

Global Call to Action Against Poverty
2005: No more excuses!

Millennium Development goals: no more excuses!

French civil society organisations' recommendations for 2005

March 2005

Box 1: The Millennium Development Goals

1/ To eliminate extreme poverty and hunger, by reducing by half the percentage of persons disposing of less than one dollar a day and of those suffering from hunger.

2/ To provide primary education for all by giving to all children, boys and girls, the means to complete the full cycle of primary studies.

3/ To promote equality of the sexes and the emancipation of women by eliminating the disparities between sexes in primary and secondary education, by 2005 if possible, and at all educational levels by 2015 at the latest.

4/ To reduce child mortality, by bringing down by two thirds the mortality rate of children under 5 years of age.

5/ To improve mothers' health, by reducing by three quarters the mortality rate of mothers by three-quarters.

6/ To combat disease, by stopping and then beginning to reverse the spread of AIDS, malaria and other major infectious diseases.

7/ To ensure a sustainable environment, by integrating the principles of sustainable development into national policies, halving the percentage of people lacking access to drinking water and improving the lives of at least 100 million slum dwellers.

8/ To establish a global partnership for development:

- by endeavouring to bring about a more open commercial and financial system, which implies commitments on behalf of good governance, development and the struggle against poverty, both at the national and international levels;
- by providing for the specific needs of the least developed countries, as well as of developing countries that are landlocked or are small island states;
- by fomenting a global initiative to solve the problem of developing country debt;
- by creating decent productive employment for young people;
- by making available, in cooperation with pharmaceutical laboratories, basic medicines accessible to all in developing countries;
- by promoting access to new technologies, in cooperation with the private sector, in particular in the fields of information and communications.

Gelöscht: secure

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Acronyms

ACP :	Africa, Caribbean and Pacific (countries)
ACDIC :	Association citoyenne de défense des intérêts collectifs (Citizens' association for the defence of collective interests)
C2D :	Contrat de désendettement et de développement (contracts of debt relief and development)
CADTM :	Comité pour l'annulation de la dette du Tiers-monde (Committee for the cancellation of Third World debt)
CCFD :	Comité catholique contre la faim et pour le développement (Catholic committee against hunger and for development)
CFSI :	Comité français pour la solidarité internationale (French committee for international solidarity)
CIDSE :	Coopération internationale pour le développement et la solidarité (International cooperation for development and solidarity)
CIS :	Community of Independent States
CISDL :	Centre for International Sustainable Development Law
CPIA :	Country Policy and Institutional Assessment (indicator of political and institutional quality)
CSP :	Country strategy paper (of EU)
DAC :	Development Assistance Committee (of OECD)
DSB :	Dispute Settlement Body (WTO)
EC :	European Commission
ECOSOC :	Economic and Social Council (United Nations)
EPA :	Economic Partnership Agreement
EU	European Union
FATF :	Financial Action Task Force
IMF :	International Monetary Fund
PRGF :	Poverty Reduction and Growth Facility (IMF)
G7/8 :	Group of the 7/8 richest countries (Canada, France, Germany, Italy, Japan, United Kingdom, United States; Russia)
GATS :	General Agreement on Trade in Services
GATT :	General Agreement on Tariffs and Trade
GDP:	Gross Domestic Product
GM :	Genetically Modified (food, crops, organisms)
GRESEA :	Groupe de recherche pour une stratégie économique alternative (Research group for an alternative economic strategy)
GRET :	Groupe de recherche et d'échanges technologiques Research and technological exchange group)
IDA:	International Development Association
IDB:	Inter-American Development Bank
IFF :	International Finance Facility
IFI :	International Financial Institutions
ILO :	International Labour Organisation
LDCs:	Least Developed Countries
HIPC:	Heavily Indebted Poor Countries (Initiative)
MDG :	Millennium Development Goals
Mercosur :	Mercado común del Sur – Common market of the South (of South or Latin America)
NGO:	Non-Governmental Organisation
OECD :	Organisation of Economic Cooperation and Development
ODA :	Official Development Aid
SCO :	Civil society organisation
PRSP:	Poverty Reduction Strategy Paper
SIPRI :	Stockholm International Peace Research Institute
TRIPS:	Trade-related aspects of intellectual property rights
UNDP:	United Nations Development Programme
UNCTAD:	United Nations Conference on Trade and Development
WB:	World Bank
WTO	World Trade Organisation

2005: Time to reverse priorities

In September 2000, at the UN New York Millennium Summit, the governments of the whole world reaffirmed their determination to "*strive for the full protection and promotion in all our countries of civil, political, economic, social and cultural rights for all* "[1]. They pledged, in particular, to "*make the right to development a reality for all* ".

They gave themselves until 2015 to complete a first stage of this commitment, embodied in the Millennium Development Goals (MDG), which include in particular the halving of extreme poverty and hunger in the world, access of all girls and boys to primary education, the reduction by two thirds of under-5 child mortality and the halting of the spread of AIDS (see Box 1).

Already far behind schedule

The international community has chosen these minimum objectives because they are feasible. The United Nations Millennium Project estimates the cost of these objectives at 135 billion dollars in 2006[2]. Even though this amount is probably under-estimated, it is to be compared with the figures of global income (40,000 billion dollars a year) and of global trade ($8,000 billion), which according to Jacques Chirac, "*should be the yardstick of our activities"*[3]. In order to reach the MDG, the rich countries have pledged to sacrifice a small part of their wealth (0.7% of their national income or 120 billion dollars) and to nullify the burden of debt which prevents the countries of the South from meeting their basic needs.

Five years later, we find beyond question that we are very far behind schedule and governments have failed to fulfil their promises. As Presidents Lula, Chirac, and Lagos and Prime Minister Zapatero have admitted in a letter to Tony Blair, host of the next G8, "*We all know that at the present rate, we shall not reach the Millennium Goals in 2015*". Indeed, although certain goals could, according to some estimates, be achieved though the demographic weight of China and India, the majority of developing countries cannot expect to achieve these minimum goals between now and 2015. At the present rate, sub-Saharan Africa will not attain the goal concerning child mortality before 2165. No date is even estimated with regard to the halving of hunger in Africa, since the situation has got worse since the year 2000. Already now, one first objective, that of securing for all girls by 2005 equal access to primary and secondary schooling, has not been achieved. (see Box 2).

Box 2: A disquieting delay

1/ Poverty and hunger. More than 1.2 billion people survive on less than one dollar a day and 800 million people still suffer hunger. The proportion of the population living in conditions of extreme poverty has in fact increased since 1990, in West Asia, in Latin America and the Caribbean, in Central and Eastern Europe, in the Arab countries and, above all, in sub-Saharan Africa. Without a striking turnaround, this regions will not achieve the goal fixed for 2015 before 2147! The number of people living on less than one dollar a day has on the other hand greatly diminished in East and South-East Asia, thanks to the progress of China and of India. If we exclude China, the proportion of persons who are victims of hunger and extreme poverty has in fact generally increased in the world in the 1990s…

2/ Primary education. 114 million children do not have access to primary schooling. Sub-Saharan Africa, the South of Central Asia, and West Asia register the greatest lags.

3/ Equality of the sexes. The goal of parity, fixed at 2005, has not been achieved. 63 million girls still have no access to primary school, and among those who have a handicap, only 1% know how to read and write. In only nine countries of the world does a woman occupy at least one parliamentary seat out of three. Although some

[1] *United Nations Millennium Declaration*, Resolution adopted by the General Assembly of the United Nations on 8th September 2000, in New York.

[2] Rising to $195 billion in 2015 – Jeffrey Sachs (under the direction of) *Investing in Development – A Practical Plan to Achieve the Millennium Development Goals*, Overview Report of the United Nations Millennium Goals Project, January 2005, New York, p. 57.

[3] Speech by M. Jacques Chirac at the World Hunger Summit dedicated to the struggle against hunger and poverty, 20 September 2004 at the United Nations, New York, USA.

progress has been made in all regions, sub-Saharan Africa, the South of Central Asia and West Asia remain far behind.

4/ Child mortality. Every year, 11 million children die under the age of 5, the majority from illnesses which could easily be avoided or treated. Progress is very unsatisfactory in Central and West Asia, and almost absent in sub-Saharan Africa, which at the present rate will not reach the goal before 2165…

5/ Mothers' health. Almost 500,000 women die in childbirth or in pregnancy each year. The risk of dying in childbirth is I in 16 for women in Africa, 1 in 160 in Latin America and the Caribbean, 1 in 840 in East Asia and 1 in 2,800 in the developed countries. With rare exceptions, no positive trend is indicated to change this.

6/ Diseases. Out of 42 million people affected by the AIDS virus, 39 million live in developing countries. AIDS is the fourth cause of death in the world as a whole but the first in sub-Saharan Africa. South Asia, the CIS and the Caribbean are also experiencing a rapid growth of the AIDS epidemic.

7/ Sustainable environment. 1.2 billion people lack permanent access to drinking water. Some progress has been made, but the trend remains negative, particularly with respect to sanitation. Grave water shortages are to be feared.

8/ World partnership. The commitments undertaken by rich countries in 2002 to increase aid for development, between then and 2006, by 16 billion dollars are at the best modest and quite insufficient to achieve the MDG. They are, moreover, behind schedule!

In the face of this sad finding, the citizens, women and men, and the organisations of civil society of the whole world will not be satisfied by new rhetorical commitments on the part of governments. Because at a time when all the necessary financial, scientific and human resources exist to eliminate extreme poverty, they no longer have any excuse. Between now and 2015, the failure of the MDG would signify the death, through lack of access to health care, and to basic hygiene and food, of 45 million children, and the prohibition, for almost 100 million other children, of going to school[4]. While the world dedicates each year more than 1000 billion dollars to military expenditure[5] and almost the same amount to advertising, this massive negation of fundamental rights, for a few billion euros, is intolerable. This panorama puts to shame our human race, in particular our well-provided countries.

"2005: no more excuses!" - citizen mobilisation on the march!

In reiterating their decision, in September 2000, "*to respect fully and uphold the Universal Declaration of Human Rights"*[6], the heads of state and government of the whole world reaffirmed forcefully the value of every human being and the equal dignity of all humans, who should have access to all the rights and liberties it enunciates. However extreme poverty, in other words misery, is the absolute negation of all these principles.

Five years later, the United Nations "Millennium + 5 Summit", the G8 Summit in Scotland and the interministerial conference of WTO in Hong Kong make 2005 a key year for development. The dignity of millions of people and the development of peoples cannot wait for other international summits: it is 2005 or never. After their broken commitments of the Millennium, the leaders of the whole world and in particular those of the rich countries, are faced with a historic responsibility: to do away with extreme poverty. In 2005, no more excuses!

