of the Sino-Soviet divide.

Coming into power, it was given substantial financial support in the 1994 elections by Taiwan, straining every sinew to maintain the ties it had forged with the apartheid regime.

The first ANC president, Nelson Mandela, stubbornly attempted to pursue a two-China policy despite vigorous opposition from within the party and trade union movement. It took nearly four years to bring South Africa into step with international reality.

The pro-Taiwan lobby argued that once the diplomatic knot had been tied, China would confine South Africa to the bottom of its political priority.

Nothing could have been further from the truth. Since China opened an embassy in South Africa on January 1, 1998, virtually every senior leader of that country has visited here. Both ANC presidents have paid state visits to Beijing. Barely a week goes by without an official Chinese visitor or business delegation landing in South Africa.

The political attention has been gratifying. The Chinese government has made good on its pre-recognition pledge to make South Africa a major gateway into Africa.

It is the deluge of Chinese goods coming through this portal that is causing the trouble. Chinese merchants already have a stranglehold on the clothing and footwear markets in Lesotho and Botswana.

The unions fear the size of the South African industry will not protect it from a similar fate.

Vavi has spoken of a "job loss bloodbath" as a result of South African manufacturers being unable to withstand the onslaught.

Chinese clothing had already taken a 50 percent market share by 2003. Today that has gone up to 75 percent. Already the textile and garment industry is said to have haemorrhaged more than 40,000 jobs.

COSATU is calling for a moratorium on bilateral trade agreements with China, charging the government with "consistent inaction" in dealing with the unemployment these are creating.

"It appears our bilateral trade agreements are not informed by a well-defined strategic vision to promote industrialisation and enhance employment," Vavi told the union's central executive committee recently.

The union regularly attacks the government for operating an R10 billion plus trade deficit with China, and never having been able to get things to run in South Africa's favour in the seven years of overt dealings.

The proposed free trade agreement with China is of particular concern to the unions. Under COSATU pressure, South Africa has steered its partners in the Southern African Customs Union (SACTU) away from negotiations with China and focused on dealings with India.

Both these Asian giants have identified Africa as their primary source of strategic resources – from oil to base metals – in the foreseeable future. As such they go to enormous trouble and expense to cultivate African governments, particularly South Africa.

"This is a two-edged sword for Africa," says P.J. Botha, executive director of the Pretoria-based consultancy Emerging Market Focus, which concentrates on relations with Asia.

"China and India have both become lucrative destinations for African raw materials," Botha says. "The money African countries make from the sale of resources lessens their dependency on traditional markets in the developed world. But unless checked, the Indian and Chinese goods flooding in will decimate African manufacturing capacity."

China skillfully carefully plays its "developing" status in the global makeup to protect its dealings with South Africa and the rest of the continent.

"It says it's a developing country just like the countries it is dealing with in Africa, and wants to be treated as an emerging economy," says Garth le Pere of the foreign policy think tank Institute for Global Dialogue. In fact, the core of the Chinese economy is as sophisticated as anything currently found in the West, he says.

"China has got things right in terms of cost, technology and human resources and maintains it cannot be accountable if African countries have not," he says. "The Chinese have certainly done their homework. They have brought labour, capital and technology in the right amounts. Often they use their own labour in African projects where they should use local workers. They have an acute understanding of economies of scale."

The Chinese have established the China-Africa co-operation forum to secure the continent as suppliers. "Admittedly they have been very generous to Africa in the process," says le Pere. "At the second meeting of the forum in Addis Ababa last year, China wrote off debt worth 1.2 billion dollars to Africa."

South Africa also has a considerable moral price to pay for its close relations with China.

"China's approach to Africa was laid out in the sixties, where the first principles of cooperation were respect for sovereignty and territorial integrity," says le Pere. "This implies never raising issues of governance, human rights or democracy in bilateral relations."

South Africa bought heavily into this in establishing relations with China, le Pere said. "This is why then President Mandela had one of his rare moments of silence when asked if South Africa discussed human rights issues with China. He said this did not form part of the bilateral understanding between the two countries."

Jean-Jacques Cornish works for a local radio station (Radio 702) and for South Africa's leading weekly newspaper, 'The Mail and Guardian'.

Sebastian Paschal

22 Coffee liberalization goes sour in Tanzania

It is a hard moment for coffee farmers in Tanzania, whose crop was officially liberalized in the mid-1990s. Whatever may be pronounced about globalization, for Tanzanian coffee farmers liberalization is like suicide.

