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Trump, trade wars and the WTO

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Editor's Note

SINCE the advent of Donald J Trump to the White House, fears have been growing of a trade war, principally with China. As the global economy has not fully recovered from the 2008 Great Recession, the concern has been that a full-fledged trade war could plunge the world into a depression.

Much of this fear stems from Trump's pronouncements made during his election campaign. He had railed against the multilateral trading system and the World Trade Organisation (WTO) while espousing the cause of unilateralism. More ominously, he had singled out a number of countries as being guilty of 'unfair' trading practices which had devastated US manufacturing industries. Although he mentioned allies such as the European Union, Japan and South Korea as some of the culprits, it was for China that he reserved his venom.

Highlighting the US' huge trade deficit with that country, Trump threatened to impose a 45% tariff on all imports from China. Accusing China of 'raping our country', he went on to say, 'Think of it, they've taken our money and our jobs, our manufacturing, they've taken everything, it's one of the greatest thefts in the history of the world...'

Trump used his first year in office in 2017 to institute a series of investigations against mainly China before he launched his trade war the following year with an announcement of a 30% tariff on imported solar panels – most of which come from China – and tariffs starting at 20% on large residential washing machines. China and other affected countries such as South Korea and Mexico expressed strong objections.

Trump followed this up in March with the imposition of import tariffs of 25% on steel and 10% on aluminium. These tariffs impacted not only China but also the likes of the EU, Mexico and, above all, Canada, the top steel exporter to the US. When these latter countries threatened retaliation, they were given exemptions from the tariffs until June. China, which received no such exemption, retaliated in April by rolling out new tariffs on meat, fruit and other products from the US. All told, the extra tariffs were expected to hit 128 kinds of US products.

China had barely finished retaliating when Trump moved in with plans to levy tariffs on \$50 billion of Chinese products to penalise China for allegedly 'stealing' US intellectual property. China then hit back by targeting \$50 billion of US products. A furious Trump upped the ante by threatening to impose tariffs on a further \$100 billion worth of imports from China in addition to the \$50 billion tariffs!

As the markets became spooked, fearful that the trade dispute could escalate into a full-scale trade war, both parties then decided to hold talks to resolve their differences. The first round of talks failed to make much progress, largely because the US trade demands were so sweeping and its negotiators so inflexible. 'The list reads like the terms for a surrender rather than a basis for

negotiation,' said Eswar Prasad, an economics professor at Cornell University. Fortunately, after those talks collapsed, it was decided to hold a second round of talks.

Here amidst all the contentious issues, one stood out – the US trade deficit with China of some \$350 billion. The Trump administration demanded a \$200 billion cut in China's US trade surplus but the Chinese rightly refused to agree to this or any other specific figure as there was no way they could have fulfilled this demand. All they pledged was to increase their imports from the US, particularly from the agricultural and technological sectors.

Most crucially, both sides agreed to suspend their trade war and instead keep talking. News of this truce raised hopes that a full-fledged trade war had for now been averted but in a matter of days, these hopes were dashed when Trump said he was moving ahead with sanctions on China even as officials tried to resolve the brewing trade dispute.

Following high-level talks between US Commerce Secretary Wilbur Ross and China's Vice Premier Liu He, the Chinese government issued a statement warning, 'If the United States introduces trade sanctions including raising tariffs, all the economic and trade achievements negotiated by the two parties will be void.'

Meanwhile the trade war with the EU, Canada and Mexico resumed when Trump refused to renew the exemption on the steel and aluminium tariffs beyond 1 June. The EU threatened to retaliate with duties on everything from American motorcycles to bourbon. Canada and Mexico have also promised to levy their own tariffs on US goods. Finance ministers at a recent meeting of the G7 leading industrial economies have told the US that 'collaboration and cooperation has been put at risk' by its trade tariffs. The EU has filed a complaint at the WTO against the tariff impositions but this is hardly likely to impress Trump, who has the utmost contempt for the WTO.

