



SOCIAL WATCH E-NEWSLETTER

Issue 29 - March 25, 2011

Yemeni Forces Killed Dozens of Young People



Dozens of common citizens have been killed by Yemeni forces since the Youth Revolution broke out in February 11, according to the Human Rights Information and Training Center, national focal point of Social Watch in this arab country.

[Read more](#)

Egypt: A Call to Review Elections Procedures

"The referendum on the constitutional amendments proved that it is almost impossible to hold an election in one day for numerous reasons," warned the Egyptian Association for Community Participation Enhancement (EACPE, national focal point of Social Watch) after the Saturday 19 polls. That was just one of its recommendations.

[Read more](#)

Poland: Poverty, Exclusion, Inequality and Discrimination

"For social and anti-discrimination organizations it is obvious that Polish public policy is insufficient and does not solve the problems of poverty, exclusion, inequality and discrimination," alerts the Polish Social Watch Coalition and the Polish Committee of the European Anti-Poverty Network in the Polish Social Watch Report 2010, released this week.

[Read more](#)

Dangers of the boom in capital flows

The present boom in capital flows to developing countries is having destabilising effects on currencies and asset bubbles and it will also end in a damaging bust, warns "Capital Flows to Developing Countries in a Historical Perspective: Will the Current Boom End With a Bust?", a new South Centre research paper.

[Read more](#)

Canada: A Racialized Income Gap

"During the heyday of the pre-recession economic boom, racialized Canadians were more willing to work, but experienced higher levels of unemployment and earned less income than non-racialized Canadians," said Grace-Edward Galabuzi, co-author of a study on this matter released this week by the Canadian Centre for Policy Alternatives (CCPA, national focal point of Social Watch) and the Wellesley Institute.

[Read more](#)

The Days of the Yemeni Revolution

The Human Rights Information and Training Center, one of the main civil society organisations of Yemen, made a detailed account of the Youth Revolution that began there last month. Abstracts:

"Youth Revolution broke out in February 11, 2011 after the fall of the regime of Egyptian President Hosni Mubarak. Young people in Taiz, Sana'a and Aden came out to the streets to celebrate the revolution of Egypt and asked for the departure of Yemeni President Ali Saleh. A group of young activists had taken the streets of Taiz on February 8 to demand Saleh's resignation.

"Since the early days, the clashes in Sana'a between supporters of Yemeni president and the protesters resulted in injuries

"Clashes broke out in February 12 between youth protesters and thugs in Taiz. Thirty people suffered injuries and 150 were arrested. They were later released thanks to the action of a group of lawyers.

"In February 18, a bomb was thrown to demonstrators in the Freedom Square, in Taiz city. One person was killed and 86 were wounded.

"In Sana'a, March 13, one person was killed and dozens suffered injuries when gunmen and security officers in civilian clothes opened fire and threw toxic gases against the protest.

"That same day, in the Almafer district of Taiz, at least six people resulted seriously injured after clashes between thugs and youth

"In March 18 in Sana'a, 52 demonstrators were killed and hundreds suffered injuries by the bullets shot in the head, neck and chest by high skilled snipers, and another 35 people were killed by the police in the districts of Almoala, Dar Saad, Mansoura and Sheikh Othman in Aden.

"Government forces shot dead at least another 15 people, and more than 15 were injured in Alhohaida City when security forces opened fire to disperse a protest.

"In March 17, 150 people were injured in Sana'a in a bloody confrontation between protesters and security troops.

"In March 9, 16 and 18, another 57 people were killed by thugs and security troops in Alhodaida, and some 300 suffered injuries in that city attacked by thugs of the ruling party and security troops who used batons, stones and tear gas.

"According to a child rights organisation, 19 children were shot dead by supporters of Saleh and other 18 were injured."

Source: Human Rights Information and Training Center

About the Egyptian Referendum

The Egyptian Association for Community Participation Enhancement (EACPE) disclosed this week its evaluation of the referendum on constitutional amendments which took place last Saturday with a turnout rate of 41%. Abstracts:

"Firstly: the Egyptian citizens, who impressed the whole world with their revolution, were an example for civilization. Those who claimed that it is not yet the right time for democracy and that we are not ready to practice it were the ones responsible for corrupting the Egyptian political life with their security agendas and their directed media. They were the ones responsible for corruption, oppression and poverty for 30 years.

"Without appropriate preparation, and while having an unstable security situation because of the reluctant police apparatus, and without having firm decisions by the army, the Egyptians arranged themselves with no recorded organized violence, thuggery or bribery. Furthermore, the referendum did not witness some negative phenomena, which used to prevail before, such as preventing voters from accessing polling stations.