Matekela village, in the Matengo Highlands, the once famous area for growing high-quality coffee, provides a miserable story on this score. The village is situated in a great valley called Hagati, from where you can walk to Lake Nyasa, a water body with borders on Tanzania and Malawi. The victims of trade liberalization are in this village. With over 300 households, Matekela village used to be a home of rich people whose income was mainly derived from selling coffee beans.

But globalization has robbed them of their coffee farms, houses and other valuable assets. Some of them have been forced to seek refuge in other areas of the land by relocating in other parts of Mbinga district. The villagers have lost their sense of prestige, which they cherished for years, especially during the early years of independence.

Tanzania, which got its independence from Britain in 1961, had, in the early years after independence, a very sound economy under the former president, the late Julius Kambarage Nyerere. If Nyerere's definition of freedom meant being free from three enemies – ignorance, disease and poverty – is used to categorize lives in Matekela village, then "these people are really not free."

Going down to the earth is a story of Bone Ndomba. Ndomba was forced to surrender his two coffee farms in 1999, just five years after the liberalization of the coffee sector in Tanzania. One of his creditors seized his farms, which were the only sources of his family's bread, making life difficult for him, his wife and his five children. Ndomba was left empty-handed.

Like other farmers in his land, Ndomba got a credit from a coffee buyer after mortgaging his farm. An agreement was made to pay in coffee after harvest. Coffee buyers had introduced the so-called 'Futures System', which, however, operated locally. Neither supervision nor regulations were in place to serve the interests of farmers. Like other farmers, Ndomba, probably acting innocently, saw the Futures System as a lucrative deal.

As more private buyers were coming in, the Futures System was gaining in popularity: a farmer could receive as many credits as needed from different prospective coffee buyers, for a promise to pay in coffee. Ndomba got his credits from various coffee dealers by mortgaging his coffee.

The worst part of this system was its exorbitant interest rates. For every 10,000 Tanzanian shillings (equivalent to 10 US dollars) received in credit from a prospective coffee buyer, a farmer has to repay one bag of coffee weighing 50 to 60 kilograms. In terms of cash, this was equivalent to 50 dollars.

This began gnawing at him severely when he had received loans from three prospective buyers in three consecutive years – from 1996 to 1998. He incurred heavy debts which he could not repay in the projected period, and he and became a virtual casual labourer on his own farm.

The year 1999 was a tough period for Ndomba. He was arrested and summoned to Luwaita Primary Court. The court gave him two months to repay his credit with interest. He failed to do so, thus giving room for Luwaita Primary Court to authorize seizure of his coffee farms.

Life became more miserable for him, because coffee was the only source of his bread. He left the place for Ndaki village, a few kilometers away, where he could sell his labour. In the process, he left behind his family, which included three school-going children.

However, his refuge could not provide any relief. Matters became worse. He was forced to return to his village in November 2003 to join his family, which was in financial need.

Laughing Stock

Now his future is uncertain and he has become a laughing stock in his own motherland. The saying that “East or West, Home is the Best” no longer rings a bell in Ndomba’s mind.

Ndomba is just one example of farmers who have been tormented by the liberalization system, not only in Matekela village. It also symbolizes the fate of over 95 percent of coffee farmers in the Matengo highlands. Trade liberalization continues to plunge farmers into debt traps following a rough road experienced in the coffee industry.

Since the government called off its responsibilities in the sector, which included marketing of the crop and provision of inputs, farmers have been subject to the whims of harsh and untraditional free markets.

Worse still, cooperative unions have collapsed, leaving farmers without a helping hand. The private sector, which initially was friendly and paid farmers handsomely, has shown its true colours – directing its attention towards maximizing profit.

Entrepreneurs started to scramble for coffee as they introduced unregulated Futures, dishing out credits, which are now tormenting farmers in Matengoland. A system of buying coffee in advance, which is technically a supply-driven credit system, is called the Magoma system in the Matengo Highlands.

"It is true liberalization that has left us not only poorer but also heavily indebted," says Alexander Msua, a victim of the Magoma system.

There are farmers who have also been imprisoned due to the Magoma system, after they failed to settle their debts, while several marriages have collapsed due to similar circumstances.