While the US is entitled to its own views on the WTO, it has no right to prevent other nations from accessing it to challenge some of the recent US actions which are clearly illegal under WTO rules. Unfortunately, the US has effectively hamstrung the operations of the WTO dispute resolution mechanism by blocking the process to fill three outstanding vacancies on the organisation's Appellate Body. Such high-handed behaviour is a blatant abuse of power which the international community must condemn.

Our cover story considers the implications of the Trump administration's resort to unilateralism. The focus of the articles is on how the pursuit of this policy by the US has brought the world to the brink of a full-fledged trade war.

— The Editors

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US actions on the trade front since President Donald Trump took office have raised the prospect of a trade war with China. While the markets have calmed down following recent talks between the US and China, an air of uncertainty still lingers. 11

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Philanthrocapitalism: The Gates Foundation's African programmes are not charity

The activities of the Gates Foundation are a major example of what has come to be called 'philanthrocapitalism'. *Philip L Bereano* argues that philanthrocapitalism is an attempt to use market processes to do good, and therefore problematic as markets are ill-suited to producing socially constructive ends.

AT the biennial meeting of the Parties to the United Nations Convention on Biological Diversity in Mexico in 2016, responding to calls from nations of the Global South and 170 civil society organisations, the international community set up an 'Online Forum on Synthetic Biology'.

Synthetic biology could be a cornucopia of important developments or might harbour an unpleasant Pandora's Box of surprises. These startling new genetic techniques have opened up a myriad of possibilities for altering – and maybe even creating or extinguishing – life forms. The Forum will be a place where experts could discuss such concerns. Of particular interest is a phenomenon called 'gene drives' in which the inheritance of certain genes is favoured. 'SynBio' offers means of manipulating gene drives and thus altering the character of whole species, even with the possibility of eliminating noxious ones. Who should decide such awesome matters?

Because commercial pressures could easily lead to reckless applications of these techniques without the potential negative consequences being adequately assessed, one might be thankful that experts are going to scrutinise SynBio. But it is disturbing to learn that a recent Freedom of Information Act request uncovered documents showing that attempts were being made to stack the panel with scientists associated with the genetics industries. Governments heavily promoting genetic engineering, including the US, were involved in this effort to manipulate the panel's out-



A corn field in South Africa where genetically modified crops are planted. The Gates Foundation has always been a promoter of genetic engineering, claiming that the technology is necessary 'to feed the world'.

comes. And so was the Bill & Melinda Gates Foundation (BMGF).

The Gates Foundation's website indicates that in 2017 it granted \$1.6 million as seed money 'to increase awareness, understanding and acceptance of possible gene drive applications for public good purposes'. The recipient was Emerging Ag Inc, a PR firm for the agribusiness and biotech companies which is putting together a covert 'advocacy coalition' trying to bend the UN Forum to a particular view of what are 'public good purposes'. The firm will also help coordinate opposition to calls for a temporary moratorium on these unprecedented techniques until they can be better understood. It seems that the rush to profits is trying to block oversight that could assure safety and prevent misuse.

Why would a charitable organisation such as the Gates Foundation be interested in biasing this international panel? To get behind this, one needs to appreciate that the Foundation has always been a promoter of genetic engineering, claiming that the technology is necessary 'to feed the world'. In fact, such claims were reiterated by its two principals in February of this year in their Annual Letter to the world. Even though there has been little evidence of any sustained increases in yields from genetic engineering, they remain true believers.

In addition, the Foundation particularly believes that it should be the private sector which guides these technologies (despite the public investments in their research). In their Letter, Bill and Melinda Gates spe-

cifically praised their partnering with Monsanto in this regard. In fact, an examination indicates that frequently the charitable activities of the Foundation have been designed with a goal of promoting capitalist profits, although it cultivates an image of merely pursuing good works. This is very true in the Foundation's agricultural development programme in Africa.

From 2009 to 2011, the Foundation spent \$478,302,627 on African agricultural development. Adding in the value of grants since then, the Foundation's outlay, directly and indirectly, to influence African agriculture so far may have reached around \$2 billion. Of course, Bill Gates is not an African, not a scholar of Africa, not a farmer and not a development expert. But he is a very rich man, and he knows how he wants to remake the world.

