EXPANDING THE DEBATE ON GLOBAL TOBIN TAX

An excerpt from Gigi Fracisco's presentation at the conference session on Controlling Capital Finance convened by ATTAC at the World Social Forum.

The debates around the Tobin Tax among those who see the need to reform the global financial system have expanded to include talks on capital flow regulations and controls at the national level. This trend enhances rather than diminishes the critical importance of debates around the proposal for a global tax and of an international organisation for its implementation. Discussions around domestic regulation of capital flows surface a number of important dimensions in the debate and enlarge the space for governments to manoeuvre in dealing with both

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WORLD SOCIAL FORUM 2002

The growing strength and credibility of the global civil society movement against corporate globalisation was palpable in the huge gathering of social movements at the World Social Forum in Porto Alegre, Brazil from 31 January to 7 February. The 80,000 participants from 131 countries (four times as many as were at the first WSF the year before) who assembled to give voice to the kind of world they want - where poverty has been eradicated, all forms of discrimination are eliminated and men and women are able to realise themselves as full human beings - was a dramatic counter response to the advocates of globalisation and to those who predicted the movement's demise, especially following the activist-bashing that came after September 11. As one person commented: "No one participant came to the meeting understanding the true dimensions of the movement - no one left without a dizzying sense of the millions and millions of people involved."

Women made a strong impact at the WSF, thanks in no small way to the gallant efforts of the Latin American feminists who worked hard to get feminist issues onto the main agenda, and feminists into the main debates. DAWN produced a special Supplement for WSF.

The WSF built on the regrouping of social movements following the WTO meeting in Doha, and the strong presence of NGOs in these movements within the FfD process. In this issue of DAWN Informs, which goes to press on the eve of the UN Conference on Financing for Development in Monterrey, Mexico, we mainly draw on the discussions at WSF on FfD and other contributions from members of the DAWN/REPEM team in the FfD process that highlight our specific concerns.
undesirable finance flows and raising revenue from financial operations.

To begin with, this led to an increasing public awareness that regulation of capital flows by individual governments is a valid and legitimate policy option within the prevailing financial architecture. This, notwithstanding the IMF’s outright criticism of and current objection to governmental measures aimed at regulating financial flows. Nevertheless, what is needed is strong political will on the part of governments, as was recently shown by Malaysia, to pursue their autonomous economic policies and withstand IMF censure.

Discussions on the feasibility and desirability of capital controls at the national level have led to increased recognition for coordination across a broad range of countries. From a consideration of domestic policy, coordination will lessen the pressures on competitive tax rate reductions that force countries to rescind regulation in place. Chile is a case in point. Chile was forced to remove its non-interest bearing deposit requirement on short-term assets to be able to compete against other countries for foreign investments in the aftermath of the Asian Financial Crisis. Such coordination may be instituted at the regional level where several networks and associations of countries exist. A limited regulatory framework on capital flows found at the regional level may be explored by a group of countries with similar interests, for their collective benefit. Alternative sites for cooperation among developing economies have become critical in light of disappointments over undemocratic processes and decision-making in global governance mechanisms.

National level taxation on financial flows and assets will tax both domestic and foreign financial assets. This does not only remove any discrimination against foreign finance, but will also expand the revenue base of governments. Financial assets and finance corporations — whether foreign or local — can both act imprudently and take advantage of weak regulatory mechanisms in the South. Governments will now have to deal more effectively with their own financial elites and corporations.

Finally, national-level taxation brings the debate on revenue utilisation closer to the women and men that are directly affected by poverty, environmental degradation and economic crises spawned by unregulated and unaccountable financial behaviour. Political will in implementing and sustaining taxation on financial transactions and assets is enhanced if the policy has a clear social content. The chronic poverty and under-funding of people’s needs must be prioritised in public finance.

Many NGOs and social movements, including DAWN, are already advocating that revenue from any Tobin Tax — whether at the global or national level — be dedicated to eradicating poverty and achieving social development goals. DAWN lays stress on the goal of supporting social reproduction that is based on respect for women’s human rights and promotion of their equality with men, particularly in the poorest sectors or regions or countries. See full report of the session on P14

DAWN began calling for a tax on global financial transactions in 1995. The DAWN Platform Document for the 4th World conference on Women in Beijing in 1995, Markers on the Way: the DAWN Debates on Alternative Development, said: “One possible way to reduce the volatility of capital movements is through a tax on global financial transactions. Such a tax would both raise the cost of speculative capital movements, and would also generate a fund that could be used for a variety of purposes, social or environmental. Although the tax is opposed by financial institutions, it is a far-sighted proposal whose time may still come.”
FINANCIAL TRANSACTION TAXES: Evaluating National Experiences


Since 1998, while preparing for the five-year review of the International Conference on Population and Development, DAWN has wanted to study and give more international visibility to the Brazilian experience with a national bank transaction tax (CMPP). At that time it came to our attention that while the debate on CTTTs had gained political leverage at the global level, Brazil had adopted in 1996 a bank transaction tax ear-marked to fund the public health system. In DAWN’s view, it would be useful to examine this model that combines taxing financial transactions and the financing of health, a crucial component of social development.

The Financing for Development process emerged as an occasion to conduct such an exercise, given the relevance of both domestic resource mobilisation and tax matters in the FfD conference agenda. In March 2001, when we were deciding to implement the idea, Argentina adopted a similar tax in the same context in which Cavallo negotiated a Zero Deficit Target with the International Monetary Fund. At the Cartagena meeting held by DAWN/REPEM in coordination with the DES Programme of UNIFEM in July 2001 to prepare women’s representatives for FfD, the subject was raised as a potential area to be examined more closely. We learned that both Colombia and Ecuador had similar experiences, although in the case of Ecuador the tax had already been suspended.

Presented here are very preliminary findings of studies being undertaken in those four countries. At this stage the analysis is still immature and mostly descriptive. It is not possible in this short article to examine in depth the political and technical implications of the tax in each country’s experience. Therefore attention is concentrated on a few structural elements or trends that arise from an initial cross-analysis of the four cases, as well as on the debates and controversies surrounding the FTTs.

The first aspect to be underlined is that in all cases the tax has been adopted in a context of fiscal crisis or stringency. This new approach to raise national revenues appears to have been originally the creation of Brazilian tax managers, who first implemented it in 1993 and 1994. A little later, the idea was captured by Brazilian public health advocates to increase the national health system’s funding and ensure its stability in a time of fiscal stringency. This took place in the early stages of currency stabilisation when the social security budget that funds health was negatively affected by a rapid increase in pension expenditures (by 45% between 1993 and 1996). However after 1998, the FTT model expanded across the region, reaching its culmination in the Argentina experience, where it was adopted in March 2001 as a kind of last resort measure to sustain the unsustainable currency board model. Although the underlying explanation for this rapid expansion must be examined more carefully, as a hypothesis we would like to suggest two basic reasons.

The first was probably the sharing of experiences among finance ministries and tax managers across the region which led to the conclusion that the tax, although not easily accepted, was a very good source of revenue. In light of this, a comment made by the Colombia Finance Minister in 2000 and quoted in the case study is rather relevant: “While income tax has been the ‘star of taxes’ in the first half of the 20th century, IVA has played that role in the second half and FTTs may become the new tax.” On the other hand it does not seem absurd to suggest that the rapid spread of FTTs may have some nexus with IMF recommendations defined for the region after the Brazilian currency crisis of 1998. It is interesting to observe that earlier that year when the tax was proposed in Ecuador, it was criticised in various quarters there including by Michel Camdessus, who was IMF General Director. But this position seems to have changed under the influence of the Brazilians. Between 1995 and 1996, when public health advocates struggled for the re-creation of a financial transaction tax, they faced strong resistance on the part of the Ministry of Finance.

But, interestingly enough, the 1998 Brazil-IMF package adopted at the height of the devaluation crisis not only retained the tax but expanded it to cover social security pensions. In other words, at that stage both the Brazilian Finance Minister and IMF had already acknowledged its utility as a source of revenue and a tool to ensure lower public deficits. Soon after, the many benefits of the tax began to be publicised by the Brazilian tax department, including the fact that in addition to raising federal revenue — it allowed for greater tax accountability (revenues from the tax suggested that much more money was circulating in the economy than indicated by figures provided by regular national accounts). Significantly enough a year later, in early 2000 in Colombia, the tax also became permanent as a component of the macro-economic adjustment agreement with IMF.

The second critical aspect to be highlighted is how this rapid spread of FTTs in Latin America after 1998 has also meant a radical shift with respect to its meaning as a tool of development financing. Although technically the tax is basically the same across countries, differences are sharp and clear in terms of how resources are used. At one extreme of the spectrum, the Brazilian experience can be seen...
BRAZIL
CPMF Contribuição Provisória s/ Movimentação Financeira
Dates: 1993/1994 IPMF; 1996 on CPMF
Nature: Provisional. This tax is periodically voted on by Congress. After February 2002 it was extended until 2004. After that it will become permanent.
Percentage: In 1996 the tax established as 0.20% percent of all bank transactions. In 1998 this was raised to 0.38 percent. After 2004 it will be permanent at 0.1%.
Exemptions: Credits and draws against saving, pension and same person accounts. The recent Congress voting exempted stock exchange operations.
Other technical aspects: In 2000, the Congress approved a Poverty Reduction Fund that will also draw on CPMF revenues. The CPMF is cumulative. It does not imply exemption or anticipation of other taxes.
Motivations, Management and Financial Outcomes
Underlying Motivation: IPMF simply aimed at increasing Federal revenue. CPMF was proposed and adopted to raise additional financing for the Public Health System, which from 1993 on, was negatively affected by external factors, principally a rise in pension expenditures. The tax was defended by PHS advocates, and faced resistance on the part of the Finance Ministry. But in 1998, it was retained and expanded as a component of the IMF agreement (devaluation crisis). The additional 0.18 percent was earmarked to cover SS Costs. Currently, CPMF revenues are also supposed to cover costs of the poverty reduction program (Bolsa Escola).
Revenues: R$ 14.5 billion in 2000. US $ 5.8 billion
Spent on: Social Security (pension) Health, Poverty Reduction.