Aloyce Komba, a ward leader of Mapera village, whose farmers have been hit hard by liberalization of the coffee industry, says that untimely introduction of liberalization in the area has contributed much to the formation of the Magoma system.

A councillor who represents five villages in Matengo Highlands, Edward Kambuyu, says liberalization is behind the crisis in the coffee sector in his area.

The villages which he heads are Matekela, Malindindo, Igano, Mikaranga and Ilela, which also produce coffee.

"Trade liberalization will continue to hit hard at our farmers, especially in the coffee sector," he says. "So far it is very difficult for this sector to recover and we are just looking for a miracle to happen," he says.

Haule F. G., the district officer responsible for overseeing the quality of coffee in Mbinga district, says that liberalization has immensely affected coffee production in the district.

Prior to liberalization, in 1992/1992, his district produced 143,000 kilograms of coffee, but after liberalization, the volume dropped to about 61,200 kilograms – according to 2001/2002 records. Generally, he says, trade liberalization has plunged the coffee sector into a crisis and made an increased number of farmers poor.

Trade liberalization for traditional crops came into being in August 1993. In Tanzania, private coffee buyers started buying coffee in the 1994/1995 season.

However, advocates of liberalization believe that the system has brought with it positive changes. They contend that while cooperative unions in the past failed to collect coffee produce at the material/right time, the free market readily and effectively filled this gap by buying the crop at the right time.

They also point out that the free market has helped to stabilize the price of coffee between buyer and seller.

They also say that liberalization has helped farmers faced with problems, as they are able to sell part of their produce to private buyers while waiting for cooperative unions to get money from banks.

Such advocates also point out that it is due to the free market that the price of coffee has risen. Deep observation and analysis shows that such benefits were short-lived, as they lasted for three to four years only.

Reports by the Tanzania Coffee Board (TCB) indicate that the good price for coffee survived for only four years – 1995-1998. During that period, coffee fetched between 100 and 165 dollars per 50 kilograms, or per bag. However, the volume did not increase and thereafter the price started to decline, quickly falling as low as 41.61 dollars per 50 kilogram of quality coffee in 2002/2003.

The decline in quality, which has a negative differential of about 20 for Robusta and 18 for Arabica (-20 and -18), indicates that Tanzanian coffee is too far below the standard set globally. Despite that situation, during the initial period of privatization the price of coffee improved slightly, but the volume did not increase. Rather, it has continued to decline until today.

Kilimanjaro region, one of the largest coffee-producing areas, which ranked relatively high in economic terms in the early 1990s, is now among the poorest regions in Tanzania. As is the case with other regions which produce coffee in Tanzania, residents of Kilimanjaro Region are now abandoning coffee production.

Sebastian Paschal is an economic journalist writing for the Financial Times of Tanzania, a weekly economic and business newspaper.

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Mubarak Zeb Khan

Enter globalization – exit traditional skills

Bakhto was 12 years old when his fisherman father taught him to weave baskets used for catching fish. Now, at 60, he is learning the hard way that his lifelong bread-earning skill has become redundant. Wicker baskets – known as "challas" in local language – are no longer allowed for catching fish.

The ban, imposed by the government-run Fishermen Cooperative Society (FCS), is affecting not only Bakhto but also about 17, 000 other people in Pakistan. They are faced with the danger of losing their skills as well as their jobs.

FCS has banned the use of wicker baskets produced by local craftsmen for decades, terming them unhygienic. Instead, the authorities are promoting foreign-made plastic crates to comply with conditions imposed by the EU under what is known as Codex Alimentarious Standards, a joint food standard programme of the United Nations Food and Agriculture Organization (FAO) and the World Health Organization (WHO).

The authorities have also set up a crate-washing station at the Karachi Fish harbour at the cost of 1.78 million Pakistani rupees (about 25,000 euros) – a huge amount considering that one disposable wicker basket costs only a few pence.

According to official statistics, the annual average seafood catch in Pakistan amounts to about 800,000 tons. Of these, 35 percent is consumed locally while a similar quantity is used in the preparation of fishmeal for the local poultry industry. Only 10 to 13 percent of the fish catch is exported to three major international markets, the European Union, Japan and the United States.

The poor and voiceless basket weavers in Pakistan are being asked to pay a heavy price for this small share of exports. But they are not the only group of traditional skilled workers that is falling prey to globalization.