The Foundation's support for agricultural development favours industrial, high-tech, capitalist market approaches. In particular, its support for genetically engineered crops as a solution for world hunger is of concern to those of us – in Africa and the US – involved in promoting sustainable, equitable agricultural policies. Studies by the World Bank and the United Nations have repeatedly concluded that high-tech agriculture will not be the way to 'feed the world'.

Philanthrocapitalism

'Tech's elite, lauded for their originality, are influencing media, politics and society at large with a kind of venture philanthropy, much as their industrial predecessors did more than 100 years ago.' – Susan Cagle, *New York Times*, 29 May 2016

The activities of the Gates Foundation are a major example of what has come to be called 'philanthrocapitalism'. This term summarises attempts by philanthropies to use market processes to do good, although this strategy is actually problematic, as markets are ill-suited to produce socially constructive ends. Its advocates often expect financial returns or secondary benefits over the long term



Protesters outside the Gates Foundation's headquarters in Seattle, USA, criticise its approach to agricultural reform in Africa.

from their investments in social programmes. Philanthropy becomes another part of the engine of profit and corporate control. The Gates Foundation's strategy for 'development' actually promotes neoliberal economic policies and corporate globalisation:

'It is ... likely that Bill Gates, who has regular access to world leaders and is in effect personally bankrolling hundreds of universities, international organisations, NGOs and media outlets, has become the single most influential voice in international development. Closer examination of the BMGF is critical given that its influence is vast, indeed greater than most donor governments. The BMGF provides more aid to global health than any country donor and is the fifth largest donor to agriculture in developing countries. In 2013, only 11 countries spent more on aid than the BMGF, making it the world's 12th largest donor. The Gates Foundation has become a bigger donor than countries such as Belgium, Canada, Denmark, Ireland and Italy.'¹

'[T]he trend to involve business in addressing poverty and inequality is central to the priorities and funding of the Bill and Melinda Gates Foundation. We argue that this is far from a neutral charitable strategy but instead an ideological commitment to promote neoliberal economic policies and corporate globalisation. Big business is directly benefitting, in particular in the fields of agriculture and health, as a result of the foundation's activities, despite evidence to show

that business solutions are not the most effective.'²

High tech vs agroecology

Bill Gates has a worldview coloured by his own personal experiences – that high tech provides the preferred, if not the only, solutions to social problems – not just as regards his faith in genetic engineering but for a wholly industrialised agricultural system. However, his technocratic ideology runs counter to the best-informed science.

The World Bank and the UN funded 400 scientists over three years to compile the International Assessment of Agricultural Knowledge, Science and Technology for Development (IAASTD). Its conclusions in 2009 were diametrically opposed, at both philosophical and practical levels, to those espoused by Gates. It recommended research that 'would focus on local priorities identified through participatory and transparent processes, and favour multifunctional solutions to local problems', and it concluded that biotechnology alone will not solve the food needs of Africa.

The IAASTD suggests that 'agroecological' methods, not industrial farming models, provide the most viable, proven and reliable means to enhance global food security, especially in light of climate change. These include implementing practical scientific research based on traditional ecological approaches, so farm-

ers avoid disrupting the natural carbon, nitrogen and water cycles as conventional agriculture has done.³

Olivier De Schutter, formerly the UN's Special Rapporteur on the Right to Food, has reinforced the IAASTD research. He too concluded that agroecological farming has far greater potential for fighting hunger, particularly during economic and climatically uncertain times.⁴

However, '[i]n February 2012, the Gates Foundation announced it was giving \$200 million to the International Fund for Agricultural Development (IFAD), one of the three Rome-based agricultural organisations of the UN. On the day of the announcement, Bill Gates had also been invited to speak at IFAD's Governing Council. In his speech, Gates implored countries to bring "agricultural science and technology to poor farmers", for which "the real expertise lies with private sector companies". This was a reference to [genetic engineering] and biotechnology...'⁵

Agroecological practices have consistently proven capable of sustainably increasing productivity. Conversely, the present genetically modified (GM) crops, based on industrial agriculture, generally have not increased yields over the long run, despite their increased input costs. The Union of Concerned Scientists detailed GM crops' underperformance in their 2009 report, 'Failure to Yield'.⁶ These conclusions were reiterated in a 2016 story in *The New York Times*.⁷

