



## SOCIAL WATCH E-NEWSLETTER

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### Many Crisis Slow Down Progress on Least Developed Countries



The real progress of least developed countries (LDC) will remain a remote utopia if there is no respect for the human rights of traditionally ignored and marginalized groups such as women, children and indigenous peoples, warned Arjun Karki, International Coordinator of LDC Watch. The old prescriptions failed to succeed because they didn't put the people and the planet above the profits, Karki said this week in New York, at the Intergovernmental Preparatory Meeting of the Fourth United Nations Conference on LDC to be held from 9 to 13 May in Istanbul. The major victims of climate change, finance, food insecurity and water crisis live in LDC countries, although these countries have no participation in the causes of the respective crisis.

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### Brazil: More Debt Payments, Less Social Expenditures

The brand-new government presided by Dilma Rousseff in Brazil will favour debt payments over social expenditures, in spite of the commitment she has made to "fight for the eradication of extreme poverty". The 2011 Budget Law, passed on 22 December 2010, leaves her a narrow margin to honour her promises, according to the Institute for Socio-Economic Studies (INESC, in Portuguese), one of the focal points for Social Watch in Brazil.

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### Development: Spain Cooperates Less than Ireland

Spain is cutting its budget for social welfare and development assistance for poor countries: it will assign to that end scarcely "0,4% of the gross domestic product, or even less," warned the humanitarian organization Intermon Oxfam. That percentage even less than the 0,5% dedicated to the official development assistance by Ireland, that suffers a severe economic crisis that compelled the country to request help from the European Union and the IMF.

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### Challenges in the Year Ahead

**By Martin Khor**

2011 has been ushered in with fireworks and hopes for better times across the world. It will be an interesting but difficult year ahead. It is hoped everywhere that there will indeed be a happy new year. But that depends on where you are. For most people, it will be a year of uncertainty and difficulty.

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### Global Agenda Issues

### **By Roberto Bissio**

The advent of 2011 puts an end to the "double 0" years. Between 2000 and 2010, the years with two zeros constituted a lost decade, which started out with enormous expectations regarding a third millennium of peace and prosperity and ended with the collapse of the global, financial and economic system constructed at the end of the Cold War. [Read more](#)

### **Iraq: Another Crime against Humanity**

The criminal attack against the church of Our Lady Of Salvation of Baghdad, that killed over sixty Iraqi Christians, was not just against a religious community, nor the Iraqi nation: it inflicted a serious wound to the Humanity as a whole.

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## **LDC Bear the Brunt of Crisis**

The international community must ensure that "up to half of all least developed countries (LDC) will be in a position to graduate from this category in the next 10 years, compared with only three graduations in the last three decades," said Cheick Sidi Diarra, Secretary General of the Fourth United Nations Conference on LDC to be held from 9th to 13rd May in Istanbul. The recommendation was prescribed this week in New York, at the Intergovernmental Preparatory Meeting of the Conference that finished on Wednesday.

But the programme of action that will emerge from Istanbul must not focus on past prescriptions for development, warned Arjun Karki, International Coordinator of LDC Watch, referring to the civil society role on the empowerment of those 48 countries. It should genuinely recognize and respect human rights, particularly those of traditionally ignored and marginalized groups such as women, children and indigenous peoples, while including specific ways for the immediate redress of injustices against them.

The Istanbul Conference's Programme of Action must create a predictable and transparent development mechanism in terms of taxes, finances and ways to manage climate change, Karki add.

The LDC were bearing the brunt of new and emerging crisis, including those concerning climate change, finance, food insecurity and the scant supply of fresh water, without having caused them, said the activist.

The representative of LDC Watch called for a bold new agenda to halve poverty in LDC by the end of the decade, and emphasized that it must set aside the old and usual prescriptions, spelling out in the tail the global community's goal and how to achieve them, place people and the planet above profits and involve all countries and sectors of society.

Civil society played and plays a crucial role in building public support and partnership, and its organizations are ready to do their part during the Conference in Istanbul and beyond, concluded Karki.

In addition, the fact that the number of LDC had not decline "is against the human decency, the moral values and the human solidarity we all ascribe to", said Tanzaniana representative in the meeting, Ombeni Sefue, on behalf of the Group of 77 and China.