As a good model of raising resources from financial transactions to invest in social sectors. Currently the revenues fund the public health system, social security and a novel poverty reduction strategy that is providing basic income to families that retain their children in school. In the case of the public health system, a relevant amount of money collected through CPMF is being transferred to municipal levels to provide health care, to primary health programs and also the provision of HIV drugs (this later expenditure corresponded to US$130 million in 2000). At the other extreme, in Argentina the tax has been adopted as a kind of ‘last resource’ to contain the default, as its revenue was supposed to be used as a guarantee for the national debt. Colombia is placed in between, since the revenue has been used on the one hand to salvage the bank system and ensure fiscal stability, while on the other it has also been invested in infrastructure, health and education.

This suggests that the tax is not good in itself simply because it raises money from financial transactions. Its “good” or “bad” development meaning clearly depends on political conditions surrounding its adoption and on the ability of social stakeholders (beyond tax lords and financing ministries) to determine how it will be spent. While in Brazil, this has involved a clear constituency (the public health system advocates), elsewhere it has been adopted either through typical tax technocratic modalities (Colombia and Argentina) or in a obscure political trade-off aimed at protecting exemptions of richer sectors (Ecuador).

A third aspect to be underlined is that the tax remains controversial and contentious even when it is meaningful for development financing in its broad sense. By and large, societies do not like the tax. In Colombia it has been criticised for having been used to salvage the bank system, when other sectors have not benefited. In Argentina after July, it has mobilised reactions from different sectors requesting exemption, and strong pressure from provincial governments to get a share of the revenue. Even in Brazil where its social outcomes can be considered positive, rich and middle class people complain about it. It is most criticised by stock exchange investors, the business sector and tax specialists.

The tax is almost exclusively defended by public health system advocates and the tax department itself. And it must be said that public health advocates have not been able to clearly explain to society how CPMF has been critical in helping to stabilise health funding and support the system decentralisation. One reason for this is that while...
COLOMBIA
Impuesto a las Transacciones Financieras

Nature: Initially provisional, became permanent in 2000
Percentage: In 1998, it was established at 2 per 1000
Exemptions: The Constitutional Court has defined some exemptions (not detailed in the case)
Other technical aspects:
Motivations, Management and Financial Outcomes
Underlying Motivation: To raise the national revenue (fiscal crisis). The basic aim was to get additional resources to salvage the bank system, then affected by a potential default of the mortgage credit system and of cooperative sectors. In 1999, the tax was extended to collect revenues to cover costs of the earthquake that affected the coffee production region and finance public health and education institutions. In 2000, the tax became a permanent tax as a component of the Macro Economic Adjustment Program (tax reform, expanding the IVA basis, bank system and Social Security reforms, redefinition of transfers between the federal and sub-national levels, privatization of public banks, etc.).

Revenues: US$337 millions in 1999 (600 million)
Control: Federal Level
Spent on: Federal Budget

CMPF revenues for health increased, allocations from other sources decreased. To put it differently, CMPF has been critical in sustaining the public health system in a period of harsh fiscal stringency, but it has not meant additional resources to health.

Last but not least, across countries tax specialists constantly raise a series of concerns and controversies with respect to the tax, as follows:

Regressive Nature - Every tax payer pays the same (it does not matter if she/he is rich or not). The counter argument is that those who make a larger number of financial transactions pay more and those sectors that use the bank system less are spared.

Cumulative Nature - It adds on to other existing taxes (cascade effect), including IVA. This cascade effect affects production costs and can have an inflationary effect. Calculations made in Brazil regarding the cost/prize impact of the three existing social contributions taxes (including CMPF) demonstrate that the impact can be as high as 10% in the case of steel and automobiles. Although these analyses are extremely compelling from a strictly economic point of view it is interesting to observe that tax specialists dealing with the impact on costs rarely pay attention to the expenditure side, which can also be very relevant in social terms.

Foreign Investment Effects - Scholars and investors insist that particularly in the case of stock exchange operations, the tax can mobilise the flight of foreign investments to places where there are no such taxes. Precisely because of that the Brazilian Parliament has just approved a new cycle for CMPF (until 2004) but the provision also exempts stock exchange operations.

Avoiding Bank Transactions - In all cases, the adoption of the tax has favored the option of not using banks, cheques, transfers. In the case of Ecuador the tax has been suspended precisely because there was a clear decrease in financial transactions, which were already at a low level before its adoption. The draconian Argentinian measure to lower the taxable transaction amount to US$1.00 was aimed at circumventing this trend.

At the current stage of the research — and given the complexities and difficulties in collecting and analysing tax data — it is not possible to more precisely examine the direct gender implication of the tax. However, some initial ideas can be put up for debate:

On the collection of revenue side, since women usually make fewer bank transactions they may be less affected. This needs to be looked at more closely, however, because cumulative indirect taxes have more impact on lower income consumers who do not pay income tax.

The reduction of domestic financial transactions may also negatively affect women's formal access to credit and assets, putting them in the power of informal "private" lenders.

On the expenditure side, the four cases indicate that the gender impact of the tax depends on how the...
EMERGING CONSENSUS ON FfD?

A View of the 4th FfD PrepCom:

FfD DOCUMENT WEAK AND DILUTED


The expected presence of United States President George Bush at the Financing for Development Conference in Monterrey, Mexico, 18-22 March 2002 means that the FfD document does not really represent anything radical. Bluffing tactics employed by the developed countries at the 4th FfD (“let’s just study it, rather than commit to action”, “it is a good idea, but the time has not yet come”, “delete, delete, delete - we just don’t have time”) led to a weak and diluted document.

A difficult process marked by intense negotiation as delegates struggled to produce the document and recover time wasted at earlier sessions characterised the 4th PrepCom held in New York 14-25 January 2002. The G77, having learnt from recent past experiences, particularly in WTO meetings, were better prepared and UNCTAD was there to give support. However the innovative negotiations adopted for FfD to allow more free-flowing discussion became confusing for the G77, especially following the departure from the bracket system normally used for contentious language in draft documents.

It was particularly pleasing that the delegate for Iran defended the continuing presence of NGOs on the floor as observers, citing in particular their presence in Beijing+5. (See article “NGOs Welcomed”)

WEAK ON SYSTEMIC ISSUES

There were vast differences in negotiating positions in a number of key areas of the Systemic Issues theme of the draft consensus documents for the Financing for Development conference in Monterrey. There are at least three areas in which the draft dramatically fails to take decisive steps towards reform of the international economic system.

Ambiguity of the UN role in economic governance

Recognition of the United Nations as the fundamental pillar for the promotion of international cooperation to make the global economic system work for all was sought by the G77, but opposed by the United States and other developed countries. A compromise language was arrived at in the final draft that simply recognised the UN as fundamental to the promotion of international cooperation and development.

Developed countries also strung out language that could be interpreted to mean that the UN had an overarching mandate over the International Monetary Fund, World Bank and the World Trade Organisation. Their reason was that these institutions have their own governing bodies. Instead, language that sought enhanced coordination between the UN and the institutions, or a relationship in which the UN merely ‘requests’ the financial institutions to adopt certain actions and policies, was put in place.

De-emphasising inequity and volatility in the global system

The developed countries moved to delete language that directly referred to the existence of an inequitable global economic system and the need to act in order to make the system more equitable. They proposed substitute language that instead simply called for strengthening coordination both at the global level — among global institutions — and at the national level through domestic policies. The G77, moreover, proposed concrete measures to address volatility in the global financial market, particularly related to ensuring the stability of the exchange rate and improving risk assessment through regional networks. These were opposed by developed countries and struck out. By and large, the text avoided direct references to weaknesses in the system, particularly as these contributed to recurrent financial crises.

Securing the autonomy of the IMF

The need to democratisate the IMF’s decision-making body and put in place new and specific policies was another concern of the G77. However developed countries vigorously countered the language. They blocked any text that could be used toward a revision of the IMF’s Articles of Agreement, with Japan emphasising the fact that the “IMF’s governance structure is different and autonomous.”

Specific recommendations, such as “making available contingency credit lines with improved terms of access” were blocked by Japan, citing that these policies remained exclusively under the purview of the Executive Board of the IMF.

The draft document’s failure to recognise and prioritise issues related to economic inequity and financial volatility, the role of the UN in global governance, and decision-making and mandate of the IMF, constitute fundamental blocks to meaningful reform of the global financial architecture and economic governance. World leaders who will gather in Monterrey need to build a strong collective political will to reverse these weaknesses and decisively take a step forward in ensuring that the global trade, monetary and financial systems work in support of equitable and sustainable development.
EMERGING CONSENSUS ON FFD?

GENDER ONLY OCCASIONALLY VISIBLE

The full WEDO Assessment document may be downloaded from the DAWN website and is listed in the Financing for Development section: http://www.dawn.org/fi/global/unconferences/ffd/ffdindex

An assessment of the FFD 4th PrepCom (New York, 14-25 January 2002) by WEDO agrees with the DAWN view that the draft consensus outcome document — while containing some positive elements from a Women’s Caucus viewpoint — is in general substantively weak. The core concerns of gender equity and women’s economic rights, and the realities for women and girls are not reflected systematically in the document. Actual commitments to what is contained in the document are few and far between.

The stance of government stakeholders in downplaying the draft outcome document itself in favour of focusing on what is yet to come at Monterrey and the subsequent follow-up deflects attention from the weakness of the document’s substance.

Positives

Paragraph 58 encourages stakeholders to “mainstream the gender perspective into development policies at all levels and in all sectors” in order “to strengthen the effectiveness of the global economic system’s support for development.” The major groups were willing to accept this.

Other positives include the commitment in the “Staying Engaged” section that provides a means for increased cooperation between the Bretton Woods institutions and the UN and its agencies on implementing conference results; and the inclusion of gender budgeting in Paragraph 17, although only as an example of reinforcing national efforts in capacity building.