Problems for Pakistan's manufacturers

Countries such as Japan and the European Union have prohibited imports of certain fruits and vegetable from Pakistan on the plea that these do not meet international standards. For the same reason, Iran has banned imports of wheat from Pakistan. On the other hand, the free-trade regime allows unhindered imports into Pakistan. The influx of cheap goods has not only created serious problems for the country's manufacturers. It is also problematical in view of the lack of adequate laboratories to check the quality of imported goods.

Researcher Mukhtar Ahmed Ali says that strict adherence to international standards in the service sector and social compliance issues in manufacturing are posing a serious threat to the common man in Pakistan. This, he says, will create an uneven playing field for local service providers and manufacturers, resulting in huge job layoffs and business closures.

Developed countries have provided due protection to their consumers by enacting consumer protection laws by which they can easily monitor services and products from foreign countries. But in Pakistan only two draft laws – one for the Islamabad Capital Territory (ICT) and the other for the North West Frontier Province – were enacted, but are yet to be implemented.

A major concern for Pakistan is liberalization of its service sector, which might result in problems for consumers who become vulnerable to the whims of private companies. According to an official report, under a government commitment to the IMF and the World Bank, privatization and deregulation in the service sector as well as tariffs for services like electricity, natural gas and oil have increased manifold. Those hit hardest are the poor people.

Also, a proposed move towards corporatization of postal services meant the closure of a large number of post offices in remote and rural areas during 2000. In addition, ordinary inland mail charges have doubled from two to four Pakistani rupees.

Responding to persistent pressure from international donor agencies, the Pakistan government has also launched on privatization of large industrial organizations. This has resulted in huge retrenchment and shuffling mainly in the lower cadres. A large number of employees were either given golden handshakes or sent on forced retirement.

According to the 2001 annual report of the Human Rights Commission of Pakistan, Pakistan Steel was the main corporation affected. More than 6, 000 workers were laid off. Subsequently, people in Pakistan are beginning to realize that more perils than benefits await them as a result of globalization. The globalization process, reinforced by the World Trade Organization (WTO) set up in 1995, has become a force that impacts on all regions, nations, societies, cultures and sectors of the economy. Some highly successful countries that followed an export-led strategy, such as South Korea and Chile, have proved beyond doubt that globalization can raise the income of the poor.

Rather negative evidence

Pakistan, unfortunately, offers more negative and least-positive evidence. The percentage of the Pakistani population under the poverty line increased during the 1990s when the country opened up its economy in what proved to be a bleak economic decade.

According to the Asian Development Bank (ADB) report "Poverty in Pakistan: causes and institutional responses" released in August 2002, the level of poverty has worsened from 26 percent of the population below the poverty line in 1993 to 32 percent in 1999. The report points out that the number of people falling below the poverty line has further increased since 1999 on account of a slow-down of output growth.

"The growth in the past was not pro-poor and did not contribute to employment generation," it added. This fact was seconded by the State Bank of Pakistan (SBP) in its second-quarter report in 2004, which says that unemployment stood at 7.8 percent in 2003 compared with 6.3 per cent in 2002. Rising steadily, it has more than doubled from the 3.1 percent recorded in 1990.

This is particularly disquieting for graduates and post-graduates emerging every year from national universities. A desperate young post-graduate student, Mujahid Shah, says: "I have completed my studies in social sciences two years back and have left no stone unturned to get employment to feed my family. But in vain."

There are thousands of people like Mujahid in Pakistan who are desperately in need of jobs but end up in desperation. Millions of other young people are seeking jobs, but employing them productively will require substantial investment by the private sector, both domestic and foreign. But impediments like political uncertainty, inconsistent economic policies and deficient law and order, deter foreign investors.

Pakistan being an agrarian country, with about 70 percent of its people dependent on agriculture, its farming community will be the worst affected by globalization, it is feared. Many agriculturists have stopped sowing their fields on the plea that they cannot even recover the cost of their effort from their produce. Farmers are crying for markets to sell their produce like sugarcane and potatoes, whose prices have fallen because of a glut and cheaper imports.

Dr. A. Q. Suleri of the Sustainable Development Policy Institute, a non-governmental organization (NGO), says import restrictions in rich countries favour large farmers and textile workers at the expense of consumers, who pay higher prices. Particularly harmful are agriculture support prices and export subsidies that encourage poor production of sugar, wheat, cotton and other products, he says. Export of these surplus commodities depresses market prices to the detriment of producers and exporters in developing countries like Pakistan. Due to these policies, poor farmers are unable to get an adequate price for their produce, he says.