It is to challenge the governments of the whole world that thousands of organisations and millions of citizens throughout the world are mobilising in the "Global Call to Action Against Poverty". In France, the combined movement of our associations trade unions and church-based organisations, which represent a wide spectrum of civil society and which work in very different sectors (water, employment, environment, the handicaped, health etc.), is convening to appeal urgently to the French government and, more widely, the European Union and the international community, to make a healthy leap forward in 2005.

[4] Oxfam International, *Paying the Price – why rich countries must invest now in a war on poverty*, December 2004.
[5] $956 billion in 2003, according to SIPRI. Three quarters of this expenditure is by rich countries, which thus dedicate twelve times more to security expenditure than to development aid.
[6] UN Millennium Declaration, *Op. cit*.

An urgent need: to put globalisation in the service of man

Necessary and urgent as it is, the mobilisation of several billions of extra dollars of aid would by itself be only a short-term response to the challenge of extreme poverty. For, beyond the Millennium Goals, which can only be a first step, the dignity and e liberty of every person and of every people are not an option: they cannot rest sustainably on promises whose fulfilment fluctuates at the whim of the political and budgetary shifts of the rich countries.

In reality, the failure of the international community to keep its minimum promises reveals a major dysfunction of our world, which limits itself to treating the most flagrant symptoms of extreme poverty, without questioning the mechanisms that give rise to it.

As is admitted in the provisional report of the European Parliament on the question, "*the donors tend to consider the MDG as a technical problem which will be resolved simply by bringing in more money, without recognising nor dealing with the structural causes of poverty"*[7]. Now, the governments which only see the struggle against poverty as a curative policy, to compensate the negative « externalities » of an economic and financial globalisation judged by them to be profitable to the greatest number, are getting their priorities wrong.

- Our societies, and in the first place those deemed "developed", never stop producing simultaneously new riches and new needs, without everyone having the means to satisfy them. The permanent frustrations which result from this lead some people to frenetic over-consumption, which has a direct effect on the degradation of the environment, while the poorest populations cannot satisfy their basic needs. "*Live simply, so that others can simply live*", said Mahatma Gandhi[8]. Instead of inciting he citizens to consume forever more, the governments of the richest countries should encourage thought and actions for more equitable and more responsible consumption, as an indispensable condition for progress towards a more sustainable and solidaristic type of development.
- The impoverishment of millions of people and the deepening of inequalities, both between rich and poor countries, and at the same time within poor countries, result directly from the putting into generalised competition of goods, of services, of people and of countries which they -the governments of rich countries- promote or impose, with the help of the IMF, the World Bank and the WTO.
- While the rich countries dedicate scarcely 45 billion euros a year to official aid for development (0.25 % of their income) the net transfers of wealth from the countries of the South toward those of the North amounted to nearly 200 billion euros in 2003, according to the United Nations General Secretariat.

The result of this "savage" economic and financial globalisation is that the weakest are denied employment or consigned to the worst-paying and most insecure jobs because they are not sufficiently "competitive" or "productive". Their food and the care indispensable to their health are not assured because they cannot pay for products that have become too expensive for them. At the extreme, the weakest are quite simply excluded from the right to life.

The governments of the South, when they do not themselves bear a heavy responsibility in the misappropriation of public funds and the denial of basic rights, are in any

[7] *European Parliament's draft report on the EU contribution to the MDGs*, February 2005.

[8] Meanwhile the African Albert Tévoédjré proposed in his book *Poverty, the wealth of peoples*, to "rehabilitate" frugality in order to fight against extreme poverty.

case deprived of the resources required for the financing of social policies or for redistribution. They are in effect victims of a double budgetary haemorrhage due, on the one hand, to the repayment of colossal debt and on the other, to the unbridled race to reduce taxation and social expenditures.

In sum, by constraining the governments of the South to respond to the demands of the market and the international financial institutions rather than to the aspirations of their peoples, the present globalisation imperils the existence or the hope for democracy in these countries.

Instead of building an economic system at the service of the dignity and the liberty of persons and peoples, our governments, more susceptible to the siren voices of the multinationals than to the aspirations of their citizens, have built a world where persons and peoples are put to the service of economic growth, productivity and financial profitability.

2005, which has first been the year of a failure, that of realising the minimal promises for the reduction of extreme poverty, should now sound the hour for a leap forward by the international community, to reverse its priorities.

Strengthened by a long experience of partnership with the poorest populations and with social actors in the North and the South, we have come to certain conclusions, which seem to us to be an essential preamble to any policy of struggle against poverty. We shall next present, more precisely, our concrete proposals for 2005 really to show the will of humanity to get rid of extreme poverty.

Box 3: MDG 1 – Handicap and poverty – for inclusive policies.

The most vulnerable populations should be better taken into account in development policies. The very strong link which exists between poverty and handicap is a very good illustration of this.

According to United Nations estimates, there are 600 million handicapped people in the world, 80% of them living below the poverty line. On the planet, 1/5 of the poorest are handicapped. Moreover, handicaps affect not only an individual, but also his or her family and community.

It is evident that the exclusion of the handicapped has a negative impact on the achievement of the MDG: for example, how to achieve universal primary education without taking into account the handicapped, when 98% of them have not been to school?

Aid programmes for the achievement of the MDG constitute a real opportunity to promote inclusive models of development, which take into account the specific situation of handicapped people, engaging them in the definition, the implementation, and the evaluation of the programmes, to assure them of access to their rights.

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1. The struggle against poverty will not be waged without the poor

After decades, discourse on development is dominated by the point of view of those who have no life experience of poverty: university teachers and researchers, officials of international agencies, politicians. For this reason, it has not taken account of the fact that the rich countries themselves have not succeeded in eradicating extreme poverty at home and have therefore no recipe all ready to propose to, or to impose on, developing countries.

Today, the need to take into account the experiential knowledge of the poor is more and more recognised, including by big international institutions. The poor are the prime experts on poverty, since they alone have the life experience, they alone know the weight of suffering and of humiliation attached to extreme poverty and exclusion, they alone know the desperate efforts they have to make daily in order to ensure the survival and the future of those they love and the extent of the changes required for their lives to really improve. But this indispensable taking into account of their knowledge implies accompanying them for the long term, as an integral part of the strengthening of their capacities, so that the excluded populations can become recognised collective actors and partners in development projects.

If strategies for the struggle against poverty continue to ignore the knowledge of the poor populations, they risk all the time making the poor into the targets of maladapted programmes decided by others. In this respect, the wording of MDG 1 (to halve the proportion of people who suffer from hunger and poverty between now and 2015) presents a risk: not allowing at all for an evaluation of how the situation of the other half is progressing, it could lead to an incentive to concentrate efforts on the less poor among the poor, to the detriment of the most vulnerable, like for example tribal populations and marginalised indigenous groups, or also the handicapped (see Box 3). The drawing up, implementation and evaluation of policies aiming at achieving MDG should involve closely the populations concerned, in particular the women, the poorest and the most vulnerable groups.

The capacity of people to rise out of extreme poverty, to satisfy their basic needs and to choose their way of life depends on the recognition that they are the prime actors in their own lives and in their development. This recognition includes in particular, even if it is evidently not the only factor, an appreciation of their work, of their productive or creative capabilities. The role of development organisations can only be to support their efforts. Our demand for respect of the dignity and the autonomy of people leads us to consider that the priority for enabling individuals and their families to rise out of poverty is a stable employment decently remunerated and freely chosen. The proper remuneration of women's work, when women are often more responsible for the management of household income, is a particularly central lever in the struggle against extreme poverty. For nearly three billion people who work in agriculture of depend directly on it, the price of agricultural products is an overriding determinant of their remuneration and of their capacity to live decently. The tendency for these prices to fall explains to a great extent the apparent paradox that the great majority of the 840 million people who suffer from hunger in the world are peasants.

- ***Proposal: Reintroduce the excluded populations at the heart of the MDG***

We propose that a panel of a dozen countries, of different economic levels and geographical regions (including one country deemed « developed »), be invited to work in concert with the international institutions (World Bank, UNDP and other UN agencies) and NGOs, to seek to reach the poorest groups. They would receive specific support to gather the quantitative and qualitative data that are usually lacking, and an enhanced effort would be made to create a real partnership with the poorest groups, to give them a voice and to gather their opinions on the changes to undertake. One of the criteria for the choice of countries would therefore be a significant presence of independent NGOs among the relevant population groups. The methodological contributions and the lessons resulting from this initiative could then be widely diffused in the international community.

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2. Ensuring that the general interest is embodied in public policies

For the World Bank, "*the reduction of risks, costs and barriers to competition, linked to governmental action, is of crucial importance to stimulate growth and cause poverty to recede*"[9]. On the contrary, we consider that beyond the access of people to resources, it is incumbent on public authorities to secure the general interest, in particular by financing, through taxation and redistribution, the basic public goods and services. In spite of their deficiencies, public social security systems, which remain essential in the struggle against personal insecurity and poverty in the Western countries, are still cruelly absent for numerous peoples across the world: where they exist, they should therefore be consolidated instead of being called into question as is more and more often the case; elsewhere, they should be progressively established, especially through national and global public financing. Public policies, local or national, have an essential role to play in guaranteeing free and universal access to education and to primary health care, public justice services, drinking water supply etc. With respect to health for example, our organisations witness daily how the privatisation of health care supply or the establishment of policies to recover costs through tariffs generates exclusion affecting like a backlash the most economically deprived people.

[9] World Bank, *World Development Report*, 2005.

The definition of these public goods and services and their form of management is a political choice which should express the general interest through inclusive and democratic processes. It should not be imposed from the outside. Convinced by our long experience of partnership, we consider that the "world partnership for development" (MDG 8) should not be founded upon a relationship of guardian and ward, or any form of domination. The rich countries, like the international institutions, ought to respect the principle of sovereignty, foundation of international law. Their interference, in countries where the government really enjoys the legitimacy of the ballot box, undermines democracy. The complicity of some of them, including France, with states which make a logic of terror or personal enrichment prevail over respect of the law and the general interest should be recognised and sanctioned. In such countries, the international community should promote transparent and inclusive decision-making processes and bring their support to bear to strengthen social control exercised by civil society (Box 4).

The governments of the South will only be able sustainably to finance social or redistributive policies, necessary to the achievement of the MDG, if they have at their disposal stable and permanent resources. Their autonomy in decision-making will be that much more real as their dependence on uncertain external resources diminishes[10]. The priority should therefore be given to the mobilisation of domestic resources, in order to permit real budgetary autonomy, the only guarantee of freely decided development and economic policies.

3. At the global level: regulate interdependence

Referring in particular to aid for development, to debt, to trade, to the employment of the young and to access to medicines, MDG N° 8 explicitly puts responsibility in the struggle against poverty onto the countries of the North.