The success of having these positive items included in the document is tempered by the fact that this consensus version is watered down from an earlier and more specific call for gender mainstreaming in international financial and development institutions. This version doesn’t include gender mainstreaming in macro-economic policies as well as development policies. Gender mainstreaming in both policy types is absolutely crucial for the FFD process and its objectives of poverty eradication and sustainable development. Without this, some of the critical “challenges of FFD” will not be addressed, and this is not consistent with the stated aim “to address the challenges of FFD” as laid out in Para. 1 of the document.

Indeed, as mentioned earlier, the Consensus Document only refers to gender and women 8 times, including para.58, in spite of the many opportunities the document provides for doing so (See annex 1).

Finally, although it is important that the vague contours of a follow-up process is definitely included and agreed upon in the Consensus Document, it fails to give a precise mandate and clear role to the UN in the governance of global economic relations. The UN General Assembly is requested to take on a Focal Point role and the ECOSOC is to be strengthened which is positive; but the UN is not identified as the primary or lead agency in this dialogue and cooperation, although they are the only stakeholder that has been given actual tasks in the follow-up.

Negatives

From most NGOs’ perspectives and certainly from a gender and WID perspective, the consensus document is weak, fails to achieve many substantive outcomes, and contains few commitments. For UN diplomacy it was evidently a choice between a strong contentious document or a weak consensus document. And weak it is.

The language is weak, and most proposals are not concrete enough to actually operationalise. The rationale for this weak language is that the UN cannot give directives to the independent entities such as the WB, IMF and the WTO in spite of the considerable overlap of memberships and the UN being the most inclusive system, as they have different sets of members and constitutions.

The balance between the six issue areas is skewed with priority, focus and obligations being placed on mobilising domestic resources which emphasises that the responsibility for development is solely a domestic one, relying on neo-liberal economic policy.

From P5 revenue is allocated and on the ability of social stakeholders to guarantee proper use of the revenue.

Although these findings are extremely preliminary, they confirm the strategic relevance of looking more closely, from a gender perspective, at this new approach in tax collection which is clearly becoming a fashion, if not elsewhere at least in Latin America, of the late 1990’s and early 2000’s.

1 While this article was being reviewed, in February 2002, Venezuela adopted a similar tax also in a context of currency devaluation.

2 The Brazilian health budget increased from R$15.3 billion in 1993, to R$23.3 billion in 1997, and later on decreased to R$22 billion in 1999 (per capita expenditures being respectively of R$102 in 1993, R$145 in 1997, R$132 in 1999). Health expenditures (public and private) corresponded to 3.2 percent of GDP in 1998. While between 1994 and early 1999 the currency exchange was roughly R$ 1 = US$ 1, the current exchange rate is roughly US$ 1 = R$2.4
An important aspect of the consensus outcome declaration from the FFD meeting in Monterrey is that it will be a tool for making governments accountable for what they have agreed upon in previous United Nations conferences, including the Millennium Declaration goals. What type of development women and men want is reflected in the internationally agreed human rights and development benchmarks that governments agreed to undertake in previous UN meetings, although this is often lost sight of. While there is no single vision and hence no single answer to "what kind of development", people do know they want a development that will allow women and men to realise themselves as full beings...and we want a world where poverty has been eradicated and discrimination in all forms, including against women, is eradicated. We also want a world where the basic social, educational and health needs of all, women and children and men, are met and given the highest priority. We want a world that recognises and gives importance and value to the totality of women's as well as men's contribution and lived experiences, both in the realm of unpaid and paid work.

The question now is what kind of development is being financed and how, and whether it moves us towards this vision? The economic model on which the development process is based has allowed a rapid accumulation of profit, wealth and revenues for a small segment of the world's population and reduced job security and stable employment for many more. While women's share of paid employment has increased, the quality of employment has not. Unbalanced rights and privileges remain, women remain vastly under-represented in government economic policy making, finance, economic planning and trade policy making.

Financial mechanisms such as trade, foreign debt, international investment and domestic resources have social content and yield impacts that are felt differently by women and men. Gender is an important and intrinsic component of the type of economic policies engaged in. If rules and agreements use only information on the market economy and ignore the vital non-market sector that includes domestic work, care of sick and elderly and other unpaid labour and social costs, it will give false impressions of effective development strategy. If projects are evaluated simply on the basis of market productivity and are not premised on important guiding principles of human rights, social and social development goals, then it is likely that important gender dimensions are going to be neglected.

There are examples of this throughout the Monterrey consensus draft, for instance the terms under which foreign capital flows into a country are critical in determining whether investment promotes or undermines sustainable development goals, including gender equality. It is important that gender issues and constraints be addressed systematically, not just here and there. We need to bring back the vision of what kind of development we want financed and make gender intrinsic to the thinking on what development means. Otherwise any development effort will fail to meet the Millennium Declaration goals. We need to look strategically beyond the Monterrey conference, develop new approaches and conceptual frameworks that put gender as an important category of economic analysis.
EMERGING CONSENSUS ON FID?

"The climate of vision at this moment is particularly lacking, negative, defensive and reactionary. It is in these conditions we are experiencing this pathbreaking event where the UN, international financing institutions and WTO are coming together. The essential question is— in this much-talked-about struggle for coherence, whose coherence are we taking about? Before the Geneva conference there was at least some concentration on the people and the poor, the victims, the powerless and marginalised...now the conversation really rotates around the interests of foreign investors and the conditions which they desire to make their life calm, peaceful, reliable and their rights respected.

In this context what do we do? Sonia Correa has already raised the question of memory. The issue raised by Gigi Francisco about reference to the UN as "THE pillar or "a pillar" is not really debatable. Each member of the UN has ratified the Charter, which says the UN is transcendent and they shall set up no organisation that conflicts with it. For me that means there is considerable legal question about the legitimacy of the WTO.

A second level has to do with what Sonia Correa was saying in terms of the agenda and commitments at world conferences, and our own evaluations. We are in a way trying to be the world’s corporate memory, and if UN institutions forget we have to bring it forward. The Millennium goals are useful but they are an inadequate sum of the 1990s conference results.

FID is a wholly inadequate and distorted response to the resource and policy needs which we all hoped, after those conferences, it would provide. I think our response as NGOs to FID has been quite inadequate and we have to organise if we are going to pursue this issue more successfully."  
—John Foster, North South Institute

Most voices seem to agree that Monterrey will not be the end but the beginning of a process for transforming the current financial architecture. Other voices want to concentrate on systemic change and follow-up mechanisms as the only real major outcomes. The basic tone of the FID process is to make the best of things to keep everyone on board, to regard FID as a first step and be satisfied, especially as it is the first time that the private sector, government and civil society were brought together to discuss finance. Sonia Correa, DAWN

Secondly it takes a step forward in participation of developing countries and the document makes a number of recommendations on how to improve participation. Thirdly, it emphasises that developing countries should design their own development strategies. Fourthly it sets a process in place that hopefully reinforces the principles of FID and specifies another conference to be decided before 2005. Fifthly, and very importantly, the Monterrey consensus is tied to the Millennium development goals. NGOs and civil society should use this to put pressure on governments and make sure these commitments are actually realised.”  
—Henk Jan Brinkman, Economist with the UN Department of Economic and Social Affairs

US BLOCKS AID INCREASE

At the 4th FID Prepcom the United States blocked the proposed substantial increase in development aid to poor countries. Washington is unwilling to support a commitment to increase the amount developed countries spend on Development Assistance from an average of 0.22% of the gross national product, to 0.7%. Aid agencies involved in FID preparations have reported that American officials describe the 0.7% target as an "outdated concept" and are pressing for it to be dropped from the final declaration. The British newspaper, the Guardian, reports that Washington is already one of the least generous donors, despite being the world's largest economy. It devotes just 0.1% of national output to its international aid effort. The US has already vetoed any radical new measures for raising revenue such as a Tobin tax or a global carbon tax. It wants the conference to concentrate on how poor countries can improve their own economic performance through further market liberalisation.
FROM THE 4TH PREPCOM FRONT LINE

The following report from Fanny Gomez of REPEM, Colombia and Marta Benavides of the Cartagena Feminist Initiative, El Salvador, in the early stages of the PrepCom, gives a flavour of some of the issues and positions.

The intention for Monterrey appeared to be to negotiate all documents by consensus and achieve tangible results under all sections. The goals include:

- Commitment of governments
- Increasing ODA
- Development of follow-up and monitoring mechanisms
- Keeping the momentum and interest of all stakeholders
- Commitment of industrialised countries to provide 0.7% of their GNP for the growth of developing countries.

Mauricio Escanero presented a brief synthesis of the Draft Outcome document that he prepared.

Introduction: confronting the challenges of FfD

- This section puts emphasis on the need to mobilise financial resources and to achieve national and international economic conditions required to fulfil internationally agreed development goals - including those contained in the Millennium Declaration. This section of the document upholds the Declaration’s values that governments committed to - equity, participation, ownership, transparency and accountability. There is also strong emphasis on the fact that each country is primarily responsible for its own economic and social development (but no insistence on an enabling environment that is essential in the current economic global system). The draft also mentions the importance of applying a holistic approach to interconnected national goals, and for systemic challenges of FfD to be sustainable and gender sensitive.

Action:

- Mobilising domestic financial resources for development
- Mobilising international resources for development - foreign direct investment and other private flows
- International trade as an engine for development
- Increasing international financial cooperation for development, revitalising ODA, and exploring innovative sources of multilateral finance to supplement existing sources of global public goods financing
- Sustainable debt financing and external debt relief
- Addressing systemic issues, financial and monetary architecture improving global economic governance.

Staying engaged

- Governments should commit to keep fully engaged to ensure proper follow-up of the implementation of agreements.

Comments and criticisms of the Revised Draft Outcome Document:

- The inclusion of many proposals suggested by the USA and EU is a drawback for many.
- There is too much emphasis on a country’s own responsibility for its own economic and social development. The co-responsibility that economic globalisation demands has disappeared, though it was the starting point of the previous draft.