Sovereignty at stake

The degree to which Pakistan's sovereignty stands eroded has become even more apparent when the effect of reduced import tariffs – to 25 percent, the lowest in the region – on the national exchequer is taken into consideration. Standard-bearers of neoliberalism defend the lowering of import duties with the argument that raw materials for manufacturers will also cost less as a consequence. However, duties on raw materials like talc, solvent oil and edible oil have also shot up in Pakistan. The donor agencies are pushing Pakistan to levy more taxes on consumer goods to raise revenue at the cost of poor people.

Industry in Pakistan has been exposed to greater competition but is often seen asking for financial relief and government protection, oblivious to the question who will pay. This has resulted in the closure of thousands of units with huge layoffs. A senior official said on condition of anonymity: "Our industry needs import protection until we have acquired necessary skills to confront international competition."

A serious blow people witness in Pakistan is the massive taxing of the economy with the initiation of the liberalization process. Critics point to the government policy aimed at taxing the poor, denuding the national economy of protective tariffs, and letting the rich off the hook. A researcher and expert, Dr. Wajid Pirzada, says the Bretton Woods Institutions – the International Monetary Fund and the World Bank – issue their diktats from Western capitals and Pakistani policy-makers play "as overzealous stenographers" to them.

The manner in which Pakistan's economy is taxed in commitments made with these institutions does not serve the interest of the majority in Pakistan, he says. An audacious 15-20 percent general sales tax (GST), the highest in South Asia, on basic essentials of life such as ghee, fertilizers, and sugar has been imposed while import duties on luxury cars have been lowered. The withdrawal of the central excise duty on diesel has been more than offset by a 10 percent customs duty on fuel. According to the petroleum ministry, this will lift the price of this crucial input of transport and agriculture by half a rupee per litre. Taxi driver Naveed Ahsan says he can earn only a marginal living to feed his family, while the petrol price has reached 37 Pakistani rupees a litre – the highest in the region.

Power bill subsidies designed to plug lower-income purses are also set to be pulled in the near future. Doctors, bankers, teachers and journalists have all been swept off their feet by the price spiral that has taken effect since the liberalization of the economy at the insistence of the IMF. More than 70 income tax exemptions have been withdrawn during the last three years.

Such policies will further widen the gulf between the rich and the poor, the haves and the have-nots and, as a result, help breed sanctuaries of terror to bring more destruction and devastation. To cope with challenges arising from globalization, Pakistan needs to focus on enhancing the quality of produce at low cost so that it can remain competitive in international markets. It also needs to provide due protection for manufacturers and farmers from the influx of cheap imports. At the same time, it is necessary to raise people's living standards by increasing wages to a reasonable level. Similarly, there is a need to encourage domestic and foreign investments to generate more employment in the country to reduce poverty.

Mubarak Zeb Khan is a senior journalist of the Dawn, Pakistan's most widely circulated English language newspaper.

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Abdoulaye Faye

Cotton is global, but it may not be made in Senegal

Cotton is the second biggest cash crop in Senegal after groundnuts. It enables the producer to earn some money and is also the basis for an entire industry. These days, however, it is under strain from the laws of a global market.

To ensure a modicum of security, cotton growers are also planting food crops such as maize, sorghum and millet. That in itself is a measure of the inadequacy of earnings from cotton farming in Senegal. Created in the 1960s by a French public enterprise, the Compagnie Française pour le Développement des Fibres textiles (now DAGRIS), the cotton industry in Senegal is currently organised and run by the parastatal SODEFITEX, or Textile Fibre Development Company.

The crop itself is concentrated in the east and southeast of the country, notably in the region around Tambacounda. This agricultural activity is also found, however, in parts of the Kolda region in the south.

Senegal produces 50-60,000 tonnes of cotton annually. About 99 percent of this output is administered by SODEFITEX, whose task is not only to help structure the way growers work, but also to train them and supply their inputs (pesticides, herbicides, chemical fertilizers) and tools of production. Similarly it plays its part in the transport and storage of cotton, as well as participating in rural development projects to promote literacy, drill wells and bore-holes, make remote regions more accessible and build communication routes around the fields.

Cotton plays a vital role in the Senegalese economy, accounting for nearly five percent of domestic export earnings. It is one of the biggest sources of income for people living in Eastern Senegal and the Upper Casamance in the south.