Many speakers in the meeting warned that LDC are grappling with low productive capacity, poor infrastructure, high unemployment and a bunch of new socio-economic difficulties resulting from deteriorating climate conditions, growing food insecurity, rising energy prices and increasing water scarcity.

Officials from the 48 countries pressed in the conference for the fulfilment of development assistance pledges, reform of trade policies and the transfer of technology, based on the principle of "genuine partnership" adopted at the Third Conference, held in Brussels ten years ago.

*(Source: UN Department of Public Information. News and Media Division)*

More information on LDC Watch web site: [www.ldcwatch.org](http://www.ldcwatch.org)

Data about the Preparatory Meeting in New York on UN's web site:  
[www.un.org/News/Press/docs/2011/dev2857.doc.htm](http://www.un.org/News/Press/docs/2011/dev2857.doc.htm)

Fourth United Nations Conference on LDC's web site: <http://www.un.org/wcm/content/site/ldc/home>

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### **Dilma, the Budget and the Fiscal Adjustment**

The Institute for Socio-Economic Studies (INESC, in Portuguese), one of the focal points for Social Watch in Brazil, opposes an increase of the resources with which Dilma Rousseff's brand-new government is preparing to pay the public debt, stated Edelcio Vigna and Eliana Magalhaes, INESC consultants, in a report.

Jose Sarney, the president of the legislative national Congress sent President Rousseff the 2011 Budget Law, passed on 22 December 2010, for her approval.

The debate was marked by several irregularities. In less than a week, the project was led by three different spokespersons. The first, Senator Gim Argello (of the PTB, the Labour Party), resigned from his post because, as the press confirmed, he had diverted some BRL 1.7 million (just over USD 1 million) to phantom entities and enterprises. Ideli Salvatti, his successor (of PT, the Workers Party), left her seat in Congress upon being named Minister of Fisheries. The third spokesperson, Senator Serys Shessarenko (PT), was involved in claims that she had allocated BRL 4.7 million (about USD 2.8 million) to an organization presided by one of her consultants, but she kept her seat when it was proved that she had not, in fact, taken part in this operation.

In addition to these accusations, the legislative procedure was marked by debates regarding the need to make more stringent fiscal adjustments by means of heavy cuts to public expenditure amounting to BRL 30 billion (just under USD 18 billion), with the purpose of reducing the astronomical interest rates. Several economists who avoid the orthodox market line believe it is possible to reduce rates without the need to cut expenditure, by controlling speculative capital.

"Market" line representatives lobbied for the law to be passed, and now they are doing the same to obtain ratification by the executive branch. If it does sign the law, the executive will have to implement the traditional policy of economizing on social policy in order to service the foreign debt.

Press reports mentioned by INESC indicate that cuts will be deep in the social area. The project for the Eradication of Slave Labour will lose BRL 849,000 (USD 511,000), the National System for Socio-Educational Care, BRL 34 billion (USD 20.48 billion), Eradication of Child Labour, BRL 26 billion (USD 15.6 billion), Promotion and Defence of Children's Rights, BRL 12.2 million (USD 7.3 million), and the project to Combat Sexual Violence against Children, BRL 7.8 million (USD 4.8 million).

INESC opposes an increase of resources assigned to the public debt, as well as the reduction of allocations to public policies which are essential to achieve and guarantee basic social rights, such as public safety, agrarian reform and food for children and slum dwellers.

According to INESC, the continuity of a restrictive fiscal policy marks the beginning of Roussef's presidency. One day after taking office, she had warned Parliament that: "During President Lula (Luiz Inacio)'s two terms there was an impressive level of social mobility, but there is still poverty in Brazil. I shall not rest while there are still Brazilians without food to put on the table. My government's most determined fight will be on behalf of the eradication of extreme poverty and the creation of opportunities for all."

Interviewed by Empresa Brasil de Comunicacao (EBC) shortly before Roussef took office on 1 January, INESC consultant Eliana Magalhaes warned that progress achieved by the Bolsa Familia (family grant) programme was not enough to overcome the problem of extreme poverty. "It cannot operate on its own. It has a limit. A proposal is needed within the framework of the programme for families to emerge from poverty".