The rich countries should first of all keep their commitment to release funds needed in order to reach the MDG. Aid for development should double as from today (the promise of 0.7% of national income being only a threshold), it should be managed more democratically, it should really be put to the service of the struggle against poverty and it should in the long term be part of a wider perspective of redistribution on a world scale, financed mainly through international taxation.

At the same time, this aid should not be alone in making good the deficits in financing the Southern countries' public policies, while Western countries dedicate 30% to 50% of their national income to the financing of public services. Above all, it would not suffice, far from it, to compensate for the effects

Box 4: MDG 7 – Ghana: water management and the involvement of the population affected

In 2004, the World Bank encouraged the Ghanaian government to start a reform of its water sector, consisting of ceding the management of water in its main cities to multinational companies from the North. A coalition representing community associations, trade unions, health sector employees, women's organisations, ecological groups and students was very quickly organised and mobilised to demand that the initiators of this reform consider various different options that could be envisaged for public management. But the World Bank and the government preferred to remain deaf to these calls and continue with the privatisation process which they had planned at the start.
Ghanaian civil society today denounces, after three years of keen struggle, a reform which has proceeded in the most complete opacity, and calls to account the World Bank, which has refused to listen to their worries and their proposals, preferring to impose a ready-made model not adapted to the poor population of Ghana. In this context of firm opposition by the users to a project decided far from the terrain, and despite alternative proposals by citizens seeking participation, it is not on the agenda for the Bank to reflect seriously on models of public management, nor to propose a form of management involving the communities of users.
It is time for the World Bank to put into execution the fine speeches made by its main shareholders in 2003 at Evian, which underline the urgency of developing participatory tools, introducing transparency in the management of water, and strengthening the competence of those charged with water management.

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[10] The resources coming from external aid, for example, are at the same time extremely unstable, since they depend on the whim of the donor, and are often tied to strict conditions with respect to their use and to economic policies as a whole.

of a commercial and financial system which, through the repayment of a debt which is often unjust[11], iniquitous rules of international trade, and the global race to minimum social expenditures and taxes, massively impoverishes people and deprives the poorest countries of essential resources for MDG financing. In Latin America, the purchasing power of the minimum wage was, in 1998, 27 times [translator's note: sic: 27% presumably intended] lower than in 1980; the number of poor people has grown from 120 to 200 million[12]. These different dimensions of globalisation are largely interdependent and combine their impacts on the capacity of people and of states to satisfy their basic rights.

The stake of MDG therefore requires more from the rich countries. They are called upon to make a coherent whole of their policies so that the MDG become a reality. It is a question above all of constructing, in real partnership with the countries of the world as a whole, a worldwide system of solidarity, which implies the regulation at an international level of trade and finance in such a way as to allow every person to live decently. Such a "global partnership for development" implies the recognition of the other partner at all levels from local to global. A reform of the decision-making mechanisms at the international level is therefore necessary in order to give more weight to the countries of the South.

Five years ago, the governments of the whole world committed themselves not to spare "*any effort to release … men, women and children from extreme poverty, an abject and dehumanising phenomenon which affects… more than a billion people"*. They have failed; the responsibility of the rich countries is indisputable. Five years later, there are no more excuses. In 2005, we call upon the leaders of France and, through them, those of the European Union and the international community, to rise to the level of the challenge.[13]

[11] Every day it taps more than 100 million euros from the lean budgets of low-income countries (World Bank, *Global Development Finance*, 2004).
[12] Interamerican Development Bank (IDB), *Facing Inequality in Latin America*, 1999.

For an equitable solution to developing countries' debt

The debt of the developing countries is the result of a policy of indebtedness as irresponsible on the part of the governments of the creditor countries as it is on the part of those of the debtors. However, it is only the populations of the debtor countries who have borne the cost, at the price of millions of human lives: the repayment of the debt in effect deprives these states of the necessary resources for the financing of the essential social sectors. Today, many countries tottering under the burden of unpayable debt will not be capable of realising the MDG. The establishment of a global partnership for development implies at the same time that the creditors recognise their responsibilities, by cancelling the debt, and that powers over the management of the debt are rebalanced between creditors and debtors, making the rules equitable and transparent for all.

I. Cancelling the debt, condition *sine qua non* for the achievement of the MDG

1. A level of debt that puts into question the achievement of the MDG

The initiative for highly indebted poor countries (HIPC), established in 1996 and strengthened in 1999, constitutes the most "ambitious" measure of debt forgiveness undertaken by the international community. Six years later, the result is clear, as is shown by UNCTAD[14]. It has failed to attain the double objective it set itself: to bring down the debt of the countries to a sustainable level while also making permanent advances against poverty. In 2004, only seven of the 41 countries concerned had a level of debt adjudged as sustainable by the IMF and the World Bank[15]. In 2003, the debt service of the 27 countries which had benefited from debt alleviation was still 15% of their income (36% for Senegal in 2004), a level that makes it impossible for these countries to reach the MDG. At the end of the initiative, only one third of the stock of debt of the HIPCs will have been removed (49 out of 139 billion dollars), which represents less than 5% of the total amount of debt of the developing countries, and this while these countries continue to contract new loans.

Box 5. MDG 2. Zambia: when the weight of debt undermines education[16]

For several years, Zambia has been striving actively to reduce poverty and improve the living conditions of its citizens. Access to education counts among the recent successes registered by this country, which has been able to make real advances with respect to education for all. However, all these efforts are today largely put into question both by the repayment of the debt itself, which weighs excessively on the Zambian state budget, and by the extremely strict macroeconomic conditions that are associated with it. Now while thousands of trained and qualified teachers are currently unemployed and that classes are spilling over with children (70 pupils per class on average), Zambia nevertheless continues to dedicate nearly 380 million dollars to debt service. In 2004, just the repayments to the IMF have risen to 247 million dollars, greatly exceeding the amount of annual expenditure allocated to education (221 million dollars). In a country like Zambia where more than 70% of the population lives in poverty and one adult out of five is infected with the AIDS virus, cancellation of the debt is imperative. The resources so freed could serve to expand the education system and absorb the recurrent costs such as the teachers' salaries.

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Based as it is on a partial – in both senses – approach to debt sustainability[17], the list of beneficiary countries is very restrictive – where are Haiti, Jamaica, Nigeria, Peru, Pakistan or Indonesia? The analysis of sustainability, based solely on a macroeconomic indicator (the

[14] UNCTAD, *Debt Sustainability: oasis or mirage?*, October 2004.
[15] Figures taken from the last report of the IMF and the WB on HIPC. Cf. *HIPC Status of Implementation*, August 2004.
[16] For more information, see Global Campaign for Education, *Undervaluing Teachers: IMF Policies squeeze Zambia's education system*, September 2004 – www.campaignforeducation.org.
[17] On the analysis of sustainability, see « Plate-forme Dette et Développement (Debt and Development Platform) : Une soutenabilité insupportable – Comment définir un niveau d'endettement acceptable ? » (An insupportable sustainability: how to define an acceptable level of indebtedness?), in *Rapport 2003 - La dette face à la démocratie (Report 2003: The debt facing democracy)*, March 2004, pp. 25-36.

trade balance), without taking account of the resources required for the satisfaction of the populations' fundamental rights, contradicts the very objective of HIPC, to fight against poverty. As pledged in March 2002[18], the international community should revise the criteria of sustainability to tie them explicitly to the achievement of the MDG.

Even the United Kingdom which, in the context of its "Marshall Plan for the developing world" calls for the full cancellation of the multilateral debt of poor countries, and the United States[19] today recognises the insupportable nature of the indebtedness for the poor countries of the planet. In reality, the debt is equally insupportable, with regard to MDG, for many countries said to be of "intermediate income" like Peru, Ecuador, the Philippines or Indonesia. It is in this context that the European Parliament adopted by a large majority on 13th January 2005 a resolution asking "*the Commission and the member states to take the initiative, at both multilateral and bilateral levels, progressively to cancel the external debt of developing countries".*

[<**France: the non-existent C2Ds**>
France, which gargles about being the top contributor to the HIPC initiative, hardly does any better. Its policy of bilateral alleviations, through contracts of debt relief and development (C2D), is made conditional on the uncertain attainment of the finishing line in the HIPC process, so that every delay has the effect of diminishing the amounts of debt effectively refinanced (since the countries continue to pay in the meantime). Five years after the announcement of their establishment, the C2D scarcely exist except on paper: out of 4 billion euros announced, only a few dozens of millions of euros have been disbursed[20]. Moreover and in spite of certain advances, the populations concerned have hardly been involved at all in the definition and the follow-up of the projects financed.

- France should de-link the C2D from the attainment of the completion point and really put the C2D at the service of development favouring the civil society participation.]

2. Treatment of debt in the hands of the creditors

In reality, by adopting this restrictive approach to sustainability, the creditor countries forgive most debt in respect of loans that the recipient governments cannot repay anyway; according to an IMF study, "*debt relief in this situation would be largely an accounting transaction"*[21]. For the economist Daniel Cohen, "*the rich countries (…) actually* (leave) *the real rate of repayment almost unchanged"*[22] and thereby keep a large part of the "*effective credit they arrange for poor countries"*[23]. To cancel these loans would make possible a real financing of development, as has been shown in the cases of Uganda, Mozambique or Mali which have been able, thanks to the alleviation of their debts, to increase substantially their expenditures on education and their efforts in the fight against AIDS.

In sum, the HIPC initiative does in practice as much service to the rich countries, which have been able to clean up their credit portfolios, as it has to the beneficiary states. Nothing surprising in that since it is well known that it is these same creditors who, at the G8, at the Paris Club, at the IMF and at the World Bank, decide as both judge and party on the necessary cancellations, securing for themselves the continuation of their guardianship over

[18] At the Monterrey International Conference on Financing for Development – See *Monterrey Consensus*, art. 49.
[19] Not without ideological or strategic reservations at the back of the mind, obviously.
[20] 85.5 million euros – according to « enlisement des C2D » (the bogging-down of the C2D), a provisional study for the 2004-2005 report of Plate-forme dette et développement (Debt and Development Platform), forthcoming.
[21] Robert Powell, "Debt Relief, Additionality, and Aid Allocation in Low-Income Countries", *IMF Working Paper*, September 2003, p. 6. [Translator's note: original phrase reinstated: not a retranslation. But the context is a hypothetical extreme case where a government is not repaying any debt.]
[22] Daniel Cohen, « 7 idées pour que le monde tourne mieux » (Seven ideas to make the world turn round better), *L'Expansion*, 25 October 2001.
[23] Daniel Cohen in *Le Monde*, 12 March 2001.

the economies of the debtor countries. In reality, the failure of the HIPC initiative finds its main explanation in the unilateralism that presides over the international management of the debt.