This cotton is grown by over 50,000 small farmers in one of the best managed industries in the country. In recent years, however, production has been slowing down due to an erratic climate, competition from crops such as the groundnut and an inability to combat parasites effectively.

The situation has been exacerbated by a general fall in prices that has gradually eroded the effects of devaluing the Cfa franc, the currency used in 12 formerly French-ruled African countries. The devaluation initially brought a new lease of life by making West African cotton more competitive across the board.

The marketing and shedding season has begun this year in Missirah Sirimana, 350km from Tambacounda, close to Mali and Guinea which share a border with Senegal. The yield for this season was 45,000 tonnes, despite an unpropitious climate and encroaching grassland. The problems experienced this year lie in the agro-climate.

So how is the cotton sector structured in Senegal? The cotton business is run by growers belonging to a local cotton producers group (GPC), which in turn is affiliated to the FNPC, or National Federation of Cotton Producers. For more than four years now the FNPC has been responsible for managing GPC loans, especially those needed to purchase inputs and tools.

Every village that grows cotton has its own GPC, headed by a committee with a chairperson, secretary and treasurer, all elected by universal suffrage for a period of two years. A cotton-growing village will also have a SODEFITEX liaison officer responsible for training and information campaigns within the GPC. His own training enables him to act as a consultant to local growers, tackling problems associated with parasites and equipment.

The GPC coordinates the ordering and distribution of inputs, signs the loan contract with the Federation and with banks such as the agricultural CNCA, keeps the accounts, organises the sale of the cotton crop and implements local development projects on behalf of the village.

These projects focus on facilities such as the village school, roads, storage facilities, a clinic and other amenities, all of which are funded out of a community kitty and financed by a levy on group sales. Some groups designate growers who will teach villagers to read and write during the rainy season.

Three prices for the grower

The price paid to growers for their cotton depends on certain characteristics. In fact, there are three different prices for growers, reflecting three quality grades. During the 2003-2004 season, for example, the purchase price for premium grade cotton, which is white and free of spots or foreign matter, was 185 F Cfa per kilo about 500 F Cfa to the dollar). For second and third grade cotton, the kilo sold for 170 and 100 F Cfa respectively.

The growers say these prices have not risen for several years, although production costs, and in particular input costs, increase by the year. The buying prices are fixed and announced to the growers by May at the latest, prior to sowing. Theoretically, this means that they can still decide whether or not they want to grow cotton.

The overall manufacturing cost of cotton fibre for SODEFITEX, after buying from the growers, transport, storage and processing, is 765 F Cfa per kilo. And the world price for the same cotton fibre is currently also around 765 F Cfa per kilo.

There used to be a national assistance fund for cotton. Each year, following the sectoral report, this fund would attempt to ensure a floor price for growers in the coming season. Whenever the sector made a profit, some of the surplus was directly reimbursed to growers in the form of discounts or allowances. But the cotton sector has been in the red for several years, and so farmers are no longer guaranteed a floor price, nor can they expect to see their income boosted at the end of the harvest.

It is important to grasp the significance of loans in the day-to-day lives of cotton growers. Half the revenue generated by the production of their cotton is used to repay the loans taken out to buy inputs and tools. But the other half is not usually enough to repay loans contracted over the course of the year to satisfy the everyday needs of their families, be it for food, clothing, school materials, health or anything else.

Ultimately, the money earned at harvest simply passes from one hand to the next. After settling these payments, the growers already have nothing left. Some of them will have to sign for another loan to pay back a creditor who has not been satisfied because earnings were too low. To pay this off, they will be compelled to grow more cotton, whatever price the market is offering.

Crusade against American dumping

Senegalese cotton, like all African cotton, is suffering dramatically in the face of competition from countries of the North which enjoy heavy subsidies. Growers in Senegal are driven to selling their cotton below value in order to survive. They are strangled by the laws of a market where the dice are loaded against them. They, after all, receive no public aid to boost their competitiveness by artificial means.

“Although Senegal is a small producer country and the sector does not carry much weight within the economy, with seed-cotton accounting for only three percent of our export income, it would be a disaster if this activity were to fold,” argues Ahmed Bachir Diop, Director General of SODEFITEX.

Cotton is grown in the most cut-off regions of the country. Almost every town in the southeast of Senegal derives its livelihood from this, and if some were forced to close down there would inevitably be unemployment and an exodus towards the capital, bloating Dakar even more.