"In addition, no obvious rigging or harassment took place, which proves the point we raised in our previous reports that the regime was responsible for these phenomena. Although there was no real or genuine discussions about these amendments, the citizens' will to frame a new future and their belief that their votes are the price for freedom and democracy led to having this high turnout, especially among women, youth and Copts.

"Secondly: weak preparation, planning and organization were the main features of the Referendum Day. Although the Higher Committee for Supervising the Referendum, headed by Chancellor Dr. Mohamed Attia, was integrate and neutral, it did not have the sufficient time needed for good preparation of the referendum, and to properly manage this day to meet this very high turnout, which was expected after the Revolution.

"In addition, there was no separate administrative body, independent of the Executive Authority, to help the Committee in performing its duty. Furthermore, the Committee did not have a separate budget. [...]

"Thirdly: the sectarian discourse was used by some fundamentalist groups targeting the emotions of ordinary Egyptians through affecting their votes using mosques or microphones on vans around polling stations, especially in villages and poor areas [...]. These groups misinformed illiterate citizens giving them the wrong impression that this was a referendum on Islam as a religion as opposed to Christianity. This led to a reaction to direct Coptic voters to vote 'No'. [...]

"What raises more concerns is the alliance made by the Muslim Brotherhood with these fundamentalist groups to control the polling stations from outside, and sometimes from inside, to direct voters to vote 'Yes'. [...]

"Recommendations:

"1. We need a comprehensive review for the legislations organizing the Egyptian elections, and to delegate the organizing of elections to a neutral and independent committee. This committee cannot be dissolved and shall supervise the whole electoral process starting with registration in electoral lists, candidacy, campaigning and the Election Day. This committee should have a separate budget and a comprehensive administrative body that is permanent and work on fulltime basis. [...] Furthermore, polling stations should be prepared to receive voters in a manner that guarantees the confidentiality of voting and a humane treatment for voters and employees, and to guarantee free and easy voting for the elderly and the physically-challenged voters. Furthermore, guarantees should be provided to prohibit the use of money, thuggery and influence as well as using religion to affect voters. [...]

"2. The referendum on the constitutional amendments proved that it is almost impossible to hold an election in one day for numerous reasons, on top of which the limited number of judges to guarantee real judicial supervision on elections, and the very high turnout after providing guarantees for free and fair elections. This means that more than 40 million voters will head to polling stations to practice their right of voting, which cannot be organized in one day.

"3. The results of the referendum, and the discussion on the amendments by the society, proved that there are rising civil and democratic political movements that expressed their will to establish a modern civil state based on equality between all citizens. [...] On the other hand, other political movements used religious discourse that touches the

emotions of Egyptians. Moreover, the fact that the security and administrative apparatuses of the Executive authority used to discriminate against them led to having more sympathy with them by the citizens. Besides, these movements have the needed materials, in terms of money and organizing.

"Therefore, the opportunity of organizing and communication with citizens must be allowed to these civil democratic movements, which is accompanied by expediting the issuance of Party-Establishment laws without unnecessary conditions and that political parties have to be established with only notification.

"Finally, the parliamentary elections should be postponed for a year, and a constitutional declaration has to be issued to prevent the monopolizing of the political life in the hands of the military."

Source: Egyptian Association for Community Participation Enhancement (EACPE)

Read the complete statement at www.mosharka.org/uploads/posts/2011-03/1300786010_1298819804.jpg

Poverty and Social Exclusion in Poland

The Polish Social Watch Report 2010 Poverty and Social Exclusion in Poland was prepared by Polish Social Watch Coalition and Polish Committee of the European Anti-Poverty Network and published by Kampania Przeciw Homofobii (Campaign Against Homophobia). Abstracts of the appendix, written by Ryszard Szarfenberg (Warsaw University):

Poland was the only country in Europe with growth of the real gross domestic product (GDP) in 2009. That advantage was lauded by politicians from the ruling coalition (conservative-liberals with agrarians) who proudly announced it was due to thoughtful actions undertaken by the government. We had a unique GDP growth but there was a decrease in its dynamics, and public debt was recognized as main Polish problem. Several actions were aimed to reduce it in order to avoid exceeding the 3% or 55% of GDP threshold (first one for deficit is devised by EU, and second for public debt is in Polish Constitution). The most controversial one is reform of the 2nd pillar of the new pension system (OFE, Open Pension Funds managed by private firms). These changes might have some consequences for the replacement rates of pensions in the coming decades, but for decreasing the public debt they are important now.