The promises to involve closely the populations concerned and their representatives in drawing up national strategies for poverty reduction are far from being fulfilled. The notion of partnership so often put forward has often remained a dead letter, the steering of the public policies of the indebted countries continuing to be piloted from Washington.

So long as debt management and the conditionality associated with it remain the prerogative of the creditors alone, the world partnership for development (MDG N° 8) will remain a hollow word.

II. Towards a rebalancing of powers for sustainable debt

1. Assumption of responsibility

The creditor countries are no strangers to the accumulation of colossal debt. They bear a heavy responsibility for the practice of an uncontrolled policy of loans, responding more to obscure economic, political and personal interests than to a coherent policy of cooperation in the service of the development of peoples. In particular, France is only the top contributor to the HIPC initiative, to the tune of more than 12 billion euros, by virtue of the self-interested financial support given, sometimes to the point of criminality, by Paris to regimes said to be "friends of France"[24] in Africa (Cameroon, Mobutu's Zaire and the Ivory Coast figure in this way among France's main debtors, not to speak of Congo-Brazzaville or of Rwanda).

A just and lasting solution to the Southern countries' debt, enabling lessons to be learnt from the past, implies an audit of the loans and the recognition, by the creditors, of their responsibility for the accumulation of what is often an illegitimate debt. In this context, the cancellation of the poorest countries' debt is an act of justice and not only of solidarity, which makes its inclusion in the accounts of official development aid extremely questionable[25].

2. For equitable and transparent rules

Recent events show that the gestures made by the rich countries respond above all to political considerations: how to explain that Iraq, a country richly endowed with oil, benefits from the Paris Club cancellation of 80% of its debt, if not by the economic and geopolitical interests of the creditors? Similarly, Indonesia and Sri Lanka have only benefited from a moratorium following the tsunami because of the emotion aroused by the tsunami. Otherwise, how is it that Haïti, an extremely poor country where cyclone Jeanne caused more than 2,000 deaths in September 2004, has not benefited from any such gesture?

To get out of such arbitrariness, it is urgent to establish a legal framework for international debt. Within the aegis of the United Nations, the stakeholders as a whole should establish equitable and transparent rules, and an institutional framework guaranteeing respect, for the treatment of existing debts and setting the conditions for making loans in the future:

- How is a sustainable level of debt to be defined? By what criteria is it to be concluded that a country is incapable of repaying a debt? How to guarantee the ring fencing of the social expenditures needed to satisfy basic human rights?
- What are the conditions for the validity of a debt contract? The nullity of « odious »[26] debt should be recognised when it has been contracted by a despotic regime, at the

[24] The expression still being used by Jacques Chirac on the death of the Togolese tyrant Gnassingbé Eyadema, on 5th February 2005.

[25] Cf. chapter on aid – in particular concerning the accounting procedures in relation to Coface loans.

[26] Khalfan, King & Thomas, *Advancing the Odious Debt Doctrine*, Centre for International Sustainable Development Law (CISDL), Montreal, Canada, 2003.

expense of its population and with the complicity of the creditors. Is it acceptable to make the Congolese people pay the debt embezzled by their former torturer Mobutu?

- What are the recourses of a state which finds itself incapable of repaying its debt, especially in situations of great need or of force majeure?

As priorities from now to the end of 2005, we demand:

► The redefinition of an analysis of debt sustainability so as to recognise the primacy of the basic rights of populations over the repayment of debt. By virtue of this analysis, **all unpayable debt, being an obstacle to the achievement of the Millennium goals, should be cancelled**. Result: complete cancellation for the poorest, substantial reduction for countries with intermediate income levels, in a logic of equity.

► Transparency with respect to loans, and recognition on the part of creditors concerning their responsibility in the accumulation of the debt. To this end, we demand the **creation of a parliamentary information mission which should establish a complete audit of French loans**.

► The progressive abandonment by the creditors of their monopoly over decisions in the management of the debt. Concretely, France and the European Union should, as from today, actively participate in the process of multi-stakeholder consultations initiated by the UN Financing for Development Office. Beyond that, **France should call upon the United Nations to summon an international conference to establish an international legal framework for debt, with the presence of all the stakeholders – public and private creditors and debtors, international institutions, experts, civil society and private sector.**

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For aid as a factor in redistribution

The countries supplying official development aid (ODA) demonstrate unfailing hypocrisy in blaming « bad governance » in the countries of the South for the lack of effectiveness of aid in the fight against poverty and inequality, while they are themselves incapable of keeping their promises and guaranteeing the coherent, transparent and democratic management of their aid.

Quantitative commitments never honoured…

In the 1960s, the rich countries were committed to dedicating a small portion (1%) of their income to development aid. It must be said that they have shown long-lasting incapacity to meet this commitment, even when it was lowered (to 0.7% in the 1970s). In 2003, only five countries of Northern Europe were keeping their commitment, while on average the OECD countries only devoted 0.24% to ODA. The French government congratulates itself on "*the regular progression of* [its] *aid*"[27]: it signals in its budget for 2005 an ODA at the level of 0.43% of GDP and is committed to reach 0.5% in 2007 and 0.7% in 2012. This perspective, which as will be seen is extremely misleading, is insufficient and too far off: France, which has the means to honour its commitments straight away, should bring its level of "real" aid up to 0.7% of national income, at the latest in 2007.

…in spite of a broad definition of ODA

If the donor countries do not keep their promises, it is not for lack of having included in their calculation of ODA all sorts of expenses of doubtful benefit to people. One third of French ODA for instance, consists of cancellations of debts that have served above all the political and economic interests of the Hexagon and of a corrupt African élite, to the detriment of the people. It is aberrant, for example, that the cancellation of a huge sum[28] of old Coface export credit obligations, resulting from a frantic policy to promote French exports, should be put into the accounts as part of the national aid effort, as if they were motivated by solidarity. France is also one of the few countries (along with Germany, Austria and Canada) to include in ODA the costs imputed to students from Southern countries registered in French universities. These costs amounted in 2002 to 562 million dollars, that is nearly a tenth of French ODA (six times more than the aid dedicated to primary education in the countries concerned[29]) – not to mention the inclusion of subsidies to the French Office for the Protection of Refugees and Expatriates (to the tune of almost 50 million euros). At the OECD, where the donors define the boundaries of ODA, the temptation is great to get closer to the 0.7% at the least cost by including security expenditures (peace-keeping operations) or environmental ones (clean development mechanisms established following the Kyoto protocol)[30].

These debates are indecent, especially in the absence of those mainly affected, the countries of the South and their populations' representatives. France should seek a redefinition of the boundaries of ODA, to include only expenditures truly useful for development. This debate should take place not within OECD, among donors, as is the case today, but under the aegis of the United Nations Development Programme (UNDP).

Aid for development… of whom?

Like any gift, official development aid calls for a *quid pro quo*. Seeing that it is no longer, with the end of the Cold War, necessary in order to tie the countries of the South to the Western bloc, global ODA has fallen sharply in the 1990s. When aid is really put at the

[27] Government report on the French contribution to MDG, sent to the European Union in December 2004.
[28] This year, the cancellations amount to more than one billion euros, according to the 2005 budget. http://www.coordinationsud.org/article.php3?id_article=1389.
[29] Cf. the Campaign « Exclu(e)s de l'éducation ! » ("Excluded from education") - www.agirici.org
[30] For a more precise presentation of what is involved: http://www.coordinationsud.org/rubrique.php3?id_rubrique=145

service of development, there is no shortage of examples as to where it brings results, notably through local organisations: massive increases in primary schooling in certain African countries, spread of vaccination, infrastructures facilitating peasants' access to regional markets in Ethiopia, strengthening of judicial systems, support for post-conflict reconciliation processes in Mozambique or Guatemala, promotion of women's and Indians' interests in the Andean region etc. But the donors still too often see ODA as a tool of their foreign policy, whether it is governed by a strategy of extending influence, or of cultural and/or economic expansion. Result: only 22.4% of ODA is destined for the least developed countries (LDCs), a very unsatisfactory percentage if the achievement of the MDG in all counties remains on the order of the day.

Box 6. MDG 6. Botswana: when insufficient financial aid facilitates AIDS
In March 2001, the President of Botswana, where HIV contaminates 40% of adults, launched the first African programme of universal access by AIDS sufferers to tritherapy. But out of the 110,000 people who were supposed to benefit from the programme, only 20,000 have so far been covered. "*By itself, our country cannot employ enough doctors, nurses and pharmacists to cope"* President Mogae explained in April 2002. But the rich countries, to which almost all Botswana's trained medical professionals emigrate, have refused to help the country to enlist doctors, limiting the programme's budget to just 50 million dollars a year.
On 27th June 2001, at the UN, these same rich countries had solemnly committed themselves to the annual sum of 10 billion dollars for the global fight against AIDS. In 2004, their contribution was less than 4 billion dollars. The World Bank estimates that as a result of the delay caused in controlling the epidemic, from 2007 there will be a need for 20 billion dollars a year. For the moment, among the leaders of the G7, only Tony Blair allocates to solidarity with AIDS victims in poor countries an amount corresponding to his country's fair share, with 900 million dollars annually (as against less than 200 millions for France).
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At the multilateral level, aid is always used through the international financial institutions as a lever to impose on the countries of the South the total opening-up of their economies and the privatisation of many sectors of the economy, including social areas, even state functions such as security or tax administration. The drawing-up in each poor country of poverty reduction strategy papers (PRSP), required by the IMF and the World Bank, has hardly improved the situation[31]. There are several reasons for this: the reluctance of many Southern governments to open up a real dialogue with their civil society is not the least of them, but the continual interference of the rich countries, through the international financial institutions, leaves the countries concerned no room to consider alternative economic policies. Thus, the IMF and the World Bank look completely askance at the PRSPs (over whose composition they have nevertheless had a preponderant influence), when they come to fixing the conditions applying to their loans[32] or to their grants[33].

At the bilateral level, the formal commitments no longer to tie aid to purchasing donor country products, which have been made by certain countries including France, are insufficient. A deeper break is required from the dominant conception of aid as a diplomatic or economic investment or one to buy influence.

In the name of the glory of France and the economic interests of French multinationals, Paris continues in the old way, supporting a number of authoritarian and corrupt régimes. This aid obviously contributes nothing to the development of their populations. Moreover, this policy is even counter-productive in terms of influence, since it contributes to the lasting discredit of France in these countries.