Confronted with this dumping from the North, Monsieur Diop envisages compensation for the loss of income currently being observed by way of a fund to promote the modernisation of African family farms in general and in Senegal in particular. “Revenue for the fund would be linked to grower subsidies in the North,” he says. “They receive 800 million euros (1.04 billion dollars) of subsidy each year, whereas the accumulated deficit of the cotton-growing sector in Africa only amounts to 180 million euros (235 million dollars).”

If Senegalese cotton, and more broadly African cotton, is under such strain, it is because these countries lack a strong lobby in the American mould. For Senegalese growers, hope lies in an agreement between the producer countries of the South.

Senegal joined forces with her peers in Burkina, Benin, Chad and Mali to support the Brazilian complaint, and the World Trade Organisation (WTO) declared in their favour, even though the other battle about compliance with WTO clauses has not yet been decided. Senegal is fighting back through the African Cotton Association and the pan-African organisation representing the cotton trade with the aim of eliminating those subsidies.

However, putting up shields will not suffice. Senegal‘s cotton growers must pick up the gauntlet on quality, as the Head of SODEFITEX confirms. “The important thing is to step up the momentum for improved quality so we can be sure of selling our cotton,” he says. “The quality charter we have introduced will enable us to obtain international recognition.”

Abdoulaye Faye is a Senegalese journalist based in Dakar.

George Baghdadi

Alien but inevitable

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A young man, very thin, very tall, leans against a public Café in Damascus. Smoking water-pipe tobacco, Jamal Barakat peers into a half empty mid-afternoon tea and smiles. “Globalization … I‘ve heard a lot about this word but never understood it properly. It had something to do with open borders and free trade, I guess, but I cannot follow the whole subject,” the 26 year-old employee at a private trade company replies.

Barakat, wearing a faded T-shirt – what might have once been a blue background has since been obliterated by repeating washing into a pale purple – paused for a while and said, “I only know that the world has turned into a little village.”

Globalization – the growing integration of economies and societies around the world – has been one of the most hotly-debated topics in international economics over the past few years. But in Syria, globalization is to many still an alien concept.

“Globalization is the domination of the computer over the world, with no restrictions. There are no boundaries, no more secrets … there are scandals,” says a 40-year-old art engineer Samia Bandar.

With the collapse of the eastern bloc and the end of the Cold War, only one superpower remained on the world stage. It was a development that opened new vistas before “capitalist producers”, who saw the opportunity to conquer markets previously inaccessible to them.

Many in Syria believe globalization impoverishes developing countries while undercutting middle-class living standards.

The reduction of trade barriers encourages the exploitation of child labour, fosters a race to the bottom in environmental standards, tears women in Third World countries away from their families, homogenizes disparate indigenous cultures and strips the gears of democracy in favour of rapacious multinational corporations.

It also causes cancer in puppies.

To be fair, no one makes the last claim.

Like many post-World War II era Third World governments that originally won power on nationalist and socialist tracks, the Ba'ath-led Syrian regime became encrusted. Under Hafez Assad, President Bashar's father, who died in 2000, the government delivered health care and education.

But a Syrian engineer insists that the systems cry out for reform. Compare the private clinics with the public ones, he says. "If you have money, you don't go to the public medical facilities."

Given the constant Israeli threat – perceived as a real one – Syria maintains a large and very costly military, which in turn is becoming a serious obstacle to change.

Non-regime-connected Syrian intellectuals had high hopes for Hafez's young son when the man who ruled from 1971 died four years ago. Bashar studied ophthalmology in England, married a British woman and understood the West and the Internet.

He freed political prisoners, opened the country to the Internet and reformed the banking system to help modernize Syrian trade and commerce.

The Bush administration's Greater Middle East Initiative calls for democratic reforms and greater public freedom in Arab countries. Syrian officials and political observers, however, see Washington's insistence on speedy reforms as a kind of U.S. pressure that contradicts Arab values.

Most Syrian officials are aware that globalization of Western countries and the existence of economic blocs in Europe, the U.S. and Asia can cause more problems and crises for the developing countries if they are not able to compete or cooperate with developed countries.

Bouthaina Shaaban, Syrian Minister of Expatriate Affairs, insists: "We are open to modernization, the Internet, globalization in the sense of using what the human mind has reached. But what we have seen in Iraq during and after the war is really the attempt to eliminate an indigenous culture and install a different culture instead that has nothing to do with Iraqi people or Arab people."