Using the guidelines that the agroecologist Miguel Altieri has proposed, agroecology consists of 'broad performance criteria which [include] properties of ecological sustainability, food security, economic viability, resource conservation and social equity, as well as increased production ... To attain this understanding agriculture must be conceived of as an ecological system as well as a human dominated socio-economic system.'⁸ This goes far beyond the pallid definition used by the Organisation for Economic Cooperation and Development (OECD): 'the study of the relation of agricultural crops and environ-

ment'. In other words, in addition to embodying the idea of sustainability, agroecology includes principles of democracy. It is qualitative as well as quantitative. Ironically, the Gates Foundation's dominant approach is qualitative also, embodying a particular ideology, but this is not acknowledged (or it is denied).

The BMGF makes claims to support agroecology, but when I was part of a team that analysed the first five grants they promoted this way, we found that none of them met any of the accepted (and acceptable) criteria.

For example, the Gates Foundation touted a \$10 million grant to Conservation International in 2012 as 'agroecological'. However, this grant was merely a programme of monitoring what was happening on the ground in African agriculture. The Foundation's press release described it as follows:

'[Providing] tools to ensure that agricultural development does not degrade natural systems and the services they provide, especially for smallholder farmers. It will also fill a critical unmet need for integrating measurements of agriculture, ecosystem services and human well-being by pooling near real-time and multi-scale data into an open-access online dashboard that policy makers will be able to freely use and customise to inform smart decision making. The raw data will be fully accessible and synthesised into six simple holistic indicators that communicate diagnostic information about complex agroecosystems, such as: availability of clean water, the resilience of crop production to climate variability or the resilience of ecosystem services and livelihoods to changes in the agricultural system.'⁹

This is really a top-down technocratic programme, hardly qualifying as agroecological. In fact, while it might be a beneficial activity, it was tagged with an appealing label to whitewash its true nature. A Gates Foundation official claimed that this high-tech tool would be 'for decision-makers', but these users would be agricultural elites, not smallholder

farmers – who are not likely to have 'an open-access online dashboard' in their fields.

Mariam Mayet of the African Centre for Biodiversity said of a Gates Foundation grant, '[Genetically modified] nitrogen-fixing crops are not the answer to improving the fertility of Africa's soils. African farmers are the last people to be asked about such projects. This often results in the wrong technologies being developed, which many farmers simply cannot afford.'

She said farmers need ways to build up resilient soils that are both fertile and adaptable to extreme weather. 'We also want our knowledge and skills to be respected and not to have inappropriate solutions imposed on us by distant institutions, charitable bodies or governments,' Mayet said.

Genetic contamination is also a strategy of the promoters of GM crops. In 2002, Emmy Simmons, then-assistant administrator of the US Agency for International Development, stated to me that 'in four years, enough [genetically engineered] crops will have been planted in South Africa that the pollen will have contaminated the entire continent'. Biotechnology cannot coexist with agroecological techniques and traditional knowledge or seed varieties.

Yet the Gates Foundation has become the world's leading funder of research into the genetic modification of crops. Simultaneously, the Foundation and its grantees fund civil society organisations in Africa as front groups that support this high-tech vision, a tactic that makes it seem as if there is great demand for these technologies on the ground. And the BMGF also pressures governments to enact national legislation and policies favourable to the implementation of GM crops (for example, in Kenya and Uganda most recently). These GM seeds require massive increases in the use of chemicals and the Foundation is promoting their use as well.

In addition, the Foundation is involved in the privatisation of seed production by leaning on African nations to pass new intellectual proper-

ty laws restricting the saving, trading, exchange and sale of seed and to join strict international intellectual property systems. Thus, these ancient practices of farmers will be criminalised, turning seeds wholly into private commodities to be bought and sold, mainly benefitting US and European agribusiness.