[31] Plate-forme Dette et Développement, « A perpétuité ? Les pays pauvres toujours prisonniers de la chaîne de la dette » (In perpetuity? Poor countries are still prisoners of the debt chain) *Rapport 2003 : la Dette face à la démocratie*, March 2004, pp. 11-24 ; CIDSE/CI, *PRSP: Are the World Bank and IMF delivering on promises?*, avril 2004.
[32] The IMF's facilities for the poverty reduction and growth (FRPC) are even customarily agreed not after the finalisation of the PSRP, but beforehand.
[33] The indicator of political and institutionnal quality (CPIA), which eestablishes an average of points for different dimensions of «good governance» in the way it is defined in Washington, disparaging the sovereign choices even of democratic countries, is used by the International Development Association (IDA) in the allocation of its resources – cf. http://www.globenet.org/ifi/IMG/pdf/dictature_bonne_gouvernance.pdf.

More widely, the majority of donor countries still pretend to know better than the populations concerned what is good for them, which leads them to multiply conditions and to finance on the aid budgets their own experts, often handsomely paid.

This top-down and self-interested administration of aid, alongside the great number of donors, contributes to a confused tangle of projects and strategies which are sometimes contradictory, with deleterious effects on the effectivenss of aid as a whole. So high administrative costs and ponderousness are the rule. Aid is extremely volatile (on average, four times more than the tax receipts of the countries concerned), uncertain (it is only disbursed on time in a third of cases[34], when it is at all[35]) and is difficult to manage. The gouvernments of the recipient countries often spend more time adhering to the conditions and formalities of the donors than they do on developing policies responding to the aspirations of their own citizens. In 2002-2003, the Tanzanian government received 275 visits from donors, who demanded that the government carry out, in one year, no less than 78 political reforms[36]… For the recipient countries, such a system forbids any long term polivy, while the fight against poverty and inequalities requires precisely a continuity of efforts, in the face of recurrent social expenditures.

Toward global mechanisms of redistribution at the service of basic rights

As we see it, the development of the poorest groups is subject in many cases to a type of -rather cynical – discourse which aims to justify practices that are far distant from it. The very notion of official aid for development should be redefined to form part of a global space of solidarity and redistribution, in a spirit of true partnership with the populations concerned.

An international taxation system

Globalisation will only become a benign process when financia and fiscal solidarity allows for the redistribution of a part of the wealth produced and for support for basic services, the keys to the success of the Millennium Development Goals. In particular, taxes on the main beneficiaries of globalisation (on the profits of multinational firms, financial transactions, tax and legal havens) and on their misdeeds (environmental taxes), the feasibility of which has been shown in the *Landau Report*, stand out as just measures which would enjoy wide support from public opinion[37].

In this context, France should pursue, with the European Union, its diplomatic efforts for the United Nations General Assembly to commit itself concretely, from 2005, to the establishment of an international taxation system. It should in particular make its support for the British initiative on the IFF[38] conditional on the creation of international taxes able to assure permanence to the flows of ODA after 2015.

The legitimacy of aid can only come from the beneficiaries

Aid is perceived, by a large number of our partner organisations in the South, not only as ineffective, but above all as intrusive and responding to priorities fixed elsewhere. Now, following the Monterrey Conference, the consultations held by donors on the harmonisation and the effectiveness of aid in Rome in 2003, then in Paris this year, are tending to fall into alignment with the framework of thinking of the Bretton Woods institutions, a tendency which risks reducing even more the sovereignty of the governments of the South.

Clearly, the majority of donors have not yet realised that to be effective aid must be based on local realities. It is not only a question of defining the policies that one considers well adapted to each context, perhaps chancing its « appropriation » by the target groups:

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[34] According to an Oxfam study on 11 developing countries in 2004 – «The Price to Pay », December 2004.

[35] «Actual disbursements are, on average, 20% lower than commitments », *Idem,* p.42.

[36] Oxfam, *Op. Cit*.

[37] BVA poll for the CCFD, La Croix and France Info, October 2004.

[38] *International Finance Facility*, a borrowing mechanism for rich countries on the markets, proposed by Gordon Brown to improve their currently inadequate capacity to mobilise the required resources for MDG. The repayment of such borrowings at the expense of ODA budgets, after 2015, could seriously compromise the future flow of aid.

aid should be a response to legitimate politicies, in other words inclusive and redistributive public policies defined by sovereign governments and parliaments, following consultations with their civil society. In particular, the consideration of financial instruments, notably on the conditions associated with the loans offered by multilateral institutions, should be public and take as its point of departure the needs defined by the local population. From now on, France and the other rich countries shoudl respect their commitment, made at the World Summit on Social Development in Copenhagen, in 1995, to dedicate 20% of their ODA to financing basic social services.

In this regard, the role of civil society organisations (CSOs) in the definition, implementation and follow-up of development actions should be recognised. The drawing up of the second generation of PSRPs, of the European Union's Country Strategy Papers (CSP) [Translator's note : this is given as « Country Strategy Contracts » in the French text, but I believe the author may be misled by the common EU use of the English name and initials even in other language texts], of various implementation frameworks used in French cooperation (regional and country strategies, contracts of debt relief and development…) should be the occasion for establishing genuine participatory mechanisms. In addition, an increasing share of ODA should be dedicated to strengthening the analytical and action capacities of the Southern CSOs, especially those which work directly with the poorest groups, whose organisational capacity and ability to take initiatives in the economic and social fields should be favoured.

Democratising aid administration

The donors cannot go on imposing their conception of good aid administration on the recipients while at the same time they themselves maintain their lack of transparency. ODA should be the object, in every donor country, of a public debate on its orientations and of close parliamentary control. France should favour the most legitimate channels for the administration of her aid: she should raise substantially her contribution to the specialised United Nations institutions and make her contribution to the Bretton Woods institutions conditional on their profound democratisation[39]. In every member country, the policies followed by these institutions should be the object of regular parliamentary scrutiny, which in France could be carried out within a permanent delegation to international development bodies[40]

France's commitment to MDG will only be credible if, by the end of 2005 :

> It passes a law for forward programming over several years of ODA, providing for the attainment of the target 0.7% of GDP by 2007 at the latest, and if the government presents an annual report to Parliament on the implementation of its cooperation for development.

> It gets adopted, at the European level, an international taxation system (for example and as a priority: a tax on financial transactions and on environmental nuisances) and moves a resolution to that end at the United Nations General Assembly.

> It demands a redefinition of the boundaries of ODA in the framework of an international conference under the aegis of UNDP, bringing together the OECD Development Aid Committee (DAC) and the recipient countries, opting clearly against the stretching of these boundaries into areas of security and peacekeeping, and excluding the cancellation of debts which have not served for development, in particular those generated by export credit guarantees (this measure should take effect for France as from the 2006 finance bill).

[39] See the chapter «Human rights at the summit of world governance».

[40] Cf. Agir ici and Campagna per la riforma della Banca mondiale, *Hors de contrôle ? La Surveillance des institutions de Bretton-Woods par les législateurs* (Out of control? Oversight of the Bretton Woods institutions by legislatures) Forthcoming at www.globenet.org/ifi.

> It declares itself clearly, within the international financial institutions and in concert with her European partners, in favour of the abandonment of economic conditions for the granting of aid, and of the political quality indicator (*Country Policy & Institutional Assessment,* CPIA) as a criterion of allocation.

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Trade: for markets' regulation

International trade can, in certain conditions, favour the emergence of countries from underdevelopment and, through a policy of wealth redistribution, respond to the basic needs of disadvantaged groups and so contribute at achieving the MDG.

It should not however be considered as the be-all and end-all of lasting development, contrary to what is postulated by the European Commission in its interim report on the MDG, according to which «*trade liberalisation should be a means to achieve the ultimate objective of reducing poverty*»[41]. For their part, UNCTAD and the World Bank[42] have already made the observation that the opening of the markets of the Least Developed Countries had not given rise to the promised results[43].

Liberalise… at what price?

So, before every new wave of liberalisation our organisations demand that a **study of the impact of successive liberalisation policies** (GATT, WTO, bilateral free trade treaties) should first be carried out. Under what conditions can international trade be a factor for development? In what countries and which sectors? Which groups of the population can get a benefit out of it? Who are the losers from globalisation?

Given its likely consequences, the liberalisation of markets for a certain number of products, especially agricultural products, also poses the problem of deepening impoverishment for the most marginalised groups. In liberalising the agricultural sector, as foreseen in the framework agreement of 1st August 2004 of the General Council of the WTO, and in spreading ever wider the productionist model, it is almost 2.8 billion people who are directly and indirectly threatened with having to leave agriculture forever, without being able to hope to insert themselves into other sectors of activity.

Box 7. MDG 1. Chickens: the commerce of hunger[44]

The opening up of markets does not necessarily mean development and fight against hunger! An example: the chicken trade with Africa. Increasingly European consumers will only buy the best parts of chickens. As for the inferior parts, the food industry generally turns to Africa to export them in the form of frozen pieces. In Cameroon, these are sold at €0.5/kg as against €2kg for the whole local chicken. In this way, imports have multiplied by 20 between 1996 and 2003, ruining numerous local chicken farmers. A study by ACDIC (Citizens' Association for the Defence of Collective Interests), concerning 100 small Cameroonian chicken enterprises active in 1996, indicates that 92 have now disappeared. Now, peasants are the main victims of hunger in the world. To fight against malnutrition, the rich countries and the international organisations should first allow peasants to live decently from their work, and this through the regulation of prices and the right of the countries of the South to food sovereignty.

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Regulation: differing standards applied

So, what trade policy to follow in order to fight effectively against the processes of pauperisation?

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[41] *Commission Staff Working Document: EC report on Millennium Development Goals 2000-2004*, Secretary General of the European Commission, Patricia BUGNOT, 29 October 2004, p. 36.

[42] World Bank Press Communiqué : « World bank estimates cost of reaching the Millennium Development Goals at $60 billion annually in additional aid », 21 February 2002.

[43] Cf. UNCTAD, *Least developed countries: Linking trade with poverty reduction*, 2004: "trade liberalisation plus improved access to markets do not necessarily imply poverty reduction. Many LDCs are in the paradoxical situation of being the countries that have most need for the multilateral trading system, yet which have nevertheless the greatest difficulty in gaining benefit from the application of the fundamental general principles of this system, that is liberalisation and the equal treatment of all members » according to the most favoured nation clause.

[44] Cf. Campaign « Chicken exports: Europe plucks Africa », launched by Agir ici, CCFD, CFSI and GRET, in October 2004.

In this matter, our organisations find that there is a real problem of **coherence** in French policy. On the one hand, France does not hesitate to recall the imperative necessity to regulate markets and to denounce the perverse effects of the acceleration of international commerce and of globalisation… when certain interests of its are threatened. On the other hand, France, the European Union and the international financial institutions[45], where they (France and EU) have considerable weight, press the developing states to open up their markets. France and the European Union thus encourage the development of exports and multiply bilateral free trade agreements and treaties, without worrying about the consequences for the marginalised populations of the South and for the environment, so long as it is a question of sectors where they themselves can enjoy comparative advantages.