Some positive elements such as the struggle against corruption and need for good governance and transparency remained. Escanero insisted on the need to strengthen the text without putting the consensus in danger, while keeping the platform for participation.

Controversial issues included:

- Taxes
- Proposals for sustainable debt financing and debt relief
- Volatility of short term capital flows
- National fiscal efforts
- Developing countries’ access to markets of industrialised countries

In the meeting convened by WEDO, women’s NGO representatives presented regional reports. Latin America had engaged early in the FfD process under the auspices of REPEM/DAWN, and a group called the Feminist Initiative of Cartagena had been consolidated.

Participants recommended lobbying to instruct and educate finance ministers, foreign affairs officers and others involved in the FfD process about gender matters. They discussed the need to establish priorities and keep an attentive eye on the most important issues, to assess how far their demands were heard and included in the document and the process. Commissions were organised to divide the work of drafting language proposals, lobbying governments, and working with the media.

Most participants, both governmental and non-governmental, saw FfD as a process that had just started, and that required the commitment of all stakeholders to stay engaged. Counter-documents emerging from civil society stressed areas that should not be negotiated, such as the commitment to eradicate poverty, sustainable development, and the timely achievement of all those commitments internationally agreed by Heads of State in the UN conferences of the 90s, including those of the Millennium Declaration. The follow-up will be the basis for the UN Commission for Sustainable Development, especially the next meeting, Rio +10, Johannesburg, 2-11 September 2002.

The FfD process should be the basis for UN future work aiming at the eradication of poverty and the achievement of equity, equality and world peace. There is a loud call for the achievement of all the commitments within the framework of the many instruments internationally agreed on human rights and international rights, on the basis of gender sensitivity and gender responsibility.
GENDERSCAPES IN THE FFD PROCESS

The Cartagena Feminist Initiative held a panel on Justice and Democracy: gendescapes in the FFD Process at the 4th FFD PrepCom in New York, on 22 January 2002. The panel was supported by UNIFEM. The panelists included: Sonia Corrêa, DAWN, Brazil; CTT at national level - first findings in Latin America (see P3); Marina Durana, DAWN: Global Public Goods; Cecilia Lopez Montano, Cartagena Feminist Initiative, Colombia; Comments on the Facilitator Draft Outcome Paper; and Carol Barton WICEJ, EEUU: Race, Poverty and Globalisation.

In her comments on the Escanero Facilitator Draft Outcome Document, Cecilia Lopez said the draft failed to recognise that the current development model, based on the Washington Consensus, was in crisis. Its market-oriented development strategies failed to accomplish economic and social goals, but are supposed to generate equity, participation, ownership, transparency and accountability.

The economic model needs discussion. A new form of globalisation, less centred around American interests and more equitable and just, was already on the table. It should not be ignored.

The draft declaration does not confront the real challenges. No real proposals for economic recovery are presented. It shows a lack of understanding of the present situation, it fails to mention barriers and opportunities, and has no recognition of a situation of ‘winners’ and ‘losers’.

It also makes unrealistic demands on developing countries, setting goals of good governance, sound macro policies, fiscal sustainability and strong institutions, among others, as pre-conditions.

Gender is considered only in a marginal way, with macroeconomics and gender completely ignored and the differences between the contributions of men and women to development not considered.

The draft declaration is not really an instrument to improve development in the world, in fact it could be a setback. If anything, it may be the beginning of a process that could offer more possibilities for those who were supposed to benefit from the Conference.

WICEJ Coordinator, Carol Barton, described a film, Life and Debt, that details the impacts of Jamaica’s opening to the world market through trade liberalisation and foreign direct investment (seen in the FFD outcome document as the primary mechanisms for development financing): how imported foods flooded local markets at artificially cheap prices, destroying much agricultural production and creating massive unemployment; the US case against the EU for providing favourable treatment to Caribbean banana imports that ended in forcing local banana producers to compete with the miserable wages paid to Latin American plantation workers and devastating the industry, leading to yet more unemployment; and how some women then got jobs in a new free trade zone manufacturing clothing — and when they began to demand back pay, Asian women workers were imported; and ultimately, despite no taxes or duties and government efforts to woo the company with a ‘favourable environment’ the manufacturers packed up and left, leaving a debt for the factory buildings and the workers again in the streets.

The film graphically depicted the issue of race and poverty — racism breeds poverty and poverty exacerbates racial discrimination. Neo-liberal globalisation has bred inequality. Those at the bottom of the heap left to sort through the rubble of a devastated economy are dark-skinned people and marginalised ethnic groups. And at the very bottom are women from these groups.

The current global economic model aggravates former inequalities and creates new ones. The neo-liberal model of globalisation depends on and increases these inequalities to achieve growth for a small minority, by exploiting power differences.

The dual roles that women play as caregivers in the home and community as well as in the paid work force has led to marginalisation and super exploitation. WICEJ argues that neo-liberal globalisation is built on the exploitation of women’s labour. Women are consistently paid less with less access to good paying jobs. The vast majority of workers in the global assembly line are women of colour.

A profound aspect of the World conference Against Racism, which has been totally absent in the FFD process, is the historical understanding of current inequalities in the global economy. The global economy is clearly a racialised picture also, between North and South and within nations.

The current FFD negotiating paper is dangerous because it endorses the failed neo liberal model as THE model for development and enhances the power of the very institutions that have done so much damage. We will not advance gender and racial justice by sprinkling references to women and marginalised groups in the document.

The first step is to bring our stories and the current economic reality back into the debate, to remind our governments that the model has failed. Second steps demand far-reaching reforms, and longer-term steps involve building the political base needed to challenge the unequal power relations and the model itself. WICEJ has noted that if people face structural discrimination, we have to find a structural solution.
GENDER STILL ON THE MARGINS

From a report in the IPS UN Journal by Milibre J. Sandrasara

Women’s groups are expressing concern that deeply rooted patterns of gender discrimination and their implications for development are not being addressed at the Preparatory Committee meeting for the Mexico conference on Financing for Development.

“Gender is being considered in a marginal way,” stressed Cecilia Lopez, Colombian economist and former politician, emphasising that “the shortcomings of the current development model are not being discussed.” The gender issue must no longer be dealt with as an ethical problem, but instead as a development problem, explained Lopez, speaking at a panel discussion held parallel to the New York FfDPrepCom meeting in January 2002.

Women constitute 70 percent of the world’s poor; for every dollar that a man makes a woman make less than 75 cents no matter where she lives in the world; Billions of women support their families through precarious employment in the growing informal sector; Even today, three out of every four individuals who can’t read or write are female, said Alejandra Scampini speaking for the Women’s Caucus for the Financing for Development PrepCom.

Recent World Bank studies state that norms, values, rules and practices that determine the manner in which a woman should be treated within the home and by the diverse institutions in society have not changed in the 40-plus years during which women have been the object of international development programmes, despite major economic advances, according to Lopez.

“Millions of women today stand at a crossroads of multiple social forces that limit their human rights,” said Carol Barton of the Women’s International Coalition for Economic Justice. “To design solutions we have to transform global structures,” Barton stressed.

Noelle Heyzer, Executive Director of the UN Development Fund for Women (UNIFEM) speaking at the opening of the PrepCom called for the Conference to address, “the imbalance of social and economic benefits and costs resulting from domestic and international policies.”

“Women’s unpaid and under-valued work and their health situation are often ‘hidden costs’ that prevent achieving sustainable development goals,” Heyzer added.

Lopez stressed that as it is recognised that a new global development strategy must be implemented, “the opportunity appears to open the window to consider gender as a fundamental variable.” Lopez pointed out that policy adjustments do not affect men and women equally and key macroeconomic variables such as savings, consumption and investment behave differently according to gender. The special needs and priorities of women continue to be widely overlooked in the allocation of official development assistance (ODA), according to UNIFEM. ODA projects sometimes disadvantage women because the initiatives have a male breadwinner bias.

In order to be an effective means of redistributing the benefits of global economic growth and integration between industrialised and poor countries, and between women and men, ODA needs to integrate gender and equality. Governments should not abandon their commitments to increasing ODA, rather they should put in place mechanisms to ensure its effectiveness in addressing gender equality and women’s empowerment goals, says UNIFEM. Secretary General Kofi Annan has called for the Conference to announce a doubling of ODA to 100 billion dollars. “In addition to the principles of equity, participation, ownership, transparency and accountability affirmed by the Facilitator’s second draft outcome document, gender equality must be explicitly recognised by this Conference as a prerequisite for sustainable development,” said Heyzer.

ODA is not the agent that will define the future of developing countries, Lopez said, adding that the other pillar of resource generation the liberalisation of goods and services markets which was supposed to act as the most dynamic element of growth in developing countries and the best resource allocator has not achieved the anticipated results. The benefits from international private capital flows in the 1990s, as well as their costs, are unevenly distributed between countries in the North and South, and also across sectors, households, and individuals - particularly between men and women - within countries, according to UNIFEM. The Asian financial crisis of the 1990s - as well as those in Russia, Venezuela, Argentina and Ecuador - have demonstrated the dangers of unshackled financial liberalisation, which in these cases have severely threatened the survival of the poor, and women in particular. In some cases, financial crises resulting from market volatility have resulted in the trafficking of women and child prostitution as families are forced to find alternate means of survival.

The development impact and sustainable flow of international resources will depend on investor and host countries adopting standards and regulatory mechanisms that are gender-sensitive and that enable countries to meet their commitments to human rights and the Beijing Platform for Action, emphasises UNIFEM. The Facilitator’s second draft outcome document affirms the need for greater coordination of the UN system to more decisively mainstream gender issues into economic and development policies and decision-making to support growth and sustainable development.