The second issue that dominated the public discourse in 2010 was regarding the catastrophe of the Polish plane with the President of Poland on board, along with many persons who belongs to the nations' political and military elite. There were no survivors and it was a national tragedy. After a few weeks of mourning, new political controversies emerged.

The public debt, as well as the tragedy in Smolensk all dominated public debate. The lot and the rights of the poor and excluded citizens and residents were neglected in government's speeches and media news. It is evident that no one is sure how the slowed pace of the economy and the debt cutting policies will influence the situation of ordinary residents. Similarly, little can be heard about how Poland is doing when it comes to basic human and citizenship rights.

Poland has not yet ratified the already signed international conventions that are fundamental for ensuring basic human rights. These include the Revised European Social Charter and the UN Convention on the Rights of Persons with Disabilities. Simultaneously, the level of poverty and social exclusion is rising due to economic slowdown. In the face of these facts citizens expect vigorous public action, but what we see are non-decisions or cuts in the active social policy funding.

As a result of neglecting the mandatory indexation of the means test thresholds in social assistance even extreme poverty does not guarantee everyone the right to receive cash public assistance in Poland. The funds for active labour market policy were cut in half in comparison to 2010. In December 2010 the number of unemployed was 1,9 million, if we assume that it would be 2 million in 2011, this leaves a mere 134 PLN (34 EUR) monthly per one unemployed person. It is very difficult or even impossible to achieve any real activation results for so small amount of money. [...]

Little step forward in the area of gender equality has been taken by adopting of the citizen's project of the law concerning gender parity on the election lists. After the changes that have been made to the project in the course of parliamentary work final result is rather disappointing and it seems that new law influence on women's participation in politics will be very moderate if any at all.

For social and anti-discrimination organizations it is obvious that Polish public policy is insufficient and does not solve the problems of poverty, exclusion, inequality and discrimination. It is not only the result of Poland not being the richest country in the world; equally important is the fact that for ruling coalition and the main opposition parties other problems are being of greater importance than those that influence the society at large. [...]

Preventing inequality from spreading and being free from poverty are crucial for social cohesion and taking part in social life. They are important for the quality of civil society, democracy and for the raising, restoration and maintenance of the quality of life of all citizens and inhabitants. [...]

Basic rights can be realized in many different ways, and the access to rights, the level of their implementation is not equal in society. Deep socio-economic divisions influence exercising of the basic rights. Public policies based on rights might be under-financed, badly organized and inefficient. Professionals hired by government to provide social services might treat people experiencing poverty and social exclusion with disrespect.

Public policy, including its social aspects, is too often based on stereotypes and myths, and not on real scientific knowledge. The latter is all too frequently associated with economic theories and quantitative data. The modern economics is in crisis – despite the advanced methodology and huge funds for quantitative research, it was not

possible to foresee (with some exceptions), nor to prevent the global economic crisis. The indicators concerning society as a whole say little about the real life of poor and excluded citizens and inhabitants of Poland. The GDP seems to be the main goal and a criterion of development. For many influential politicians and experts, reaching the standard of living of the richest countries is the most important goal.

Real scientific knowledge it is not only economics nor the statistical indicators of official market transactions. Designing public policy on incomplete knowledge represented by GDP results in unjust resolutions that are ineffective. Apart from the economics, we should take into account other disciplines that use qualitative research as well. [...]

In the new EU strategy – Europe 2020 – it is assumed that in the context of the goal to reducing poverty and social exclusion three statistical measures are important: relative poverty, multiple deprivation, households that face the problem of unemployment or underemployment.

Over 6,4 millions inhabitants of Poland are relatively poor. In this case, the poverty level is 60% median of the equivalent income in a given country. Hence the poverty thresholds are different in each country, e.g. based on 2009 calculations: in France – 11,856 euros, in Norway – 20,332 euros, Romania – 1,297 euros, Bulgaria – 1,697 euros, and in Poland – 3,058 euros. The richer the country, the higher the poverty threshold is. Over 5 million and 6 hundred thousand people were faced with severe multiple deprivation (they were not able to meet four or more of nine basic needs). Poor and materially deprived females and children were more than men or elderly people. The situation of families with more than two children is much worse in comparison with nuclear families. Decreasing trend from 2005 is reversed, relative poverty rate was higher in 2009 than in 2008.

In comparison with other countries, the relative poverty threshold in Poland is one of the lowest in Europe and the level of relative poverty is a slightly higher than the average for EU (16.3%).