Putting trade at the service of men and women

So we call upon of the representatives of the French public authorities and, beyond them the European Union, to demonstrate **from 2005**, by **strong and concrete gestures**, that they are building **a trade policy responding to coherent objectives where basic rights and the principles of sustainability prevail over short-term commercial interest[46].** Thus, the right to health must prevail over the right to intellectual property[47]. Concretely, this policy we devoutly call for implies:

- **Revising the mandate of the European Commission** before the 6th ministerial conference of the WTO, which meets in Hong Kong in December 2005, taking into consideration the principles mentioned below and setting aside any new field of negotiation.

- Promoting **specific commercial accords**, at the multilateral as well as regional or bilateral levels, **permitting the developing countries** concerned to establish regional economic spaces, **to protect themselves from competition which is not sustainable** for the national economic actors, to develop national or regional economic and commercial policies adapted to their particular situation and to introduce preferential régimes into the accords. This implies in particular the defence through these accords of mechanisms aiming to prevent dumping (importation of agricultural raw materials coming from countries of the North and sold at below the cost of production). These principles should be particularly firmly defended in EU negotiations of regional trade agreements, such as the EU - Mercosur accord or the economic partnership agreements (EPAs) foreseen with the ACP countries, in order to take into account the specific interests of the marginalised populations of these countries. The European Commission will be able, in its negotiations at the WTO and in the context of economic partnership accords, to take its inspiration from the recommendations expressed by Jacques Chirac through his «Initiative for Africa», launched in February 2003, partially validated by the European Council and taken up again at the "Dakar agricole" Forum in February 2005.

- Favouring the establishment of **mechanisms to regulate markets**. The question of the stabilisation and above all the **recovery of prices of agricultural products**, which have a direct bearing on the ability of millions of peasants to live from their work, should be placed at the heart of the actions of France and the European Union. The EU should in particular support countries in the implementation of policies to manage supply, so as to guarantee and maintain a just price for agricultural products. It should also extend the multilateral rules so as to prevent importation of agricultural

[45] Cf. "*Global Agricultural Trade and Developing Countries***"**, World Bank, January 2005.
[46] The aspects of rights to health and environmental rights are discussed in the chapter "world governance"
[47] Cf. the chapter «Human rights at the summit of world governance».

raw materials emanating from countries of the North (sold below the cost of production).

- Establishing, within the Doha round of trade talks, concrete arbitration or appeal provisions for when the trade accords put into question the arrangements agreed under multilateral environmental agreements, as in the case of GM crops (see box 8).

- Petitioning for a **moratorium on GATS**, until a prior and independent study of previous liberalisation measures has been carried out, and excluding from the scope of negotiations the services bearing directly on the satisfaction of social rights. Additionally, it is necessary to exclude the "Singapore" questions (linked to investment, to the rules for awarding contracts for public services etc.) when negotiating bilateral or regional accords (like the EPAs), before these questions have been debated in the WTO.

Moreover, at the national level, France should guarantee that the public promotion of its exports (via Coface) contributes to sustainable development of the poor countries and respects international agreements with respect to human rights and environmental protection.

Box 8. MDG 1 & 7. GM, a false solution to MDG

The multinationals seek to sell GM organisms by surrounding them with a humanitarian message: "GM fights world hunger". Now, the best lands being used for export crops, the announced aim of feeding a growing local population is rarely attained. Moreover, the question must be posed concerning the profitability of the GM choices. To develop a GM variety is a process that can take 12 years with sums invested of between 80 and 300 million dollars and chances of placing it on the market of the order of 1 in 250.

As Nnimmo Bassey, the militant Nigerian ecologist, states: « *there exist alternatives to GM, but the choice has not been left to the African countries. This must not be repeated* ». Take the example of Ethiopia: the Ethiopian Gene Bank stimulates agricultural productivity by increasing the diversity and the density of the varieties cultivated together o the farms. This experience contradicts all the precepts of the international institutions, which promote an industrialised export-oriented agriculture, leading towards specialised monocultures, dependence on the international seed firms for the supply of GM super-seeds, and the loss of local genetic resources. It is urgent to invest in sustainable methods of production and leave the choice to local populations.

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Tax and judicial havens at the heart of global fiscal dumping

Public goods and services corresponding to the Millennium Goals (MDG) are financed essentially by redistribution, in other words, at the national level, by taxation. The multiplication of ways to avoid tax is the direct enemy of this. Tax and judicial havens, also called offshore centres, where there are found coexisting in different degrees low taxation, banking secrecy and judicial impunity, take this logic to its nadir. Capital flight, tax evasion and the frenetic rate to lower taxes that they provoke, in the South as in the North, encourage in effect transnational criminality, weakening the fragile democratic processes of the countries of the South and generating a massive fiscal haemorrhage that eats into their budgets and receipts although these are vital.

I. A context of generalised fiscal injustice

Tax systems under pressure

The order of the day for the international financial institutions, «*to create an environment favourable for investment*», which is seen as being factor number one for the reduction of poverty, depends on a short-sighted mode of reasoning when it comes to tax rates or to social and environmental legislation. In effect, their incitements, combined with the blackmailing of the multinationals to get governments, in the North and in the South, to multiply tax exemptions in their favour and to reduce tariff barriers, undermine the slender budgets of the countries of the South, diminishing for a long time to come the financing of social policies. On average, tax receipts amount to just 11% of GDP in developing countries as against 26% in industrialised countries.

The displacement of the tax burden onto the poorest

In total, enterprises pay less and less tax: between 1983 and 1996, the taxation of American firms in developing countries fell from 56% to 28%. For a big mining investment in Zambia, the Anglo American Company has obtained a tax rate of 25% instead of the usual 35%. In Peru, scarcely any foreign enterprise pays tax[48].

« *Only poor people pay taxes* »[49]. As a result, the tax burden on the poorest grows. In Brazil, between 1996 and 2001, taxation on income from work rose by 27%, and social security contributions by 66%, while taxes on firms diminished by 16% and those on rural patrimony (land), by half[50].

An undermining effect on democracy

Today, the populations of the South widely see the satisfaction of their basic rights as depending on uncertain external financing, and this has deleterious effects in terms of the construction of democracy. Historically, the more states institutionalise the collection of public money from a large fraction of the population, the more they are constrained to render accounts. On the other hand, the dependence on revenues acquired with less effort (external aid, revenues from oil or minerals) tends to go hand in hand with the maintenance of scarcely democratic and corrupt regimes[51]. For the least developed countries in particular, half of whose budget on average depends on international aid, the problem is a real one. Thus, the fact that the indebted countries must answer to the demands of the international donors, rather than to the aspirations of their peoples, generates serious frustrations and weakens the credibility of democratic processes, as a lasting effect. The hostility inspired by the United States in Latin America, by France in parts of Africa, by the IMF and the World Bank in many

[48] François Gobbe, *Stop à l'évasion fiscale et à la compétition fiscale (Stop tax evasion and fiscal competition)*, Kairos Europe, November 2004, p. 42.

[49] « *Only poor people pay taxes* », shamelessly declared a billionaire, Leona Helmsley, at her trial for tax fraud in 1989.

[50] GRESEA, *La Justice fiscale pour le développement social – Etudes de cas : Brésil et Algérie (Tax justice for social development – Case studies : Brazkil and Algeria)*, 2003, pp. 17-18.

[51] Mick Moore, "Death without taxes: aid dependency, democracy and the fourth world", Institute of Development Studies, University of Sussex, February 1997.

countries, deprived of their right to choose their destiny, cannot be explained in any other way.

Moreover, the growth of inequalities, linked to the displacement of the tax burden, profoundly weakens social cohesion, the indispensable cement for the construction of democracy. In sum, the liberalisation of capital flows, as the IMF advocates, together with the competition set up between tax administrations across the developing world, generates financial crises with devastating social and political effects, as in South-East Asia, in Ecuador or in Argentina.

II. Offshore financial centres, the paroxysm of the tax reduction race and of impunity

A disloyal fiscal competition

Through their small surface area and population, tax havens are in a quite special situation of limited public expenditure, which allows them to practise the minimisation of taxes at least cost[52]. So we can speak of disloyal competition. How can the Republic of South Africa, which has already lowered its taxes on commercial enterprises from 48% to 30% since 1994, resist in the face of the development in the region of offshore centres like the island of Mauritius, which offers a tax rate of 1.5%[53]?

Tax havens allow the most powerful actors in international finance and economy to play with all the loopholes opened up by the system, quite legally. Moreover, the system lends itself to the setting up of slush funds or of parallel remunerations at the top of big firms. This is why 150,000 offshore companies continue to be formed every year. Multinational firms use the multiplicity of their subsidiaries to effect profit transfers (to companies registered offshore), price transfers (overinvoicing of transactions between subsidiaries so that the profit only appears in a "sure" place) or debt transfers (undercapitalisation of subsidiaries situated in heavily taxed countries). It is by pretending to do business at a loss that Exxon, for example, has been able for 23 years to pay the least tax to the Chilean state for its exploitation of copper at the mine "*Disputada de las Condes*"[54].

An exorbitant spiral of cost for the countries of the South

The race to zero taxation has been launched – Jersey already offers the possibility. In the mid 1970s, there were about 25 tax havens; the IMF now identifies more than 60, through which half of global trade is channelled and where the assets domiciled amount to 11.000 billion dollars, while these territories account for no more than 3% of world GDP. In this regard, Europe does not show a good example since, within the continent itself, a dozen tax havens are operating including Switzerland and Luxemburg, and also the Channel Islands, Gibraltar, Malta, Cyprus, Liechtenstein, Monaco and Andorra.

According to the lowest estimates, the cost of this scourge for the countries of the South amounts to 50[55] or 70[56] billion dollars a year; the highest put it at 600 billion dollars[57] – enough to finance the MDG several times over! The difference is to be explained essentially according to whether capital flight is taken into account or not. Brazil, for example, saw 4 billion dollars take flight in 2001, just for the Bahamas and the Cayman Islands[58]. The

[52] Even though in the tax havens themselves, it is also only a financial elite who benefit from the system, which employs just 5 to 8% of the economically active and generates less than 2% of the national income - cf. Friedrich Ebert Stiftung, "Money Laundering and Tax Havens: the Hidden Billions for Development", *Occasional Paper N°3*, March 2003, p. 11.
[53] François Gobbe, *Op. Cit*., p. 42 et Friedrich Ebert Stiftung, *Op. Cit*., p. 8.
[54] François Gobbe, *Op. Cit*., p. 40.
[55] OXFAM, *The Hidden Billions for Development*, June 2000.
[56] According to Evelyn Herfkens, then a Dutch minister, in 2002 (she is nowadays in charge of the United Nations campaign for MDG).
[57] Richard Murphy, *Fiscal Paradise or tax on development?*; text of a speech in the Belgian parliament on 14th February 2005. [Translator's note: these must be two different sources, hence the semi-colon]
[58] Friedrich Ebert Stiftung, *Op. Cit*., p. 8.

countries of the North are not left out: in the United States, the tax authorities estimate the underpayment at more than 300 billion dollars[59].