Including gender in processes of political and economic decisions does not mean simply, “adding women to the mix” but rather it implies adopting as approach that is in fact transforming, Lopez said. Only five percent of top executives and 11 percent of parliamentarians worldwide

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NGOS WELCOMED

The continued presence of NGOs in the FfD process became an issue that had to be resolved during the ‘informal-informal session’ of the 4th PrepCom in New York 14-25 January 2002.

It is understood the United States requested, the Co-Chair to instruct the NGOs to leave the session hall. But when this was done, many governmental representatives became visibly puzzled and questioned the instruction.

To the delight of women organisations representatives, the delegate from Iran was the first to speak, reminding his colleagues that the presence of NGOs had been respected in previous meetings. Delegates from Venezuela speaking on behalf of the G77, from Spain on behalf of the European Union and from Norway quickly expressed their agreement to having NGOs in the room. Canada supported the participation of NGOs and Japan expressed an understanding that NGOs were allowed to stay as observers. The delegate from Sudan asked for NGOs to be given the opportunity that they had built “in this unique process”, but also referred to the need for NGO lobbying outside the plenary hall.

The United States finally asked for the rules of procedures to be invoked and for delegates to get on with the work of the PrepCom. In response the Co-Chair announced that there were no rules of procedures and that it was up to the body to decide. The Co-Chair from Pakistan asked, if there was consensus on allowing NGOs to stay. Having heard no further objections, he turned to the NGO representatives seated in the gallery and said: “You are welcome to stay.”

...AND IMF TOLERATED

The issue of whether the International Monetary Fund had the right to participate in discussion also became a contentious point during the informal-informals. The Co-Chair permitted the IMF representative to deliver an intervention, but the delegate from St Lucia immediately questioned why it had been allowed. She insisted that just as NGOs had been given observer status during this part of the meeting, the IMF should also refrain from speaking.

Canada defended the IMF on the grounds that the IMF, World Bank and World Trade Organisation were cooperating institutions and different from NGOs. The United States supported Canada and remarked that if they were to be excluded from speaking, “we should delete all references to them.”

After consulting the UN Blue Book and a break used for private consultations, the G77 came up with a compromise position that allowed the IMF to speak provided the interventions were limited to technical notes. The IMF representative was then allowed to provide a technical explanation for Ghana, but the St Lucia delegate had to remind him sharply not to provide political advice, as he had done.

DAWN REPRESENTED AT ROUND TABLES

DAWN is amongst 84 civil societies to be represented at the Multi-Stakeholder Round Tables at the Financing for Developing Conference in Monterrey.

The 12 Round Tables are an innovative part of the conference format. They present an opportunity for groups to unite, and to express a vision of the future. They will be able to discuss the limitations of the FfD document and the concrete proposals that have been raised by NGOs at the FfD hearings and at other venues. Two Round Tables will run concurrently at sessions over two and a half days. Each will have a maximum of 70 seats that include government delegations (48), UN and other institutions (8), accredited business entities (7) and civil society (7).

The selection process was handled by the FfD Global Forum International Support Committee, which attempted a transparent, inclusive and open process with virtually no financial resources. The ISC is encouraging an evaluation of the participatory initiatives and processes because it sees participation in the Round Tables and selection process to be extremely important. It is one on which civil society organisations, in collaboration with the UN, should build. A similar system of Round Tables is part of the World Summit on Sustainable Development.

DAWN representatives for the Round Tables include Sonia Correa, Gigi Francisco and Marina Durano. A number of other DAWN women who have been involved in the FfD process have been nominated by other organisations, including Celita Echer (REPEM), Cecilia Lopez Montano (Cartagena Feminist Initiative), and Mariama Williams (IGTN).
The main points of the ATTAC paper were that financial liberalisation has led to increased inequality and instability in the global system and the international financial institutions have been incapable of regulating these crises. An alternative approach to financial regulation is necessary to reassert nation-states' control over economic policies, especially capital movements. This can only be achieved by establishing policies to control capital flows, reinforcing regulations on markets and financial actors and radically reforming the existing financial architecture. Specific proposals include:

- National level controls on inflow and outflow of capital;
- Global taxes such as on international financial transactions (for example, a Tobin tax);
- International tax on foreign direct investment (FDI) to avoid "tax dumping" and linked to labour rights;
- International tax to address "transfer pricing" of multinational corporations;
- Increased supervision of banks, bonds and derivatives markets and the stock market;
- Elimination of tax havens / Prudential regulation of international investors, such as hedge funds / Involving private investors directly in the cost of financial crises / Reform international financial institutions;
- Canceling external debt of poorest countries;
- ODA and low-interest non-market financing for development the right for nations to assert capital controls;
- Establishing or rebuilding institutions for stabilising commodity and currency fluctuations.

These mechanisms would require a currency exchange and raw materials market stabilisation fund and a global development fund, both of which could be funded through the global taxes named above.

Finally, the ATTAC paper proposes that the international financial institutions and the WTO be subordinated to a reformed United Nations. Each of the debaters responded to the paper:

Gigi Francisco focused her remarks on the political feasibility of the proposals. Referring to the debates in the UN in the lead-up to the FID conference, she commented that there is no political will for change. She also questioned whether the nation-state should be held up as the ideal given the struggle by the elites in both the North and the South have over economic policy and capital itself and argued instead for a much greater mobilisation, education and public participation in economic debates and decision-making.

Fernando Carvalho agreed with returning control over economic policies to nation-states and elaborated some of the policy considerations, noting that the IMF articles of agreement do not outlaw capital controls. He stressed that capital controls should not be directed "against" foreign capital but should instead be used to restrict the latitude of international finance. In this sense, capital controls would also limit domestic capital flight. He stressed that capital controls are not development policy, but an important prerequisite for the formulation of development policy.

Jayati Ghosh was more critical of the paper. Her starting point was that financial liberalisation poses great risks and costs even in non-crisis situations and therefore the real task is to "roll-back" the whole system of liberalisation and replace it with one that redirects financial resources into productive and job-creating channels. She also rejected the simplistic view that FDI is always "good", citing research which links FDI with declining employment, increased mergers and acquisitions, increased concentration and restrictive market practices, and so on, and argued that it is extremely important to control FDI. Finally, she argued that the IMF and the World Bank are not reformable and they have no useful role to play.

Elizabeth Drake made two key remarks: first, that it is important to look at the role of trade agreements in financial liberalisation and cited the example of the US-Chile bilateral trade agreement which will require Chile to lift all controls on capital inflows. She also discussed the proposal to link taxes on FDI to enforcement of labour standards, calling this a "productive proposal." She cited research showing a positive correlation between the protection of workers' rights and financial stability.

About 15 participants spoke from the floor. Overall, there seemed to be grave doubts about whether the nature of the capitalist system could be changed by regulation, whether the political will existed to reform the current financial system or if, indeed, the institutions are "reformable" and, finally, whether the state itself is up to the task of democratically deciding economic policies.

Summary of main conclusions and points of consensus
The collapse of the giant US corporation Enron and the economic crisis in Argentina confirm the absolute failure of the financial markets and the policies of the international financial institutions. Capital controls will not solve the problems created by financial liberalisation, however they are a first and necessary step. There is ideological bias in the press and in the education system which supports free-market and neo-liberal values. It is imperative to reverse this bias. There is no shortage of technical and economic solutions to many of the problems faced today: what is lacking is the political will and people are very pessimistic about the signs coming from the FID negotiations.
The Enquete Commission on Globalisation of the World Economy (Enquete-Kommission "Globalisierung der Welwirtschaft - Herausforderungen und Antworten") of the German Parliament held its first ever public hearing on the topic of gender on 18 February 2002. Titled *Gender and Globalisation*, the hearing was a great success and drew more public participation than any previous hearing since the Commission framework was established in the 1950s.

Seven women experts from all over the world spoke on a variety of issues. Dr Mariama Williams (Center of Concern/DAWN/IGTN) presented analysis and recommendations on the Impact of Free Trade on Women in the World; Professor Diane Elson on Macro-Economics and Macroeconomic Policy from a Gender Perspective; Dr Achola Pala Okeyo of UNIFEM Africa Bureau on Food Security and 'Human Security' in Africa; Dr. Freiderike Maier on the Situation of Women in the German and East European Labour Markets; Prof. Maria Flora on Gender Perspective on Financing for Development; Dr. Caroline Moser on Mainstreaming Gender in International Organisation (inter alia World Bank) against the background of the topics of terrorism and violence after 11 September 2001; and Dr. Pawan Surana on Effects of Globalisation on Human Trafficking and Forced Prostitution in India.

The Study Commission, *Globalisation of the World Economy - Challenges and Responses*, was established in March 2000 to prepare German parliamentary responses to globalisation. The work is progressing through six working groups. Dr. Brigitte Young of the University of Münster (the only female among 13 advisors to the Commission), with support from a cross party alliance among feminist Members of Parliament, was able to integrate gender into the topics of all six working groups, as well as advocate the public hearing on gender aspects of globalisation. A key outcome of this process will be a chapter on Gender and Globalisation in the Commission report.

This will be the first time a chapter on gender will be included in an Enquete Commission report and is expected to provide a benchmark for future reports and analyses. The final papers and recommendations by the presenters will also be appended and made available to German scholars and doctoral students for future research. It is hoped this will stimulate graduate students to study the area of feminist economics.

Many of the speeches and a video tape of the procedure can be downloaded from the Enquete Commission website at [www.bundestag.de/globalisierung](http://www.bundestag.de/globalisierung); email: enquete.globalisierung@bundestag.de

Following the parliamentary hearing, the Heinrich Böll Stiftung Foundation organised a two day conference on 19-20 February on Gender Budgets, Financial Markets, Financing for Development: The Gender Dimensions of the Global Financial Architecture. This conference was aimed at consciousness-raising and activism for the UN Financing for Development Conference. Public participation exceeded expectations and more than 150 participants registered for the event. During the conference, Mariama Williams was amongst those giving regional perspectives on the state of and future possibilities for financing sustained economic development. The event concluded with a talk show, with Members of the German Parliament from the Green and Social Democrat parties and visiting experts, chaired by the head of the HBF, Dr. Claudia Neusuess. Guests Diane Elson, Mario Flora and Mariama Williams were questioned about their assessment on the FFD Draft Outcome document — the so-called Monterrey consensus. Documentation from the Heinrich Böll event is available from their website: [www.boell.de](http://www.boell.de)
A HOT ARENA FOR WOMEN


The conference was a highly complex space. It was a ‘hot’ arena full of technical issues into which it was difficult to insert a gender perspective, a situation aggravated by language constraints.