The poverty of children or elderly people might seem more threatening in comparison to poverty of adults. Children should have a proper environment for development. For different reasons, elderly people cannot ensure for themselves such a level of living as they wished for. If the level of poverty is higher among women than it is among men, then it should also be a reason for concern. In comparison to other countries the level of relative poverty of children in Poland is high, and of the elderly people – low. In the case of the level of poverty according to age, European countries can be divided into two groups. In the first one, the level of children's poverty is lower than that of elderly, in the second group – quite the contrary. Poland belongs to the second group – children are poorer than elderly people, the biggest difference of these numbers was in Hungary. Poverty levels of elderly people is much higher than poverty of children in Cyprus and Latvia. [...]

Spatial differentiation of poverty in Poland can be demonstrated by the percentage of those with social assistance benefits entitlements. Among municipalities with that rate over 20% in 2009 (34) most of them (10) was in the Warminsko-mazurskie province (north-eastern Poland). In that region there were two municipalities where the percentage of social assistance recipients was over 30% – Górowo Iławieckie (47.0%), Barciany (31.8%).

Source: Kampania Przeciw Homofobii (Campaign Against Homophobia)

Read the complete overview of the report on www.kph.org.pl/publikacje/raport_sw_2010_overwiev.pdf

The Need to Control the Boom-Bust Financial Cycle

By Martin Khor

Huge funds at near-zero interest made available by the United States and other developed countries to boost their flagging economies are instead fuelling booms in capital flows to developing countries and in commodity prices.

Both booms are already having destabilising effects on many developing countries. And they will also end in a bust, as has happened with previous booms, and this will have an even more damaging impact.

Therefore international regulation as well as national policy measures are urgently needed to control this boom-bust cycle.

These are the key conclusions of a new South Centre research paper, "Capital Flows to Developing Countries in a Historical Perspective: Will the Current Boom End in a Bust?"

It is authored by the Centre's Chief Economist Dr. Yilmaz Akyuz, who made a presentation on its key points at a launching ceremony at the United Nations in Geneva last week. Dr. Supachai Panitchpakdai, UNCTAD Secretary-General also made extensive comments on the paper at the meeting, attended by diplomats and UN staff.

Akyuz said that as part of the policy intervention applied by advanced economies, the US in particular, large amounts of liquidity have been made available at near-zero interest by the governments or Central Banks. The current US\$600 billion "quantitative easing" by the US Federal Reserve is an important example.

However, these monetary expansion measures have been unable to establish stable and vigorous growth in the advanced economies. Instead the funds have been channelled mainly as speculative capital flows in search of higher yield to emerging economies and to the commodity markets.

This is transmitting destabilising impulses to developing countries through their impact on exchange rates and on the markets for assets, credit and commodities, threatening their growth and stability.

Moreover the capital flows are likely to be reversed, with significant damage to the developing countries. Thus the effective management of these capital flows is essential for developing countries to survive the global economic turmoil.

The paper traces the post-war boom-bust cycles in capital flows, pointing out the first cycle starting in the late 1970s, ending with the debt crisis in the 1980s in Latin America; the second boom starting in the early 1990s, ending with the East Asian crisis; and the third boom starting in the early 2000s that ended with the Lehman Brothers collapse in September, 2008.

However this last bust was short-lived and a fourth boom started in the second half of 2009 and is now continuing with full force.

Although these cycles differ in nature and destination, they also share some common features. The booms are characterised by rapid liquidity expansion and low interest rates in the main reserve issuing countries, especially the US. The busts are catalysed by tighter credit conditions, rising dollar interest rates and a strengthening of the dollar; and in recipient countries, there is a deterioration in macroeconomic conditions, mostly due to the effects of the capital inflows themselves.

In the current boom, starting in mid-2009, the quantitative easing (pumping of government funds into the banking system) in the US and Europe were not mainly translated into domestic credit expansion but instead spilled over to the developing countries through investors seeking higher yield. . This is because of developing countries have higher interest rates, thus encouraging the "carry trade" (borrowing in a currency with low interest and investing in a currency with higher interest); a shift in risk perception against advanced economies, and better growth prospects in developing countries.

There have been three adverse effects of the surge of capital inflows into developing countries:

- Their exchange rates have appreciated significantly, thus making their exports less competitive and affecting their balance of payments. Ironically those countries with current-account deficits like India, Brazil, South Africa, Turkey have had the sharpest currency appreciation;

- There is a build up in short-term private debt in some countries, which increases corporate default if the currency appreciation is reversed; and

- The creation of asset bubbles, with equity prices rising in tandem with capital flows. There is the risk of a hard landing when flows are reversed.