However, there is considerable opposition in Africa to these Foundation priorities which threaten conventional and organic production as well as the autonomy of African producers and nations. Movements in support of food sovereignty and agroecological farming in Africa (for example, the Alliance for Food Sovereignty in Africa, <http://afsafrica.org/>) are directly challenging the Foundation's high-tech mentality.

Business opportunity

A major mechanism by which the Gates Foundation exercises influence is through its funding of the Alliance for a Green Revolution in Africa (AGRA). Its work with Monsanto and other multinational agricultural corporations directly undermines existing grassroots efforts at improving African agricultural production. Thus the Foundation has become a stalking horse for corporate proponents promoting industrial agricultural paradigms which view African hunger simply as a business opportunity. It has targeted the world's poor as presenting 'a fast-growing consumer market'. Referring to these people as 'BOP' (bottom of the pyramid), Gates has insisted that they be subsumed into a global capitalist system (one which has done so well to enrich him). The Foundation has referred to the inevitable displacement of smallholder farmers as promoting 'urban mobility'. Such class impacts of its policies are further proof that the BMGF is engaged in philanthrocapitalism.

By and large, the Foundation's grants do not support locally defined priorities, do not fit within the holistic approach urged by many development experts, and do not investigate the long-term effectiveness and risks of genetic modification. The choice of a high-risk, high-tech project over more modest but effective agricultural

techniques is problematic, offering no practical solutions for the present and near-future concerns of the people who run small farms.

A rich Bill Gates spending money on the poor in a high-profile, technology-fixated way reinforces the notion that development is about charity and "delivering solutions" to the poor. Charity can certainly help promote development, but when this approach becomes the development model, as it will tend to when "donors" have so much influence over policies, the "poor" become dependent on the "rich", and the latter are seen as saviours while the poor are simply recipients of favours. In this sense, philanthropy is the enemy of justice.¹⁰

'Despite the impression that Bill Gates is "giving away" his fortune to charity, his estimated net worth is constantly increasing. According to *Forbes*, Gates' personal wealth has risen from \$56 billion in 2011 to \$78.9 billion in 2015 – an increase of \$23 billion in four years, roughly the same amount of money that the BMGF has disbursed since its inception. In January 2014, the *Guardian* reported that a 40 per cent increase in Microsoft shares boosted Bill Gates' fortune by \$15.8 billion in 2013. That same year, the BMGF gave out grants worth \$3.6 billion ... much of the money the BMGF has to spend derives from investments in some of the world's biggest and most controversial companies; thus the BMGF's ongoing work significantly depends on the ongoing profitability of corporate America.'¹¹

Conclusion

While successful in his chosen field, Bill Gates has no expertise in the farm field. This is not to say that he and his fellow philanthropists cannot contribute to addressing problems of agricultural development – they certainly can. However, some circumspection and humility would go a long way towards healing the rifts they have opened.

African farmers never asked to be beaten with the big stick of high-input proprietary technology; doing

so constitutes neo-imperialism and the perpetuation of foreign-imposed African 'failure'. Africans have urged the Gates Foundation to engage with them in a more broadly consultative, agroecological approach. The Foundation is certainly a powerful force, but so are people when united for justice, democracy and food sovereignty. ♦

Philip Bereano, Professor Emeritus at the University of Washington, is a member of the Seattle-based Community Alliance for Global Justice and an activist in its AGRA Watch Project. Versions of this article were presented at the conference 'Taking Stock – 20 Years of GM Crops – 40 Years of "Genetic Engineering"' held in Mexico City, and in conjunction with the Eighth Meeting of the Parties to the Cartagena Protocol on Biosafety held in Cancun, December 2016. The author is grateful to Dr Matthew Canfield for his review assistance.

Notes

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5. Global Justice Now, op. cit.
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11. Ibid.

Will rising international concern over a new debt crisis be matched by action?

While warnings about the emergence of another global debt crisis are legion, there has not been a commensurate concern in establishing a comprehensive debt workout mechanism to prepare for this eventuality, says *Mark Perera*.

THE International Monetary Fund has turned up the volume on warnings of a new debt crisis in the Global South. In a March report looking at macroeconomic developments in 59 of the world's poorest countries (low-income developing countries or LIDCs), the IMF paints a bleak picture of rising debt risks and what this means for development spending.