The format of the meeting followed the working dynamic of UN working groups and took a high level technical approach to specific themes. FID Facilitator, Mauricio Escanero, was amongst participants, who included government ministers and representatives of the IMF, development banks and private banks and three civil society participants representing a German food cooperation organisation, the World Bank of Women, and Feminist Initiative of Cartagena. The low representation of women was surprising; only one woman among the 22 panelists, only one woman among the eight coordinators of the round tables, and 3 or 4 women keynote speakers from various institutional hierarchies. Only 20% of the total number of people involved were women, despite a woman being the person responsible for the organisation of the event.

UN representatives expressed interest in the Cartagena Initiative’s documents and Escanero said he had tried hard to incorporate the gender perspective in the FID draft document.

The closing speech was given by the Uschi Eid, a German Green Party member who is in the Parliamentary Secretariat of the Ministry of Economic Development. She highlighted the decisive character and extreme importance of the FID conference in the process of eradicating poverty. She made a strong call on parliamentarians to participate in the FID process, and not just to limit their work to the approval of budgets.

ASIA-PACIFIC Builds on DAWN Statement

DAWN-SEA attended the Asia Pacific Meeting on Gender Dimensions of FfD held by South Asia-Watch and WEDO in Kathmandu on 8-9 January 2002. It resulted in an Asia-Pacific Statement and a set of recommendations for each of the FfD thematic areas that was widely distributed through women’s networks. The DAWN statement from the 3rd PrepCom served as basis for raising more specific recommendations.

Specific recommendations were linked to FfD areas and language:
- In relation to relieving the burden of care on women and sharing it across society, the demand was to ensure state flexibility within multilateral rules and agreements. (The G77 eventually came out with the language of ‘state flexibility’ in its submission to the 4th PrepCom.)
- There was a demand for committing development resources to remove gender-based institutional and structural barriers particularly in enabling women to participate more effectively in the market. (The language of “gender mainstreaming in economic decision-making” that was submitted by the Women’s Caucus in the 4th PrepCom captured the demand.)
- The call to move away from heavy dependence on FDI and toward greater domestic resource mobilisation was accompanied by specific demands linked to strengthening social protection, i.e. increasing the participation of the private sector in expanding social protection; and reducing imbalances between current incentives to capital and social subsidies. (ECLAC and NGOs made a specific call for the removal of tax incentives to TNCs, but G77 remains divided on this.)
- Women’s participation in policy formation, implementation and impact assessment through more democratic approaches to resource mobilisation, budgeting and determination of development priorities was called for. (The democratisation of economic decision-making together with Gender Mainstreaming, Analysis and Budgets, are being strongly lobbied by the Women’s Caucus.)
- Reference to previous UN agreements was followed through and explicitly stated in the Asia Pacific document. (NGOs, particularly the Women’s Caucus, are lobbying strongly for similar language.)

At the 4th PrepCom, the draft statement prepared by WEDO that was distributed at the opening of the session contained full paragraphs from the Asia Pacific meeting, in particular references to discrimination based on class, caste, gender and ethnicity, and to the social content of economic policy.
REFLECTIONS ON
NEW DIRECTIONS FOR AFRICAN WOMEN

Excerpts from the opening address given by DAWN Angophone Africa Regional Coordinator, Bene Madunagu, at the joint meeting of the Society for International Development, SID, and DAWN, held in Dar-Es-Salaam, Tanzania, 13-26 December 2001. The full text may be downloaded from the DAWN website at http://dawn.org.jt/regional/globalisation

"We believe that development and the gains of science and technology should serve collective human advancement on the basis of equality of opportunities for all human beings without discrimination on any basis whatsoever. This has been our vision for decades; yet we live in communities where the huge majority experience dehumanising levels of poverty while a tiny minority lives in obscene affluence. New forms of gender-based violence is on the increase as if women are being blamed for the deepening poverty occasioned by the market forces of globalization. But we know that women are the prime victims of globalisation. The media daily carry stories of deteriorating conditions of violence and people's wellbeing. What has gone wrong?

Structural Adjustment Programmes came into existence within the socio-political context of patriarchy, neo-colonial globalisation, new forms of imperialism and capitalist exploitation which already placed women at a huge social disadvantage. The combination of these socio-economic and political arrangements became mixed with the broth of African "culture and tradition" - a phraseology used to tell women they are not part of the discourse because they are just women.

The World Trade Organisation WTO, was institutionalised and African leaders signed new "agreements" for the formal birth of a pernicious form of globalisation. There is enough reaction, social chaos, breakdown of human values, "terrorism", and poverty to demonstrate that globalisation is not a sustainable venture. The recent events of Seattle, Porto Alegre and Doha among others are clear examples to strengthen our faith in the collaborative efforts we are currently engaging in, towards what we define as development which certainly is different from the definition of development given by the proponents and agents of globalisation. We must design new strategies to change the tide of the increasing poverty and social disintegration of our communities.

How do we as African women, as individuals, in our various organisations, institutions and networks and in collaboration with other organisations with similar goals, respond to the current situation? We admit that there are potentially fundamental divisive elements in this partnership. These are embedded in our diversity. However, it is also this diversity that is the source of strength of this partnership. It is this diversity that is the essential element for a collaborative effort like ours which envisions change for communities that are characterised by these diversities.

Our women in various communities have come a long way in breaking out of patriarchal clutches. African women today reject, in practice, the notion of their education "ending in the kitchen". Women in all spheres of life are constituting the human agency for change."

The meeting went on to discuss, amongst other topics, ways to influence alternative development, increasing reliance on religious institutions for social services and how these institutions are increasingly assuming the control of the rights of women; how state, culture and religion present constraints for women's enjoyment of their sexual and reproductive health and rights, and the challenges of linking SRHR with issues of sustainable livelihoods.

A report by SID said that using the vision provided by the collective leadership of DAWN Africa, SID would do all it could to facilitate proposals made at the meeting and facilitate further meetings and information dissemination to build on the alliances necessary for African women's empowerment.

WSSDWatch

The 2nd PrepCom of the World Summit on Sustainable Development that was held in New York, 28 January- 8 February 2002 included a Multi-Stakeholder Dialogue segment. Nine civil society groups were asked to produce a dialogue paper for these sessions. WEDO, as the UN-designated NGO coordinating input from women's groups for the duration of WSSD, produced the dialogue paper for women., www.wedo.org The NGO dialogue paper was put together by the Third World Network, Danish 92 Group, and Environment Liaison Centre International of Kenya. This paper can be found at www.rio10.dk No language was formally negotiated at PrepCom II. It was mainly to take on board further views through the M-S Dialogues, consider reports from regional meetings, and to produce a first draft of the report of the chairman, Professor Emil Salim of Indonesia, to be taken forward. Further details can be found on the official UN site, www.johannesburgsummit.org and on the Stakeholder Forum's site, www.earthsummit2002.org

The 3rd PrepCom is scheduled for New York, 25 March to 5 April 2002; the final PrepCom for Jakarta, Indonesia, 27 May to 7 June 2002; WSSD will be held in Johannesburg, South Africa, 2-11 September 2002.
World Social Forum
Discussion panel
HEALTH, MEDICINES, HIV- AIDS

From the report by Facilitator Sonia Correa, of DAWN and IBASE of a discussion panel organised by Medicins Sans Frontiers. Participants were Michel Lotouraska of MSF and coordinator of the Campaign for Access to Essential Medicines; Mario Sheffer from the Pella Vida Group, Brazil, representing the Brazilian AIDS movement; Mustafa Barghouti, President of the Union of Palestinian Medical Relief Committees; and Adrien Lovett of OXFAM, England. The full text is available on the DAWN website, http://www.dawan.org/af

Originally intended to examine the implications of the recent global struggles for access to essential medicines, especially the medicines for HIV-AIDS treatment, the discussion dealt with issues related to access to health and essential medicines in general. A wide range of obstacles to the right to health was also considered.

Access to Essential Medicines
In spite of the width of the debate, the main focus of the discussions were the initiatives of social mobilisation and of campaigns for access to essential medicines - especially drugs used for HIV-AIDS treatment - which in recent years have made it possible to overcome some important obstacles. The meaning and success of these initiatives, though they are partial, must not be minimised. There are lessons to be learned from these successes and above all, that these processes are unfolding in a plan of action and a list of priorities that civil society has put forward.

Global Campaigns and their Results
During the last years of the decade of the 1990s, initiatives and global campaigns for access to medicines had some highly relevant results, among them:

- The recognition of HIV-AIDS as a human rights issue and a humanitarian crisis (Human Rights Committee, 2001)
- Creation of the Global Fund for HIV, Malaria and Tuberculosis (Extraordinary Session of the UN for HIV-AIDS, June, 2001)
- Adoption in Doha, at the last round of the WTO negotiations, of a text about rights on intellectual property and public health that opens important perspectives to widen access to medicines in the coming years.

Although these achievements are neither total nor definitive, it is important to examine the lessons we have learned. One lesson is to recognise that it is vital for actions and campaigns to be organised by a partnership of North and South countries, ensuring, however, the primacy of the South's agenda and priorities. Another fundamental aspect is that the message of the campaigns should be clear and that the political and institutional targets should be well defined at every step.

Challenges and Priorities
From the debates emerged a list of challenges and tasks for the future, some of a general kind, others refer more directly to potential implications of the results obtained in Doha.