The paper also shows that there is a cycle in commodity prices which is associated with capital flows. This commodity cycle is similarly influenced by the liquidity provided by advanced economies and the investors' search for higher yield.

The paper points to the financialisation of commodity markets, with investment in index trading rising from US\$13 billion to \$320 billion (between 2003 and 2010). The paper shows a close correlation between the fluctuations in private capital flows and in commodity prices, and an inverse relation between the value of the dollar and commodity prices.

Looking at the historical record of previous cycles, the paper predicts that both the booms in capital flows and commodities will end with a bust. This could happen through one of three scenarios: an abrupt monetary tightening in the US; monetary tightening and slower growth in China; and a balance-of-payments or financial crisis in a major emerging economy.

The paper examines three policy options for developing countries in managing surges in capital flows: currency market intervention and "sterilisation"; liberalising and encouraging capital outflows by residents; and capital controls.

Pointing to the limitations and drawbacks of the first two options, the paper elaborates on the need for capital controls. Measures taken by some countries have not worked because they have been inadequate; for example, low taxes on capital inflows are not enough to discourage them when interest differentials are large and the currency is appreciating.

There is thus the need for direct restrictions over private borrowing from abroad and on the entry of non-residents into domestic securities markets.

The paper concludes that capital controls can be sufficiently effective to make a difference, if done vigorously. There is need for determined action by developing countries to control capital flows, both inward and outward. They should not allow their currency and current account situations to get out of hand.

Meanwhile, there is also need for reform of the international financial architecture to reduce systemic instability. The reforms include regulation of international capital flows (including in the source countries), regulation of trading in commodity futures, and reforms in the currency reserves system and the exchange rate system.

Read the complete report at www.southcentre.org/index.php?option=com_docman&task=doc_download&gid=1974&Itemid=182&lang=es

Despite an increasingly diverse population, a new report on Canada's racialized income gap shows a colour code is still at work in Canada's labour market.

Canada's Colour Coded Labour Market, co-produced by the Canadian Centre for Policy Alternatives (CCPA) and the Wellesley Institute, draws on 2006 Census data to compare work and income trends among racialized and non-racialized Canadians. It's among the more comprehensive post-Census studies on this issue to date.

"We found that during the heyday of Canada's pre-recession economic boom, racialized Canadians were more willing to work, but experienced higher levels of unemployment and earned less income than non-racialized Canadians," says co-author Grace-Edward Galabuzi, CCPA board member and Ryerson University professor. "The distribution of work tells a disturbing story: Equal access to opportunity eludes many racialized Canadians."

Co-author Sheila Block, Director of Economic Analysis at the Wellesley Institute, says racialized Canadian workers earned only 81.4 cents for every dollar paid to non-racialized Canadian workers – reflecting barriers in Canada's workplaces.

"The work racialized Canadians are able to attain is more likely to be insecure, temporary and low paying," Block says. "Despite an increasingly diverse population, a colour code is firmly in place."

Among the study's findings:

In 2006, during the boom years, racialized Canadians had an unemployment rate of 8.6 per cent, as compared to 6.2 per cent for non-racialized Canadians.

On average, non-racialized Canadian earnings grew marginally (2.7%) between 2000-2005 – tepid income gains considering the economy grew by 13.1%. But the average income of racialized Canadians declined by 0.2%.

Racialized workers are over-represented in industries with precarious low-paid jobs; they are under-represented in public administration, and more likely to work in the hard-hit light manufacturing sector.

The colour code contributes to much higher poverty levels: In 2005, 19.8% of racialized families lived in poverty, compared to 6.4% of non-racialized families.

The report and a video are available at: www.policyalternatives.ca and www.wellesleyinstitute.com

SOCIAL WATCH IS AN INTERNATIONAL NGO WATCHDOG NETWORK MONITORING POVERTY ERADICATION AND GENDER EQUALITY

[Social Watch >>](#)

Social Watch E-New sletter

For comments, sugestions, collaborations contact us at:

socwatch@socialwatch.org

To stop receiving this new sletter send a message with the subject "unsubscribe" to:

sw-new-s-request@listas.item.org.uy

Made possible thanks to the funding and support of the European Union and Oxfam Novib.



The international secretariat of Social Watch also receives funding and support from the Coalition of the Flemish North South Movement - 11.11.11.

The contents of this publication are the sole responsibility of Social Watch and can in no way be taken to reflect the views of the European Union, Oxfam Novib and the Coalition of the Flemish North South Movement - 11.11.11.