Forty percent of LIDCs are now deemed to be at high risk of or in debt distress, with the most dramatic increases in debt vulnerabilities since 2013 generally being seen in Sub-Saharan Africa. Meanwhile, only one in five are considered to be at low risk – the lowest proportion since 2007.

What's driving the debt trend?

The European Network on Debt and Development (Eurodad) and other civil society organisations (CSOs) have for several years been highlighting issues that are driving this deterioration in debt indicators, and the IMF's new report echoes many of these concerns. These include falls in commodity prices hitting LIDCs reliant on commodity export earnings; a changed and increasingly fragmented creditor landscape, with more commercial lending meaning many impoverished countries are more exposed to market risks; the lack of transparency surrounding lending to LIDCs; and the potential risks to public finances posed by public-private partnerships (PPPs) and other, often hidden, state contingent liabilities. (Concerns over PPPs are so great amongst CSOs that more than 150 organisations have launched a manifesto and campaign calling for an end



The UN General Assembly in 2014 adopted a resolution to work towards a multilateral sovereign debt restructuring framework (*pic*). A recent IMF report has reaffirmed this need to develop modalities for debt restructuring operations.

to the promotion of PPP contracts.) The report also acknowledges that declining volumes of aid flows in the form of grant assistance to LIDCs have put added pressures on national budgets.

The rise in debt stocks in LIDCs, along with the growing dependence on commercially priced debt, means the absolute and relative costs of servicing debts are growing. The more money a government has to divert to its creditors, the less it has to spend on development, and the IMF's report points to this: public investment fell in about 70% of the countries with large fiscal deficits, suggesting debt servicing is absorbing a greater share of public funds. Indeed, Eurodad member Jubilee Debt Campaign released figures in March showing developing-country debt payments increased by 60% between 2014 and 2017, reaching their highest level since 2004. Meeting the Sustainable Development Goals under such cir-

cumstances is, as the IMF itself recognises, a serious challenge for these countries.

Policy incoherence still a major concern

Despite the urgency of its warnings, the shadow of IMF policy incoherence still looms large over the report.

The IMF projects that debt levels in LIDCs will fall over the coming years, basing this assumption on debtor governments implementing 'significant fiscal consolidation' – i.e., austerity measures. In fairness, the report acknowledges that in reality this optimistic outlook is unlikely. Moreover, it states that without any debt relief or restructuring, significant reductions in debt stocks are rare. IMF data identifies only seven such cases since 2000, and in only one of these – Nepal – did fiscal consolidation apparently make an 'important contri-

UN Photo/Loey Felipe

bution to debt reduction’.

In light of this, one would imagine that the Fund has concluded that it should adopt a new approach in its policy advice on debt management. Sadly, however, fiscal consolidation appears to remain a key tenet of its proposed solutions to current LIDC debt vulnerabilities. In view of the findings it describes, and coupled with the ever-expanding body of evidence of the negative impact that austerity is having on human rights, why does the IMF resort to prescribing more of the same? It seems neither the economic argument nor the legal argument in defence of austerity is particularly strong.

This incoherence extends to the report’s consideration of PPPs. The fiscal risks and paucity of data associated with these sorts of investments are starkly laid out: the volume of PPPs in LIDCs has increased rapidly in recent years, and they are seldom well captured or considered in debt sustainability assessments. The report goes on to note that ‘for a handful of countries with relatively large PPP capital stocks, the estimated fiscal impact of [projects falling into trouble] would exceed 10 percent of GDP’.

Yet despite all of this, the IMF seems still to proselytise for infrastructure investment through PPPs, albeit with the caveat that only projects with ‘credibly high economic rates of return’ should be financed. The proposed buffer to the negative fiscal impact from PPPs is ‘skilled negotiation and rigorous risk assessment’. The impression remains that the priorities of investors are being placed above the development effectiveness of such investments, and that insufficient consideration is being given to addressing effectively the burden of fiscal risk that LIDCs may be taking on via PPPs. Thorough cost-benefit analyses and fiscal risk assessments before every project is approved are now needed more than ever.