General Tasks
- It is vital to coordinate every campaign for access to essential medicines with campaigns of public education about the significance of public health policies.
- In the specific case of HIV-AIDS the activities directed to the access to treatment and medicines should be linked to prevention initiatives.
- Demand from governments, rigorous quality control of medicines, whether they are trademarks, generics or similar, whether approved and distributed through the public or the private network, produced locally or imported; creation of agencies or regional consortiums of quality control.
- Demand a more serious public political positioning of international organisations (UNO, WTO, PAHO, UNAIDS) and of the governments of developed countries, with declarations that rules on patents and intellectual property must be subordinated to the right to health and life, and not to economic interests.
- To promote debates and public acts aiming to widen everyone's consciousness about the impact of breaking patents and of the revision of rules on intellectual property to guarantee access to medicines, diagnostic exams and other health issues.
- To define medicines that are essential to the preservation of life as world public property, and so non-patentable.
- To link the struggle for access to health and essential medicines to the struggles to cancel debt; radical reform of multilateral financial institutions, especially those like the World Bank whose directives have harmful impacts on health policies adopted by national plans; achieving the goal of 0.7% of investment of the GDP of the industrialised countries in

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STRATEGISING TO CONTINUE THE WTO BATTLE

From Mariama Williams and Gigi Francisco, who represented DAWN at the WTO Ministerial Meeting in Doha, 9-13 November 2001, and subsequently attended the post-Doha strategy meeting of the Our World Is Not For Sale network in Brussels, 7-9 December 2001. More than 100 NGOs and social movements condemned the Doha meeting for being a development disaster. They were also appalled by the highly manipulative tactics used by major powers and the WTO Secretariat to push through a Declaration that lacks public legitimacy.

The meeting produced two statements. The first, *No More Moore*, called on governments not to elect Moore as the head of the Trade Negotiations Committee. The second, *Everything But Development*, raised the alarm about the disappointing outcome of Doha and is intended to de-legitimise the Doha Ministerial meeting.

A major concern was whether the Doha Ministerial Declaration mirrored a new round. The assessment of DAWN and the International Gender and Trade Network was that a new round was in fact embedded in the text, although there was no explicit reference to it. It was agreed there was a need to continue vigilance on the lack of democratic process within WTO to make sure it did not lead to creating a new round during the 5th Ministerial.

Participants made a critical assessment of the civil society campaign leading to Doha, and acknowledged that the Doha meeting had dealt a blow. Fighting back would involve a clear recognition of the new elements brought to the fore by the events of 11 September, the need to foster closer ties between campaigners and lobbyist NGOs and social movements, and more interlinking of national actions with global level advocacy. DAWN/IGTN noted that not enough attention had been paid to how regional arrangements constrained developing countries even before they arrived in Doha.

The most critical element of the changed environment after 11 September is the perceived trend of criminalising dissent. Part of the changed scenario was the complicity of establishment media in supporting anti-terrorist propaganda, and the lower rate of coverage of oppositional views. The war on terrorism, overall, is leading to increased militarisation and xenophobia, and has consolidated the global political might of the United States. Some participants felt the campaign should hinge on reclaiming democracy that is being undermined by the war on terrorism.

Specific campaigns related to trade and WTO were discussed and a series of workshops run on particular issues and events. Mariama Williams facilitated and reported back on WTO issues. Issues of concern included water, how to empower South governments more, the dates of WTO events and the time needed to build campaigns, and the need to obtain information.

The DAWN/IGTN team made every effort to raise women’s and gender concerns in the workshops and plenary discussions, pointing out that women’s rights had been overtaken by the recognition of other rights, including animal rights.

Given the difficult period of struggle that is anticipated, there is a need to find creative and vigorous ways of sharing analysis and lobby agenda with the broader base of women and non-women’s networks, NGOs and social movements that work on trade and development issues.

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- ensuring that the destination of resources from the Global Fund to Combat AIDS, malaria and tuberculosis, created in 2001, will not be just for prevention policies, but also to widen the access to treatment, with acquisition of medicines (mainly for the African continent) and investment in production technologies for generic medicines in developing countries. The capital of the fund should be controlled jointly by rich countries (donors), poor countries and NGO’s.

Tasks related to the Implications of Doha

The declaration offers a clear path for all flexibilities contained in the TRIPS Agreement. That means it allows compulsory licensing for any reason and not only in emergency cases. In this sense, countries are now potentially free to determine what is a national emergency or urgency, which allows a simple and quick procedure for the compulsory license. The promotion of “access to medicines for all” is clearly recognised as being part of the right of every member of the WTO to protect its own public health. In the name of access to medicines for all, the developing countries and less developed countries will be able to, for instance, use without fear their right to compulsory licensing. The text frees regulations of parallel imports of countries, and less developed countries now have until 2016 (not 2006) to implement the terms of the TRIPS agreement.
Rethinking is not resurrection. Too much breast-beating at this stage about the all too well known sins of commission and omission of neo-liberalism and the Washington Consensus or, more broadly, of neoclassical economics, may divert attention from the actual weaknesses of development economics on the one hand, and on the other, the critical issues ahead that urgently call for understanding and action. So much intellectual energy has been spent on combating the TINA (There Is No Alternative) syndrome with respect to Structural Adjustment Programmes and financial liberalisation that, with a few exceptions, our analysis has not adequately recognised the changes in both the regimes of accumulation and the modes of regulation that underpin the neoliberal thrust. Understanding these changes as the basis of neoliberalism does not mean falling into the TINA trap; instead it should help to more precisely locate what is possible.

In my note, I would also like to shift focus from development economics (more narrowly understood) to development studies, because I believe that one of the weaknesses of development economics arises precisely from its inability to integrate the richer understanding based on development studies more broadly. And indeed, at quite the same time that traditional development economics was reeling from the onslaught of the neo-liberals, our analysis and understanding of participatory approaches to rural development, the importance of sustainable livelihoods, and the need for a gendered analysis of development (to name only a few) have been growing and flourishing. It is important to remember that development studies is certainly not dead regardless of the obituaries that have been written for development economics over the last two decades.

And this may be a good starting point for a more integrated analysis of the current and future situation in which low-income countries might find themselves. A major weakness in much discussion is insufficient attention to the changes in the regime of accumulation that have occurred in the last three decades. Despite all the current verbiage on globalization, it is difficult to find good analysis of the actual changes in the labour process that the information technology revolution has made possible. Most of what has been written relates to the IT industry itself, to corporate services, and to the global assembly-line. But surely the changes are more widespread and deep, transforming the core of industrial and agricultural production, and opening new frontiers for technology and research. We do not have a good integrated analysis such as that provided by Harry Braverman’s marvellous Labour and Monopoly Capital for the previous period. Even less do we have a gendered understanding of these processes despite the growing recognition that flexible workforces include large numbers of women.

When we add to this, the incipient and massive changes that are looming with the biotechnology revolution, we can glimpse the potential implications for accumulation overall, and for development as well. I am not a technological determinist, but I do believe that the changes that began with the IT revolution and that are continuing with the biotech revolution have profound and very poorly understood implications for development analysis and policy.

One thing seems clear. This third (?) industrial revolution that we are currently undergoing both makes possible and creates the political economy interests for breaking geographical and political barriers to accumulation in very major ways. It is also clear that it has also broken the old modes of regulation of the earlier accumulation regime. In a talk I had given some years ago in Amsterdam I spoke of the breaking of three major ‘social compacts’ that have been part of the post-World War II mode of regulation. The first is the compact between workers and employers (private or the state) regarding wages, conditions of work, hiring and firing terms, and unemployment benefits and conditions. Although this social compact was much stronger in the North (although by no means uniformly), it also existed in many parts of the South especially in the public sector. It is clear that the older compact has been broken almost everywhere although it is dying a slow death in Western Europe. Its breaking has created space for new ‘flexibilised’, younger, and more female workforces under very different conditions of work and wages than before. This has also created the conditions for an energising of women’s movements focusing on women’s human rights and of sexual and reproductive rights as an integral part of human rights.
The second compact that has been broken closely linked to the first is the social security / welfare compact. A defining feature of the mode of regulation in the North, and unevenly present across the South, this compact defined the entitlements of citizens who were not part of the employed labour force. In almost all countries, and in many instances quite drastically, these entitlements have shrunk or disappeared altogether. Such entitlements used to include not only old age pensions and childhood assistance, but also subventions for health and education for the poor.

The third compact that came into being in the post-colonial era was the development assistance agreements between South and North. ODA was never explicitly acknowledged to be reparation for colonial exploitation, and was probably more closely linked to the Keynesianism and abjuring of ‘beggar-my-neighbour’ approaches that together motivated the Marshall Plan. Yet, the earlier aid decades were defined by a ‘moral’ compulsion (never mind the reality of tied aid) that has been eclipsed by the post-1970s focus on governance and corruption.

These three social compacts were key to the mode of regulation of the previous accumulation regime. All three were profoundly gendered in concept and institutional form. Much has been written about the gendered nature of the first two - labour and social security - and especially for the North. Less has been written or understood about the South in this context, barring the more recent literature on the impacts of structural adjustment. Even less is understood of the gendered nature of ODA and of the extent to which development assistance policies and projects built on and often reinforced the economic underpinnings and cultural constructs of gender bias. Yet, clearly if we are to consider new modes of regulation (global or national) we need to understand the gendered nature of what was there before.

The social compacts of the past, even where they were most effective, had strong and not altogether beneficial (indeed, quite contradictory) impacts on women, but they rarely if ever recognised women as free and full agents on par with men.

Some positive signs in the birthing struggles of the new mode of regulation:
- The growing recognition of ‘informal’ and home-based work not only by the ILO but by hitherto male-led labour unions struggling to cope with the new realities of labour in both South and North
- New directions for financing social welfare, eg, Brazil's CPMF which has over the last three years used a tax on financial transactions to fund universal health system coverage in which women’s health has a central place
- The new attempts especially by women's organisations to develop movements integrating gender justice, sexual and reproductive rights, with economic justice
- South-South linkages such as that between Cipla (the Indian pharmaceutical producer) and Brazil as well as Medecins Sans Frontieres to break the monopoly of the pharmaceutical MNCs.

