

# PREFACE

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## BETWEEN THE MARKETS, THE GOVERNMENTS AND THE CITIZENS

In the first two weeks of January 1997 the statistics offices in United States divulged the official data on unemployment in the last three months, showing this had dropped half a percentage point and reached one of the lowest levels in recent decades. Alongside the news the press divulged the immediate reaction of the stock exchange: the Dow Jones index fell immediately. What was good news for the people turned out to be a bad sign for Wall Street.

A few years ago the economists would have expected the opposite result: more people working means greater consumption capacity, more production, economic growth and as a result greater prosperity for the companies and better prices for their shares. In stock exchanges dominated by speculative capital, on the other hand, what is good for those who work and produce causes fear of inflation, the overheating of the economy, increased interest rates and consequently lower profitability for the financial investments. The economists now accept a certain unemployment rate as inevitable, or even necessary in order to contain inflation. Until not so long ago, unemployment was seen as an anomaly, a symptom of something that wasn't going well.

All over Latin America similar opposition between finances and people was repeated during 1996. Once the «Tequila Effect» (the domino-like fall of the financial markets following the Mexican bankruptcy in late 1994) had been overcome, the stock exchanges began to rise again in line with increasing unemployment, the laws which protected workers were repealed (the euphemistically named «deregulation of the work market») and income concentration also became more intense.

In February 1996, during a meeting called by the InterAmerican Development Bank, the consultant Luis Ratinoff disclosed a comparative study on the murder rates of the world: less than two every 100,000 inhabitants in Asia and the Middle East; between two and three for the developed nations (not counting the United States, which had 11); Russia registered more than five murders every 100,000 inhabitants; while Argentina, which traditionally had a «normal» index of less than five, rose to 12, the same level as Sri Lanka, where there is a civil war. A traditionally peaceful country like Venezuela registered 16. «A society like that of Venezuela, where the richest 10% take 47% of the income and the poorest 10% only 1.7% is probably on its way towards some sort of civil war» said economist and Venezuelan member of Parliament Teodoro Petkoff. The relation between murders and the concentration of income appears to be corroborated by the case of Brazil, which with the most unequal wealth distribution in the world (51% of the wealth in the hands of 10% of the population) has 24 homicides per year for every 100,000 inhabitants. Meanwhile, for Uruguay, with the best Latin American income distribution rate (except for Cuba) and the highest human development index in the region, the rate was four, similar to France and Italy.

However, in declarations to Montevideo weekly «Busqueda» (Uruguay) the author of the study said it is probable that crime «is on the increase a little» in this country, which has Argentina and Brazil as neighbours and where «the economic tendencies will create a little instability in a society which has always been so stable up until now.» Surprisingly, the «economic tendencies» which this same weekly discussed are those considered good by the international financial system; low inflation, a diminishing fiscal deficit, an increasing gross product...

For the author of the study «one of the reasons why the crime rate is lower in Europe is that there is a social security system» which reduces personal insecurity about the future. The Asian societies where the murder rates are lower still do not have a sophisticated State managed social security system, but do have traditional families and human relations networks which fulfil a similar function.

And these mechanisms can be seen by the international institutions who are most enthusiastically promoting economic globalisation: the «deregulation» of the labour market in the industrialised countries was claimed as necessary for the economy by the director of the International Monetary Fund, Michel Camdessus, during the inaugural session of the ministerial meeting of the World Trade Organisation in December 1996, in Singapore.

The «invisible hand» of the market in itself, will not solve the social problems. This affirmation became obvious during the first eight decades of the 20th century, when discussion was centred on how much intervention was necessary, from whom and with which mechanisms. This was questioned by the theory and practice of President Ronald Reagan (of the United States) and Prime Minister

Margaret Thatcher (of Britain) during the eighties. And it returned to popularity again at times when the new doctrines were triumphing all around the world at the end of the cold war, by Bill Clinton's election campaign, which brought him to victory in 1992 under the banner of «put the people first», offering a clear answer as to the source of the increasing social problems: «it's the economy, stupid!»

## SO THAT THE COMMITMENTS COME TRUE

The World Summit on Social Development, held in March 1995 in the Danish capital, and the Fourth World Conference on Women, in September of the same year in the Chinese capital committed the governments of the world to an ambitious programme to combat poverty and gender discrimination, promote employment and the integration of the excluded and marginalised groups. These were solemn, but not obligatory political commitments («not legally binding» in technical jargon), unlike the promises made by the governments before the World Trade Organisation, which replaced GATT at the end of the «Uruguay Round» of negotiations, or the conditions imposed on the debtor countries by the World Bank or the IMF.

The indispensable political will to carry these commitments into practice in each country will only be strengthened by a citizenry capable of controlling their fulfilment. In order to contribute to this process, a group of non-profit making organisations who accompanied the deliberations of the Social Summit and Women's Conference resolved to initiate the «Social Watch» programme, an annual report on the fulfilment of what was agreed, carried out by those who are working on these issues in the field. In 1996, at the close of the first year after the Copenhagen Conference, an experimental edition was produced, which included 13 national reports. The idea was received with enthusiasm and this 1997 N° 1 edition has doubled the number of national reports and has consolidated a network committed to following certain issues up until the United Nations General Assembly evaluates the achievements at the level of heads of State in the year 2000, tracing out the social development aims for the opening years of the new century.