For his part, Ricardo Verdum, also an INESC consultant, warned that in large infrastructure projects, "in recent years, a relative lack of respect for affected populations has been observed", particularly as regards indigenous populations, who suffered from "lack of consideration and manipulation".

*(Source: INESC)*

Further information on INESC's web site: [www.inesc.org.br](http://www.inesc.org.br)

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### **Intermon Oxfam Questions the Government of Spain**

The Spanish humanitarian organization, Intermon Oxfam, part of the Social Watch network, expressed regret at the reduction of the State budget for 2011 with regard to social welfare and development assistance for poor countries. According to its estimates, Spain is the European country which has lost the most ground with regard to its commitments to fight poverty.

The Spanish legislative Congress approved the budget law without modifying the initiative of the government led by Jose Luis Rodriguez Zapatero, despite proposals by several parliamentarians which would have improved allocations for development assistance.

According to the government's calculations, official development assistance allocations were cut by 20% with regard to

the previous budget, equivalent to 918 million euro. Therefore, according to the reckoning of Intermon Oxfam, "the international cooperation budget will be reduced to 0.4% of the gross domestic product, or even less."

"It is deplorable to abandon the weakest when they need protection the most," warned Ariane Arpa, director of Intermon Oxfam, after the approval of the general Spanish state budget for 2011.

Arpa recalled that, "in Spain, social benefits are being cut and help to the unemployed has been reduced, but in addition, the budget for development aid for the coming year will be insufficient to fulfil commitments with developing countries and international organizations which fight poverty and hunger."

In Intermon Oxfam's evaluation, "no European country, not even Ireland, has regressed so far in its commitment to fight against poverty," stated the activist.

Owing to the severe economic crisis which compelled the country to request help from the European Union and the International Monetary Fund, Ireland reduced its official development assistance to 0.5% of its gross domestic product.

Arpa sustained that the government of Jose Luis Rodriguez Zapatero has failed to honour its commitment to restrict to 5% the portion of official development assistance assigned through credit and not donations in money or in kind. One example is the poorest country in America, battered by civil unrest and environmental disaster: "Despite last year's debt cancellations, we are now going to devote ourselves to lending money to countries such as Haiti," declared the representative of Intermon Oxfam.

The activist accused the Spanish legislative branch of "lack of resolution", despite the fact that some parliamentarian groups "had submitted amendments" in order to prevent such a radical decrease in aid.

Intermon Oxfam has indicated that more than 10,000 people throughout Spain have demanded, by means of electronic activity and street demonstrations, that the country should abide by its commitments regarding official development assistance.

*(Source: Intermon Oxfam)*

*Further information at [www.intermonoxfam.org](http://www.intermonoxfam.org)*

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### **Challenges in the year ahead** **By Martin Khor\***

2011 has been ushered in with fireworks and hopes for better times across the world. It will be an interesting but difficult year ahead.

The new year was ushered in across the world with fireworks and parties. It is hoped everywhere that there will indeed be a happy new year. But that depends on where you are. For most people, it will be a year of uncertainty and difficulty.

A big question mark hangs over the health of the global economy. So far a depression has been averted despite the collapse of big financial institutions a couple of years ago.

The fire-fighting efforts of world leaders averted a catastrophe, but the crisis is far from over, and is being manifested in different, and often unexpected, ways.  
Who would have thought even a year ago that Europe would become a new epicentre of the crisis?

The dramatic events of 2010 cast a shadow over the future of the euro itself, and the new year will see the unfolding of more of the crisis, as Greece and Ireland try to get out of their quagmire through very painful policies overseen by the IMF, while Portugal, Spain and others try to avoid falling into the same predicament.

In the new year, the nagging question whether the best way to deal with a country's insolvent debts is to throw good money after the bad will become increasingly acute.

The calls for a different approach will grow louder – to recognise the need for debt restructuring up front, rather than to do it only after years of unsuccessful painful policies and social unrest.

In this new approach, the indebted country and its creditors are brought together by an independent and internationally recognised arbiter such as a debt restructuring court with the view that the creditors are paid an appropriate fraction of the loans (taking a haircut, or a partial loss).

The country pays what it can (as determined by the court, aided by accounting firms), is protected from litigation by its creditors, provided with new loans in the meanwhile, and gets back to business.