In my discussion above, I have purposely not focused on macroeconomics, partly because so many others have and because rethinking development economics is in danger of becoming identified with macroeconomics alone. We need to broaden our scope and our imagination so that we can include such emerging issues in our rethinking of development studies:
- Changing production and consumption systems as linked to processes of globalised production and changing labour processes
- The political economy of new social identities as part of the multi-cornered dynamics of globalisation, ethnic and religious fundamentalisms, and social movements for human rights
- Climate change and its implications for small island states, agriculture, and health everywhere
- The shifting demographics of the labour force
- The looming health crisis (not only HIV/AIDS but also resurgent drug-resistant diseases)
- The rise of the drugs - arms trade that in some countries already eclipses the 'legal' GNP

The list above is intentionally eclectic and ad hoc, even idiosyncratic. Its intent is to point to the range of issues for which we need better analysis and all of which have important bearing on development. And we need to do this in new ways that learn from past weaknesses such as the marginalisation of gender analysis. Perhaps it is time to think again about a definition of development that means equitable improvements in the quality of life, genuine democratization, and the guarantee of full human rights for all.
BETWEEN TOO MUCH AND TOO LITTLE


Why do we need a definition of sexuality? We always “know” what sexuality is or, to say it differently, sexuality always implies strong subjective meanings. Yet throughout human history sexuality has been subject to obsessive scrutiny by religion, science and ordinary people. Despite this colossal investment there is not one clear, final, objective and universal definition of what sexuality is.

The most productive way to move forward is to identify and distinguish between distinct conceptualisations of sexuality, instead of searching for a precise definition. In the modern era, inquiries into sexuality have been, by and large, characterized by confrontation between religious and scientific views as well as by the clashes between moral and conservative perspectives. As the many difficult 1990’s United Nation debates on sexuality demonstrate, these tensions have not entirely vanished although the contours of the theoretical and political debate on sexuality have been greatly transformed in the course of the past 30 to 40 years. Present examination of sexuality basically turns on the distinction/conflict between essentialist claims and theories that conceptualise sexuality as a social construct.

The essentialist concept of sexuality is found extensively in religious and conservative positions, but it is also identifiable in scientific and progressive approaches as well as in common sense descriptions of sexuality.

The social constructionist perspective, on the other hand, denies cross-historical and cross-cultural definitions of sexuality. The perspective is less concerned with the question of why individuals do or not do certain sexual practices, but rather with the way through which cultures define what is or is not sexually permitted and provide a vocabulary for the grounding of sexual identities.

It is worth remembering that theories of social construction are the origin of gender as a category of analysis (although the legitimisation and vulgarisation of its use has somehow obscured this theoretical origin). Principally, we must be aware that — despite the great variability found in sexuality systems across cultures — a striking pattern of male dominance is found in regard to the control over the “discourses on sex” and women’s sexual autonomy. This recognition should not lead, however, to the conclusion that women are “universally victimized” in the sexuality domain. Despite great constraints, women’s resistance and manoeuvring is found in most sexual cultures or subcultures.

The use of social construction as a paradigm to analyse gender and sexuality as social constructs gained visibility (and legitimacy) in the last decades of the 20th century as a result of the HIV/AIDS epidemics and the impact of social movements — feminists, gay and lesbian organizations, HIV/AIDS-related initiatives — that became global and able to diffuse a public discourse concerning sexuality, both nationally and internationally. The United Nations’ “achievements” with respect to sexuality must be analysed as part of this larger landscape. By and large on these occasions sexuality has been pushed into UN language by women’s organizations, the exception being the 2001 UNGASS when a powerful gay and PLWHA constituency was involved.

Given the depth and extension of United Nations’ conflicts around “sexual subjects”, we should recognise that much has been achieved in recent years in terms of recommendations and resolutions. However, it also the case that the majority of references to sexuality adopted in the United Nations in recent years have been framed either in health language or in a direct linkage to gender violence. It has been clearly more difficult to address sexuality in terms of freedom and rights to happiness and well being.

While the Human Development Report 2000 explicitly mentions sexual orientation as an unjustifiable basis of discrimination and recaptures long-standing human rights, the potential dislocation of sexuality from a health frame to a rights frame is not a panacea. As we further examine what is implied in the concept of sexual rights we are able to identify thorny conceptual problems as well as political risks.
A LEVER FOR TRADE LIBERALISATION

The International Monetary Fund, the World Bank and the World Trade Organisation are increasingly coordinating policies on trade liberalisation. A group of policy researchers/activists in Washington DC have produced a draft working paper to explore the overlapping objectives of IMF-WB policies and WTO policies and how the institutions seek to increase this collaboration, particularly as it relates to promoting trade liberalisation in South countries. The paper, titled "IMF-WB-WTO Synthesis Report", is by Rick Rowden, of RESULTS Educational Fund.

In April 2001, the World Bank released a paper titled "Leveraging Trade for Development", which gave details on how a new series of lending instruments were to be offered to borrowing governments for the purpose of assisting countries in their efforts to meet the complex membership requirements of the WTO and other regional trade agreements being negotiated, such as the Free Trade of the Americas Agreement, FTAA.

"Leveraging Trade for Development" describes the success the WB has had in getting developing countries to lower their trade barriers, and how cooperation with WTO objectives has stepped up through capacity building loans that go behind the borders and a huge range of issues including trade in services, standards and technical regulations, investment policies, transportation and telecommunications.

Critics of trade liberalisation have many concerns, including those about the way the political leverage of the IMF, WB and WTO on South countries generally undermines national sovereignty and self-determination.

Of particular concern to trade liberalisation critics is the dispute-settlement mechanism in Chapter 11 of the North American Free Trade Agreement, NAFTA, which has been the model for inclusion in negotiations with the FTAA, and WTO. The application of dispute settlement mechanisms in the FTAA and within the General Agreement on Trade and Services, GATS, and other parts of WTO agreements threaten to undermined democracy by holding investors' rights at a higher value than laws and regulations created through the democratic process.

NAFTA's Chapter 11 goes further than any other agreement to protect international investors and allows them to use tribunals to sue governments involved in NAFTA directly, to demand compensation for any breach of a long list of obligations. For the first time this gives unprecedented power to corporations to sue foreign states. Provisions including the controversial concept of "national treatment" threaten to undermine the traditional role of states in providing public services: if a state is subsidising a service (providing it at less than going private market rates) then this constitutes an unfair 'advantage' over a (foreign) private market provider and must be undone (eliminated) or hefty damages are owed to the plaintiff.

Such an enabling clause in the GATS could, in theory, allow multinational corporations to seek legal measures to ultimately force all governments out of the business of providing key, vital services and in so doing, threaten the concept of service provision based on equity and access for all citizens which has been a traditional cornerstone of modern governments. The result would be that citizens would be reduced to consumers and services would be for those who could afford to pay the going private market rates.

While neoliberal concepts continue to drive efforts at reducing the role of the state in regulating domestic economies, protecting the long-term public interest and providing vital public services, the WTO's intellectual property rights protections make the state the guarantor of protectionist policies for private copyright and patent holders, which, ironically, are anti-free trade in theory and practice.

Supporters of market liberalisation by the IMF and WB claim that such policies will lead to higher economic growth, yet have scant evidence upon which to base this claim. At a time when the efficacy of the neoliberal agendas of the IMF, WB, WTO and their leading sponsors are under increasing scrutiny, these institutions' efforts at greater policy coherence needs more attention.
DAWN INFORMS

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STEERING COMMITTEE

General Coordinator: Claire Slater, Fiji
Tel: (679) 3314770
Fax (679) 3314770
Email: claire@dawn.org.fj

Former General Coordinator: Peggy Antrobus, Barbados
Tel/Fax: (246) 4374238
Email: Pan@caribsurf.com

RESEARCH COORDINATORS

Political Economy of Globalisation:
Gita Sen, India
Tel: (91) 80 663 2450;
Fax: (91) 80 664 0450
Email: Gita@iimb.ernet.in

Sexual and Reproductive Rights:
Sonia Correa, Brazil
Tel: (55) 21 552 0676;
Fax: (55) 21 552 8796
Email: scorea@iibase.br

Pol. Restructuring & Soc. Transformation
Vivienne Taylor, South Africa
Tel: (27) 21 8504221;
Fax: (27) 21 6864304 (h)
Email: Taylor94@iafrica.com

Sustainable Livelihoods
Ewa Charkiewicz, Poland
Tel/Fax: 31 70 3520 289/48 22 622 7429
Email: echare@euronet.nl

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REGIONAL COORDINATORS

Africa: Anglophone: Bane Madunagu, Nigeria
Tel: (234) 8722-2340; Fax: (234) 8722-0929
Email: dawn.angafri@linkserve.com

Africa: Francophone: Fatou Sow, Senegal
Tel: (221) 825-0090; Fax: (221) 825-6633
Email: Fatousow@telecomplus.sn

Caribbean: Katurah Cecelia Babb, Barbados
Tel: (246) 437 6655; Fax: (246) 437 3381
Email: dawncaribbean@sunbeach.net

Latin America: Celita Echever, Uruguay
Tel/Fax: (598-2) 403-0599
Email: Repem@repm.org.uy

Pacific: Elizabeth Cox, Papua New Guinea
Tel: (675) 323 6161
Email: sabet@globalnet.pg

South Asia: Vanita Nayak Mukherjee, India
Tel: (91) 471 441534
Email: Vanita@mrd2.vsnl.net.in

South East Asia: Gigi Francisco, Philippines
Tel: (63) 2 9272421; Fax: (63) 2 4260169
Email: gigifran@skynet.net & dawn-sea@mc.edu.ph

DAWN (Development Alternatives with Women for a New Era)

Note new address:
PO Box.13124
Suva, Fiji Islands
Tel/Fax: (679) 3314770
Email: dawn@is.com.fj
Website: www.dawn.org.fj

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