Voices have been raised by many in Damascus against the globalization process and the danger it represents for specific cultural identities, which are at risk of being altogether lost or at best greatly diluted, in the context of globalization. "Although essentially an economic phenomenon, globalization could only be envisaged in the context of wider interaction between different cultures, and it is this aspect of globalization, its cultural over-spill, as it were, that many see as a greater threat than its purely economic aspect," says Fathi Zahra, a prominent journalist who has been working for the Syrian Arab News Agency SANA for 25 years.

A "global" sort of entity throughout history

Syrians are unquestionably Arab – but not in absolute terms. Syria has, actually, been a "global" sort of entity throughout history, one of those much-celebrated "gateways" between the East and the West.

People, ideas and diverse cultures passed through the ancient lands, much like merchants' cargoes bound for one faraway market or the other. The Phoenicians were legendary sea-faring traders who inhabited this land and much remains today to testify to their glory.

There came various invaders who imposed their cultural influence, at least initially, through force of arms.

There were the ancient Assyrians, who practiced mass population transfers within an empire extending from Mesopotamia to the Levant.

Major waves of invaders came in the form of the Persians, the Greeks, the Romans, the Arabs, the Crusaders and the Ottoman Turks.

After World War One, the French were in charge through a League of Nations mandate, another latter-day cultural influence that is still very extant today. Then there was the Israeli occupation of the Golan Heights in 1967.

In other words, the Syrian identity is a compound one, a multi-layered tapestry woven of a rich diversity of strands that are rooted in history and geography.

"Because the Syrian identity is not the product of transient factors but has distant roots in the time and space dimensions, its specificity cannot be obliterated by new phenomena that are characteristic of the times," says Dr. Fayez Sayegh, head of state-run Al-Thawra newspaper.

"A number of questions need to be put to those who dread the loss of our cultural identity: Is American culture really capable of uprooting our cultural specificity and replacing it with its own? And, if American culture can obliterate the Syrian identity, why couldn't British culture – which is deeper and richer than the American – obliterate India's cultural specificity over four centuries of British occupation?" he wonders.

It is materially impossible for any society to lock itself into total or even partial isolation. The globalization of science and technology and the information and communication revolution are not only a bar to economic protectionism but render dreams of isolation both impracticable and unattainable, Dr. Sayegh adds.

Globalization is a reality, and its effects are already upon the country. Indeed, the world has moved on, and is continuing to race ahead at an ever increasing pace. It is unrealistic to expect a country such as Syria to hold back against the tide.

Now, more people are paying attention to globalization – though it still remains vague to many – because at first it was just "them", and now, it's a whole lot of us.

George Baghdadi is a Syrian journalist based in Damascus. He is a correspondent of the UAE's WAM news agency and contributes regularly to Spanish, Japanese and U.S. media.

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Dialogue on
Globalization

Dialogue on Globalization contributes to the international debate on globalization – through conferences, workshops and publications – as part of the international work of the Friedrich-Ebert-Stiftung (FES). *Dialogue on Globalization* is based on the premise that globalization can be shaped into a direction that promotes peace, democracy and social justice. *Dialogue on Globalization* addresses "movers and shakers" both in developing countries and in the industrialized parts of the world, i.e. politicians, trade unionists, government officials, businesspeople, and journalists as well as representatives from NGOs, international organizations, and academia.

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For further information on Dialogue on Globalization, please contact:

Friedrich-Ebert-Stiftung Berlin
Hiroshimastrasse 17
D-10785 Berlin
Tel.: ++49-30-26-935-914
Fax: ++49-30-26-935-959
Roswitha.Kiewitt@fes.de
www.fes.de
www.fes.de/globalization

Friedrich-Ebert-Stiftung
Geneva Office
Chemin du Point-du-Jour 6 bis
CH-1202, Geneva
Tel.: ++41-22-733-3450
Fax: ++41-22-733-3545
fes.geneva@econophone.ch
www.fes-geneva.org

Friedrich-Ebert-Stiftung
New York Office
823 United Nations Plaza, Suite 711
New York, N.Y. 10017
Tel.: ++1-212-687-0208
Fax: ++1-212-687-0261
fesny@fesny.org
www.fesny.org

www.fes.de/globalization

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