This system, similar to the United States' bankruptcy procedures for companies, but now applied to sovereign debt, was proposed long ago by Unctad and even the IMF secretariat, and would have helped many indebted developing countries from undergoing decades of underdevelopment if it had been set up.

It took a debt crisis in Europe – the world's richest continent – to have a serious discussion going, with the German leader Angela Merkel in the forefront of proposals to ensure that future bailout loans given by European countries to others in trouble will include that creditors take a haircut or share in the losses.

The new year will see some progress in establishing the system, though perhaps not in time to save one or two more European countries from old-style bailouts.

The wider significance is to have the new approach spread to also cover the future serious debt problems of developing countries.

Will the world economy recover in 2011? That is the trillion-dollar question, which is difficult or impossible to accurately

predict. In the past few years, most predictions by prominent organisations have turned out wrong, as the crisis took on its own twists and turns.

What is fairly clear is that the Western economies will not be engines of global growth, given the austerity policies and debt crisis in Europe, and the Congress-administration wrangling over economic policies in the United States. Hopes are pinned on China in particular and big emerging economies in general to pull the world into renewed growth.

But their economic weight is still too low to be able to perform this role. Even if they grow, based on domestic demand, it cannot compensate for the expected slowdown in import growth in the Western economies.

Thus, slow to moderate growth is what the small- and medium-sized developing countries can hope for.

The tensions in 2010 over currencies and trade balances (especially between the United States and China) will increase in 2011.

So far, explicit trade protection has been avoided, but the temptation for distressed major countries to move into that dangerous territory will grow in the new year.

On the health front, 2011 will likely see growing concern over the rise of “super-bugs”, or bacteria that have become resistant to multiple antibiotics – like MRSA that affects many hospital patients – and that make many ailments including TB and malaria much more difficult to treat.

Scientists are now warning that unless new antibiotics are found, or the existing ones are used more prudently, we will be entering a post-antibiotic era, in which more and more diseases will be untreatable.

The World Health Organisation is planning to highlight this problem in its World Health Day this year.

On the environment, there will be new attempts to flesh out a new climate change deal in time for the next big UN climate conference in South Africa in December.

A deal is possible, but chances for a fair deal in which developing countries are given the means to combat climate change, and the space to still develop, are slipping away.

Many other “green issues” will also preoccupy 2011, including water scarcity, combatting biodiversity loss, obtaining benefits from biological resources even as others demand access to these, a debate on what the “green economy” means, and the future global governance of environment.

On the political front, a big issue is whether the Palestinian-Israeli conflict will get anywhere nearer a solution.

The signs are at present extremely pessimistic, and this age-old problem will cast new shadows over world politics this year.

Developments in Afghanistan and Iraq will also be predominant concerns this year, as the deadlines for United States withdrawals get nearer.

And in many countries, probably including Malaysia and Singapore in our part of the world, new general elections will be held, giving citizens the chance to confirm the old or usher in the new.

What is equally important is that the political battles are fought in a fair way, and that is of course easier said than done.

All in all, an interesting but difficult year lies ahead.

*\* Executive Director of the South Centre, intergovernmental organisation of developing countries based in Geneva*

*(Source: Column published by The Star of Malaysia)*

## **Global Agenda Issues**

**By Roberto Bissio\***

The advent of 2011 puts an end to the “double oh” years. Between 2000 and 2010, the years with two zeros constituted a lost decade, which started out with enormous expectations regarding a third millennium of peace and prosperity and ended with the collapse of the global, financial and economic system constructed at the end of the Cold War.

The issues and priorities of the global agenda for negotiation and international decision-making have changed regularly every ten years, or thereabouts. In the 20th century, the all-important issue in the seventies was “North-South dialogue”, in order to shape a New International Economic Order which would give rise to the development of the countries of what was then called the Third World, of which over fifty had achieved their independence during the previous decade.

Ronald Reagan put an end to this process in 1982 and, together with British Conservative Prime Minister Margaret Thatcher, launched an era of frontal confrontation with the Soviet-Socialist “evil empire”, as well as of privatization and economic deregulation. These policies were enforced overwhelmingly in developing countries, through conditions imposed by the World Bank and the International Monetary Fund.