The current state of affairs, history and the social scheme of each country is different and, definitively, the judgement on the achievements and aims of each society must be made from within. Therefore, «Social Watch» only includes reports written inside the country, by organisations actively working in social development. Furthermore, it is promoted that the responsibility for reporting back be assumed by the groups of organisations and, where they exist, the local coalitions created to follow up the conferences.

These organisations and coalitions are the essence of «Social Watch». In March, 1996, the participants in the initiative designated a co-ordinating group, made up of Leonor Briones of the Philippines, Yao Graham of Ghana, Gina Vargas of Peru, Caroline Wildeman of the Netherlands and Roberto Bissio of Uruguay. The Third World Institute, based in Montevideo, Uruguay, was charged with the task of editing the international report and being secretary of the network.

In the intervening year, the idea of «Social Watch» was promoted in several international meetings and their contributions helped polish the work methodology. From the analysis of the ten commitments made in Copenhagen, the Beijing plan of action and the aims outlined by other international conferences, 13 commitments with verifiable aims capable of being evaluated were extracted. International issue-based networks of NGOs and social organisations, especially the unions, offered us their own reports, producing an exchange of data and outlooks. In several countries the report was launched on a national level, which in some cases created valid opportunities for debate on the national social development policies between Civil Society Organisations, the government and international organisations. New national groups of «Social Watch» were constituted and worked to contribute to this report. ●

To facilitate analysis and the comparison between the national reports, common norms were drawn up. And the arduous task of creating indices which can serve as a measure and allow for the moral «praising» of advances and the «punishment» of the lack of fulfilment was undertaken. Everyone knows a number is incapable of reflecting the richness of hues, but we all like to know «who won»... in particular the press, accustomed to reporting on Nobel Prizes, Oscars or Olympic medals, and which plays a key role in forming public opinion.

The statistics and census offices of each country get data which measure various aspects of the situation: the yearly World Bank World Development Report registers the wealth of the nations, measured in terms of their gross product per capita. The United Nations Development Programme complements this measurement with data on education, health and income distribution which helps them arrive at the Human Development Index. UNICEF, the agency charged with following up the commitments outlined by the Children's Summit, developed progress indicators - as it is no longer enough to measure who is better or worse, but rather, which countries have made most effort to fulfil the aims. «Social Watch» aims to develop a «Fulfilled Commitment Index» capable of evaluating who, after the commitments have solemnly been made, must take the decisions to turn these promises into reality. This index is not yet ready, (the necessary information is only available for a handful of countries) but this report initiates debate on the methodology which will make it possible, and advances with the partial progress indicators towards the agreed aims.

The readers must draw their own conclusions. Criticism and comments are welcome. If this report is of use it will help us a great deal to know what it was used for and how it could be more useful.

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- The national reports, which for reasons of space could not be included in full, like the complete statistical series on which the analysis is based and the methodological discussion are available on the Internet: <http://www.chasque.apc.org/socwatch/>

## WTO: ZERO FULFILMENT

*The World Trade Organisation has not complied with what the heads of State asked during the Social Summit, nor is it planning to do so, declared an authorised WTO representative publicly during a meeting of NGOs in Geneva, in September 1996. The Copenhagen Declaration mentions the Uruguay Round and the liberalisation of world trade on several occasions, nearly always in a tone balanced between optimism for the promises of economic growth and the statement of the multiple new problems derived from globalisation. However little was asked of the WTO itself: only that it studies the social effects of this trade, especially in the less developed countries. The WTO was not requested to change or adjust its policies, or to co-ordinate its action with the United Nations, as was asked of the World Bank and, to a lesser extent the International Monetary Fund. It was not asked to dedicate more attention to the problems of the poor, of the unemployed or women, nor was it exhorted to carry out any social spending. It was simply asked to look into the social effects of the policies it promotes so enthusiastically. The WTO secretariat said the reason this had not been carried out was that this organisation, which arose as the successor of GATT at the end of the Uruguay Round of negotiations, «can only do what the parties (or the member States) ask it». The parties of GATT and the governments which met in Copenhagen are the same, with one less here and adding one there, and shouldn't it be understood that the will expressed by the heads of State meeting in Denmark is sufficient expression of what the parties want of the WTO? The secretariat of the organisation says it is not, and that if the parties want the WTO to do something they have to request it through the official channels. Meanwhile, the WTO has not officially become aware of the existence of the summits. The parties had a chance to tell the WTO they wanted such a study during the first ministerial meeting of the organisation in Singapore in December, 1996. However, none of the Ministers of Trade meeting there made any reference to the Social Summit or Women's Conference in their speeches. The social issue which was discussed was that of the possible inclusion of a «social clause» in the trade agreements, a thesis defended by some European and North American governments and unions affiliated to CIOSL, but resisted by the governments, the NGOs and the Southern unions, who see in this a possible excuse for trade protectionism. The whole issue of links between trade and labour rights was passed on to the International Labour Organisation, which is the UN agency which deals with the issue. And in his closing speech, WTO director Renato Ruggiero celebrated the signing of an agreement to reduce tariffs on high technology computer and telecommunications products to zero before the year 2000 as the «human face of globalisation» describing it as being of «enormous social interest». The idea behind this seems to be that «every village will have access to all the information in the world» (an optimistic outlook contradicted by the fact that, according to the intellectual property rights defended by the WTO, this information will be more expensive to acquire). But if Ruggiero is asked about the scientific bases of his statement, the leader would be unable to explain, for the parties have not requested any study of the issue.*