A breeding ground for international criminality

By combining arrangements able to hide the origin of funds and a refusal to cooperate with the international community in tax and criminal investigations, the tax and judicial havens offer a privileged interface between the world of legitimate financial transactions and money of criminal origin. They therefore constitute an encouragement to international corruption and to the development of criminal and mafia networks: money from the drug trade, from prostitution, from terrorism, arms trafficking, flags of convenience, etc. It comes as no surprise, then, that they have been used on a large scale in the majority of financial scandals of the last few years. The *Enron* group, for example, long considered as the model of success and financial sophistication at the service of its clients, had set up a myriad of offshore subsidiaries (881, of which 692 in the Cayman Islands), allowing it to mask its true financial situation, to evade the payment of tax on about 1.5 billion dollars from 1996 to 2000 and to hide the delinquent actions of its top managers.

The countries of the South are the prime victims of this system, which fosters the pillage of their natural resources and the corruption of their rulers. Large-scale corruption hampers the development of the countries of the South and also undermines the Western democracies, reaching up sometimes to the very heart of power. In France, «Elf affair» exposed a regular system of extortion over African oil, whether it was at the price of civil wars as in Congo-Brazzaville, with the complicity of some of the African élites and the French political class, remunerated through offshore companies or Switzerland. This is why the campaign «Publish what you pay »[60] wishes to promote the objective of transparency which will permit the redemption of layer upon layer of receipts that will be welcome for financing MDG. Arms trafficking also has a particular fondness for hidden circuits, as we have been reminded by the Falcone/Pasqua affair concerning Angola. The cost for the countries of the South is considerable: during the dictatorship of Abacha, 55 billion dollars were apparently misappropriated from Nigeria (whose debt amounts to 31 billion dollars); it is estimated that the fortune of the Mobutu clan is more than 8 billion dollars, that of Suharto from 4 to 40 billion dollars… In Russia, capital flight reached 22 billion dollars a year, on average, between 1992 and 1997[61].

III. Towards international tax regulation

From s strictly economic point of view, there can be no harmonious functioning of international commerce without loyal competition, respect for the rule of law and transparency of the transactions. The regulation of international financial flows is therefore indispensable to promote the greater trustworthiness of financial information and to reduce the instability of the financial system as a whole. This regulation should operate in the framework of a world conference called by the United Nations, which should ensure respect for it. The regulation should guarantee the traceability of movements of funds, it should provide an improved framework to secure the banks' duty of vigilance and it should reinforce the systems of judicial control and the surveillance of banking, and especially clearing bank, institutions[62].

[59] Friedrich Ebert Stiftung, *Op. Cit.*, p. 12.
[60] Demand expressly addressed to multinational companies extracting the riches under the earth – See: http://www.publishwhatyoupay.org/english/index.shtml
[61] François Gobbe, *Op. Cit.*, pp. 31 and 46-50.
[62] Ernst Backes et Denis Robert, *Révélation$*, Les Arènes, Paris, 2001.

According to the Landau Report, « *there exists an international consensus to fight against tax evasion* »[63]. In reality, the strategies implemented up to now, notably by the Financial Action Task Force (FATF), created by the G7 in 1989, or through the OECD, seem more than anything like a cover under which the system can persist [64].

In the face of the urgency of the MDG, it is time for the rich countries to take measures commensurate with what is at stake. They have the means: the tax and judicial havens are only the mirror of decisions taken, in reality, from the great international financial centres. All the major banks have their subsidiaries there; the majority of the biggest companies have recourse to them. The United Kingdom, in particular, makes a fine play of posing as a paragon of the fight against poverty talking of aid and of debt, while its crown shelters half of the tax havens. France protects Monaco and Andorra.

The successive presidencies of Luxemburg and the United Kingdom at the head of the European Union, in 2005, should be the occasion for France to put the subject at the heart of the EU discussions on MDG. She should push the EU and, beyond it, the international community to pronounce themselves, in particular, for:

- Suspending all relations with non-cooperative territories, that is to say those which refuse to apply international judicial cooperation or apply it only in cosmetic fashion appealing to banking secrecy[65]. France should pass a law and promote the adoption of a European directive prohibiting every European bank to establish, maintain or keep financial relationships there. Straight away, France should show an example by opening negotiations with Andorra and Monaco.

- Guaranteeing the traceability of fund movements and strengthening the control of clearing houses. The anonymity required for financial transactions should not be opposed to communicating to magistrates, to judicial police, to customs and above all to tax administrations the identity of those who make transfer orders and of their beneficiaries, in conformity with the Declaration of Paris[66]. The methods of verification and judicial mutual assistance should be strengthened.

- Forbidding the stock exchange authorities of the big international financial markets to take cognisance of the consolidated accounts of companies which have not been the object of accounting controls throughout the territories where they exercise their activities. At first, an obligation should be enforced on quoted companies to declare, in their consolidated accounts, the operations handled through tax and judicial havens and their justification. France could have this provision adopted without delay.

- Implementing programmes of assistance for the economic reconversion of the offshore centres, matched with the threat of sanctions.

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[63] Jean-Pierre Landau (under the direction of), *Les Nouvelles contributions financières internationales - Rapport au Président de la République (The new international taxes – Report to the President of the Republic)*, La Documentation française, September 2004, p. 95.

[64] Thierry Godefroy and Pierre Lascoumes, *Le Capitalisme clandestin – L'illusoire régulation des places* offshore *(Clandestine capitalism : the illusory regulation of offshore financial centres)*, La Découverte, Paris, 2004.

[65] Defined as the refusal to give information to the competent authorities (justice, judicial police, customs and tax administrations). Jacques Chirac has himself pointed his finger at these territories demanding their taxation, on 26th January 2005 in addressing the participants of the Davos Forum.

[66] http://www.declarationdeparis.org

Human rights at the summit of global governance

The distribution of wealth at the world level will only become equitable within the framework of a world regulated in a democratic manner. This should be the meaning of the «global partnership for development » (MDG N°8), to which 191 countries across the world have committed themselves. However, economic and social regulation of the world suffers today from a serious deficit of effectiveness and above all of legitimacy.

A clear hierarchy of international norms

"*Between the weak and the strong, it's freedom that oppresses and the law that liberates"*, said Lacordaire in the 19th century. World wide, it is indeed the most vulnerable who suffer from the freedom which the most powerful actors arrogate to themselves (governments, multinational firms), to apply or not the rules of the commercial, financial or environmental game – when they exist. At the same time, international human rights law is constantly flouted, or then brandished by governments at the pleasure of their interests.

In the face of the primacy of the logic of power, international law drawn up in the United Nations framework should constitute the cornerstone of the international political, economic and social system. The international law of human rights, inscribed in additional pacts etc. (ask the specialists), as well as the United Nations charter (verify also the relevance), should be raised to the summit of the hierarchy of international norms. Appropriate mechanisms must be found to render these norms constraining vis-à-vis all the actors, public and private, at the international level. The difficulty of the task should not be the pretext to preserve a *status quo* that would lead our world into an impasse.

[**Box**: **regulate the multinational enterprises**]
The combined business of the two largest multinational firms surpasses the GDP of all African countries taken together[67]. These actors have become extremely powerful, both at the economic and financial level and in the definition of international policies. It is urgent to launch a truly international policy to frame and regulate their activities, notably by making the guiding principles of the OECD legally constraining upon multinational enterprises and by securing respect for the international norms of the International Labour Organisation (ILO).

A strengthened role for the United Nations in economic and social regulation

Straight away, international law should be imposed on international institutions as a whole, in particular the international financial institutions (IFI) and the World Trade Organisation (WTO). The United Nations, renewed to gain more legitimacy and effectiveness, should be the guarantor of this. The international community ought not to rest content with the propositions contained in the report recently sent to Kofi Annan[68], miserly in its recommendations in the economic and social sphere. The renewal of the Economic and Social Council (ECOSOC) of the United Nations, giving place to a true international authority in economic and social matters, should be a priority of the Millennium + 5 Summit which takes place in September. Several proposals exist, of which one is for an economic and social security council, put in the Zedillo report and supported by France. Whatever the exact form. It is essential, on one hand, that such an instance should have real regulatory powers, which implies recognised authority over the whole group of international institutions at the economic and social level. On the other hand, it can only have legitimacy if it represents equally and without a permanent headquarters[69] all the populations and states of the world, independently of their economic weight.

[67] Figure cited by Jacques Chirac, addressing the participants at the Davos Forum, 26th January 2005.
[68] *A More Secure World: Our Shared Responsibility – Report of a high level panel on threats, challenges and change*, New York, December 2004.
[69] Contrary to the idea of a G8 enlarged to 20 countries, recommended in the report *A More Secure World*, p. 80.

Some of these proposals give evidence of political wagering since they require the revision of the United Nations Charter. If France has to deploy, sixty years after the creation of the United Nations, all its efforts to obtain in the medium term such a profound reform, it should also encourage, with its European partners, some immediate steps forward. Thus:

- A geographically representative executive committee could be designated for ECOSOC to secure for it, in the follow-up to Monterrey, a rôle of coordination of the international financial and trade institutions.
- The Office of the United Nations General Assembly could also, at the initiative of its president, meet at the start of each session and play a decisive regulatory rôle[70].

Submitting the specialised institutions to international law

The supremacy of international human rights law has concrete and significant implications for the functioning of the international financial and trade institutions

The IMF and the World Bank, which are specialised institutions of the United Nations, claim a special status which supposedly flows from the pretended "political neutrality" of their mandate. In the programmes which they implement in the developing countries the Bretton Woods institutions do not consider themselves bound to respect the international norms of respect for human rights and the environment, adopted in the framework of the United Nations. This situation is that much more unacceptable because of the well-established negative impact which the structural adjustment programmes have on some of these rights. It is imperative that these institutions, some of whose policies have, as has been authenticated, flouted human rights[71], submit their policies as a whole to human, social and environmental impact studies. Moreover, they should not be exempt from the fundamental principle of international law, namely sovereignty, by continuing, in contempt of the populations' democratic choices, their interference in national economic and social policies.

The WTO should guarantee the primacy of fundamental rights over other rights, and take into account the disastrous effects, now demonstrated[72], of the liberalisation of numerous sectors on respect for human rights.