The fall of the Berlin Wall in 1989 and the subsequent collapse of the Soviet Union seemed to endorse the Thatcherite slogan, “there is no alternative”, a phrase which was repeated so often that it was shortened to TINA. The superiority of markets over governments as allocators of resources and generators of wealth appeared to be so obvious that by the nineties the progressive governments which replaced Reagan and Thatcher continued and strengthened their policies. Bill Clinton and his British friend Tony Blair promoted a “third way” worldwide, which encouraged free trade and lifted the last governmental restraints to finance. Not only was the international flow of capital liberalized, but the restraints to banking activities dating from the 1929 crisis, which were actually intended to prevent a repetition, were eliminated.

The financial and commercial liberalization of the nineties was accompanied by a number of United Nations conferences which updated the social and environmental agenda of the international community. The first of these was the World Summit for Children in 1990, from which the World Declaration on the Survival, Protection and Development of Children arose. It was followed by the Earth Summit of 1992, in Rio de Janeiro, from which the concept of “sustainable

development” emerged, as well as international conventions on biodiversity, and on the fight against desertification, and the first climate change agreements. Other summits followed on: human rights in Vienna, population and development in Cairo, women in Beijing and the social development summit in Copenhagen in 1995, where for the first time the eradication of poverty was adopted as a common objective for humanity.

The Millennium Summit of 2000 provided a synopsis of this agenda with a projection for the future, within a context of general optimism in which substantial improvements to social indicators were proposed for 2015, including a package of quantifiable and verifiable targets which later became known as the Millennium Goals.

However, the double oh years were not characterized by a common and coordinated global effort against poverty. What we did see, under the presidency of George W. Bush, was a military response to the terrorists attacks of 11 September 2001 and a simplistic division of the world into friends and enemies of Washington. At the same time, tax-reducing policies for the wealthy and additional tax evasion by the same social sector, as well as by transnational corporations, thanks to the existence of tax havens, added to the massive transfer of the least skilled sectors of production to China and other developing countries, which upset the balance between capital and labour, to the detriment of the workers.

The commercial negotiation “development rounds” initiated in 2001 with the promise of confronting agricultural and other issues of interest to poor countries quickly came to a standstill; the increase in aid for development which had been promised was only provided very sparingly. The rate of progress of social indicators, which was supposed to accelerate in order to reach the millennium objectives, has slowed down. Economic growth during the double oh years, fostered by financial “bubbles”, did not reduce poverty, but only concentrated wealth.

When the “bubbles” exploded in September 2008, the large banks unanimously abandoned their ultra-liberal doctrines so that their losses could be socialized. Their insolvency was nationalized and it is now the citizens of rich countries (or their governments, which comes to the same thing) who are in debt.

But the world has now become a village, thanks to (or through the fault of, depending on one's point of view) Facebook and Twitter. There are no longer any State secrets which are not posted on the Internet, and individual consumption choices affect, in their entirety, life on the planet itself. The combined crisis affecting finance, climate, food and migration overwhelm the most powerful governments and cannot be resolved by diplomats on their own.

The Chinese workers who said “that's enough” and went on strike in 2010, together with the end of rural-urban migration and the need to generate domestic consumption for goods which can no longer be exported, put an end to the “race-to-the-bottom” of world wages. The global agenda has become a citizens' agenda.

*\* Director of the Third World Institute (ITeM)*

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### **Solidarity with Our Lady of Salvation**

Over sixty people were killed last November 1st in Baghdad during a criminal attack to the church of Our Lady Of Salvation, where they were gathering for a religious celebration. Al-Amal Association, the Iraqi focal point of Social Watch, organized a ceremony in December 31st “in sympathy with the families” and “in solidarity between all sectors of society in opposing terror and violence”.

One passage of the message from the Social Watch secretariat screened during the ceremony says: "No words can be found to express the pain and the horror. No discourse can ease the suffering of the survivors. We are all victims, no matter how far we were from the massacre when it happened. I heard in the news the testimony of one of you saying 'this was an attack on Iraq, not just on Iraqis. Allow me to say that it was not just Iraq what was hurt with the attack: this was an attack on Humanity'".

You can see the message here: [www.youtube.com/watch?v=Bi8-zvDEE4c](http://www.youtube.com/watch?v=Bi8-zvDEE4c)

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