- Intellectual property rights, in particular, should not prevail over the right to health, nor be applied on living patrimony, which should be exempt from all forms of appropriation. The right of countries to protect public health and universal access to medicines, notably through a system of obligatory licences, should be applied effectively, as is envisaged in the Doha declaration (see the box on generic medicines). Similarly article 27.3 b) of the agreement on trade-related intellectual property rights (TRIPS) should be the subject of a substantial re-examination so as to prohibit the patenting of the living (human and plant genomes), to make obligatory the mention of the origin of genetic resources used and traditional knowledge requested for an innovation, and to recognise the right of cultivators to conserve, produce, exchange and sell freely their seeds and the varieties which they cultivate.
- Health, education, water, or even culture, should as a priority respond to the public interest and not serve commercial interests. These services should be excluded from negotiations over the General Agreement on Trade in Services (GATS).
- Environmental law should take precedence over commercial law (see chapter on trade).

[70] CIDSE & Caritas Internationalis, *Agir pour une gouvernance mondiale progressiste (Act for a progressive world governance)* April 2004, pp. 27-29.

[71] Like the forced displacement of hundreds of thousands of people, which accompanied the transmigration project in Indonesia between 1976 and 1986, under the dictatorship of Suharto. Cf. Eric Toussaint (CADTM) « La politique du FMI et de la BM à l'égard de l'Indonésie entre 1947 et 2003 » (IMF and World Bank policy with respect to Indonesia between 1947 and 2003)

[72] See chapter « Trade ».

Box: generic medicines and patents

As from 1st January 2005, WTO accords on the globalisation of patents are applied in India, thus depriving the world of the last remaining source to procure generic, and therefore cheap, versions of medicines commercialised at prohibitive prices by Western laboratories. Africa is the main continent affected.

So, in the next few months, the two anti-AIDS medicines most widely used in the world, Combivir and Viréad, will be patented in India, the top exporter of generics. It will no longer be possible to copy them, although generics are the only medicines whose cost allows AIDS sufferers - Indians or Africans – to buy them. The application of these accords in India directly threatens the lives of millions of sick people in developing countries.

In 2001, in Doha, the WTO had however recognised, albeit through clenched teeth, the primacy of the public health stakes over the commercial ones. Afterwards, the United States made the developing countries sign bilateral agreement that violate this commitment, while Europe looks on without taking any action. That is why we demand that in Hong Kong in December, the trade ministers declare incompatible with the WTO any bilateral accord having as an effect the nullity of the Doha Declaration on TRIPS and Public Health, and take measures to encourage the industrialised countries to manufacture and export low-cost medicines to non-industrialised countries which undergo health crises.

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To democratise the international institutions

In 2002, in Monterrey, the international community judged it a priority to "*find pragmatic and innovative ways to further enhance the effective participation of developing countries and countries with economies in transition in international dialogues and decision-making processes*"[73]. In effect, the affirmation of a clear hierarchy of norms should be accompanied by a democratisation of the international institutions, condition *sine qua non* for them to be granted the legitimacy indispensable for an equitable and balanced regulation of the world economy. However, there still, everything remains to be done.

The international financial institutions (IFI)

The increased "*participation"* of the countries of the South in the "*decision-making processes* [of the IFI]", another commitment of Monterrey, would be reflected only in the attribution of one or two extra seats to Africa on the Executive Board. It ought to imply a revision of the formula for attribution of voting rights, which has scarcely evolved since their conception in 1944, which aimed to reflect the international order (today, 17% of the voting rights are held by the United States, 45% by the G7). With the European Union (UE), France should propose ambitious measures to ensure a fair representation of the countries of the South in the IMF and the World Bank. The member countries of the EU should therefore renounce a part of their voting rights (32% in aggregate) and several of their seats on the Executive Board (they have almost permanently 7 to 9 seats out of 24). In sum, it is high time that the nomination of directors, which is now the object of a tacit agreement between Europe and the United States, should be subject to an open and transparent procedure, for example under the aegis of the United Nations.

- With the European Union, France should demand from 2005 a reorganisation of the executive boards of the World Bank and of the IMF so as to increase the number of seats allocated to countries of the South. It should also pronounce itself in favour of an increase in the basic voting rights within these institutions.

The IFI do not hesitate to set up their thinking, impregnated with neoliberal dogma, as a veritable universal model. It is urgent that their policies, with their often dramatic effects on the most vulnerable populations should be submitted to a public debate. This debate should take place, on one hand, outside these institutions, notably in the parliaments of the member states, which implies a total transparency in their decision-making. On the other hand, the debate should become systematic within the IMF and the World Bank themselves, a development which will be impossible without introducing through recruitment a real plurality of thinking, of university backgrounds, of social and geographical origin and of gender balance.

[73] Paragraph 63 of the "Monterrey Consensus", issued by the United Nations International Conference on Financing for Development, in March 2002.

The World Trade Organisation

The WTO remains, in spite of some praiseworthy endeavours, a two speed organisation where a minority of member states dictate their laws while a majority of countries, endowed with insufficient expertise and means, have the greatest difficulty in participating in the negotiations and in confronting the complexity of the dossiers negotiated and therefore in defending their interests.

So that, as the international community has committed itself to ensure, « *any consultation is representative of the organisation's full membership and that participation is based on clear, simple and objective criteria*»[74], France should pronounce itself, within the EU, for the end of the "green rooms", small but often decisive informal committees, and for the establishment of greater transparency (possibility for NGOs to make written or oral proposals, increased accessibility of technical documents in terms of translation and the delay in delivering them). Moreover, access of developing countries to the WTO's Dispute Settlement Body (DSB) should be facilitated by furnishing legal assistance, and its sanctioning mechanisms should be revised to facilitate their use by developing countries.

To fill the institutional deficits

Finally, numerous key areas touching directly on development lack sufficient regulation. To cite just a few of them:

- The significant advance marked by the recent creation, within the United Nations, of a Group of Experts on International Cooperation in Tax Matters [75], should not be other than a step towards the creation of a true international fiscal organisation, notably to be able to sanction the practices of disloyal competition in fiscal and judicial areas.
- Similarly, the regulation of the banking system, today essentially under the supervision of the Basel Committee and the IMF, should be carried out and be controlled, at least as regards major political orientations, under the aegis of the United Nations to strengthen its effectiveness and legitimacy.
- The administration of international debt should not remain in the hands of the creditors, meeting at the Paris Club and the London Club: the drawing up of an international debt law (see chapter on debt) should be accompanied by the creation of an international debt tribunal, in order to sanction non-application.
- The thorny problem of relocation of industries etc. demonstrates again the deficit of social regulation of globalisation: the rôle of the ILO should be greatly strengthened.
- Finally, the haphazard application of the Kyoto Protocol, which is in any case quite insufficient by comparison with what is at stake, makes evident the need for an international instance with sufficient resources and powers of constraint at its disposal to get environmental law respected.

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[74] *Idem*
[75] ECOSOC Resolution E/2004/L.60, 9th November 2004

List of organisations, members of the coalition "2005: no more excuses!"[76]

4 D (Dossiers et débats pour le développement durable) : www.association4d.org - 01 44 64 74 94
Act Up - Paris : www.actupparis.org - 01 48 06 13 89
AFVP (Association française des volontaires du progrès) : www.afvp.org - 01 69 80 58 58
Agir ici : www.agirici.org - 01 56 98 24 40
Agronomes et Vétérinaires sans frontières : www.avsf.org - 01 43 94 72 01
ATD Quart Monde : www.atd-quartmonde.org - 01 34 30 46 10
Attac : www.france.attac.org - 01 41 58 17 40
CADTM (Comité pour l'annulation de la dette du Tiers-Monde) : www.cadtm.org - 02 38 59 98 28
CCFD (Comité Catholique contre la Faim et pour le Développement) : www.ccfd.asso.fr - 01 44 82 80 00
CFDT (Confédération française et démocratique du travail) : www.cfdt.fr - 01 42 03 80 00
CFSI (Comité français pour la solidarité internationale) : www.cfsi.asso.fr - 01 44 83 88 50
CGT (Confédération générale du travail) : www.cgt.fr - 01 48 18 81 28
Cimade : www.cimade.org - 01 44 18 60 50
Confédération paysanne : www.confederationpaysanne.fr - 01 43 62 04 04
Coordination SUD : www.coordinationsud.org - 01 44 72 93 72
CRID (Centre de recherche et d'information pour le développement) : www.crid.asso.fr - 01 44 72 07 71
CSM (Conférence française des Supérieures Majeures) : www.vie-religieuse.org - 01 45 48 81 14
CUF (Cités unies France) : www.cites-unies-france.org - 01 53 41 81 81
DCC (Délégation catholique à la coopération) : www.ladcc.org - 01 45 65 96 65
Eau Vive : www.eau-vive.org - 01 41 58 50 50
Fédération Artisans du Monde : www.artisansdumonde.org - 01 56 03 93 50
FIAN France : www.fian.org (international site) - 04 38 21 05 08
Frères des Hommes : www.france-fdh.org - 01 55 42 62 62
FSU (Fédération syndicale unitaire) : www.fsu-fr.org - 01 44 79 90 30
Handicap International : www.handicap-international.org - 04 78 69 79 79
Immigration Développement Démocratie : www.idd-reseau.org - 01 55 79 09 34
Ingénieurs sans frontières : www.isf-france.org - 01 53 35 05 40
Ipam (Initiatives pour un autre monde) / Aitec (Association Internationale de Techniciens, Experts et Chercheurs) : www.reseau-ipam.org - 01 43 71 22 22
IRIMEP - Appel des Peuples du Monde : www.irimep.org -
Justice et Paix : www.justice-paix.cef.fr - 01 45 44 26 14
Les Amis de la Terre : www.amisdelaterre.org - 01 48 51 32 22
Ligue des Droits de l'Homme : www.ldh-france.org - 01 56 55 51 00
Max Havelaar : www.maxhavelaarfrance.org - 01 42 87 70 21
Médecins du Monde : www.medecinsdumonde.org - 01 44 92 15 15
Peuples solidaires : www.peuples-solidaires.org - 01 48 58 21 85
Réseau Foi et Justice Afrique-Europe : www.aefjn.org/fr/bienvenue.htm - 01 53 80 08 40
Ritimo : www.ritimo.org - 04 76 70 27 67
Secours Catholique-Caritas France : www.secours-catholique.asso.fr - 01 45 49 73 00
SEL (Service d'entraide et de liaison) : www.selfrance.org - 01 46 65 83 03
Solidarité laïque : www.solidarite-laique.asso.fr - 01 45 35 13 13
Survie : www.survie-france.org - 01 44 61 03 25
Terre des Hommes France : www.terredeshommes.asso.fr - 01 48 09 09 76
Transparence-International France www.transparence-france.org - 01 53 77 37 87
Union Syndicale-Solidaires : www.solidaires.org - 01 58 39 30 20
Voir Ensemble : www.voirensemble.asso.fr - 01 53 86 00 00

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