Time for a rethink on solutions

Beyond the mixed signals, there are some signs that the Fund is beginning to look seriously at systemic,



A road-building project. The IMF seems still to be advocating infrastructure investment through public-private partnerships (PPPs), despite acknowledging the fiscal risks of such programmes.

multilateral steps to prevent and resolve debt crises. Motivated by the changing nature of the creditor landscape, and the diminishing importance of traditional lenders such as Paris Club nations (22 rich countries that have for decades been the largest bilateral sovereign creditors), the Fund is calling for across-the-board efforts towards more responsible sovereign financing, including through steps to increase the availability of information on the terms, amounts and conditions of debt.

Here, the IMF points to better due diligence by lenders and encourages endorsement of the G20 Operational Guidelines on Sustainable Financing. While the general thrust of the IMF’s appeals is welcome, the report fails to acknowledge work done within the United Nations system to push this agenda forward, including the UN Conference on Trade and Development (UNCTAD)’s principles on responsible sovereign lending and borrowing, which take other dimensions into account, such as giving more attention to development concerns than the G20 guidelines.

Significantly, however, the report also underlines the increasing challenge that this landscape poses to the timely, orderly and fair resolution of debt crises, and urges lenders to develop modalities for debt restructuring operations – calling for ‘prior agreement among official creditors on the general “rules of the game”’. The IMF Executive Board’s assessment of the report goes further than the staff authors and explicitly calls for ‘concerted efforts from the multilateral

community’, expressing support for an ‘improved framework for debt restructuring in cases where debt burdens have become unsustainable’. A few Executive Directors also flag the possibility of a new wave of multilateral debt relief.

While again, existing UN work on the framework for such a multilateral debt restructuring mechanism is not overtly referenced, the Executive Board assessment does send a positive political signal. So-called ‘rules of the game’ have to be developed, and importantly, this has to be done via a genuinely multilateral exercise, to ensure the interests of debtor nations are adequately defended.

Carpe diem

As Einstein famously didn’t say, ‘Insanity is doing the same thing over and over again, and expecting different results.’ The IMF’s diagnosis of LIDCs’ current debt health is timely and unambiguous. What it must now do is heed its own warnings, and secure multilateral solutions rather than continue to prescribe ineffective medicine in the form of austerity and risky PPP investments. The report contains welcome calls to address once and for all the absence of a comprehensive and fair regime for handling sovereign debt restructuring. Governments must now act, and follow this up by restarting international discussions on a debt workout mechanism. ♦

Mark Perera is Senior Networking and Advocacy Officer at the European Network on Debt and Development (Eurodad). This article is reproduced from eurodad.org.

The quinoa boom goes bust in the Andes

The quinoa boom was an opportunity for farmers in the Andes to make profits from their crops. But the incursion of large-scale farms outside the Andean highlands into the market dashed these dreams.

Emma McDonell

BETWEEN 2005 and 2013, quinoa exports from the world's leading quinoa-producing countries, Peru and Bolivia, increased seven-fold. During this same period, quinoa's price surged by 600%. Quinoa, the Andean 'super grain', took consumer markets by storm. Long denigrated in South America as an 'indian food' that marked its consumers as poor, quinoa was virtually unknown beyond the Andean highlands before it transformed into a coveted fashion food and dietary staple found on the dinner tables of health-conscious eaters across the United States, Europe and Asia.

As quinoa gained international attention, so too did the phenomenon of the quinoa boom. Major international news outlets ran stories about the complex nutritional politics that it set in motion, with titles like 'Can Vegans Stomach the Unpalatable Truth About Quinoa?' and 'Quinoa's Global Success Creates Local Quandary'. *The New York Times*' 2011 article lamented that, due to the price spike, quinoa farmers were selling their quinoa rather than eating it – buying substitutes like cheap noodles and rice with the money they had earned. *The Guardian* ran a similar story in 2013 that highlighted problems that quinoa's sudden demand had created for consumers in Andean countries. Nancy Romer offered a piece on the NACLA (North American Congress on Latin America) website in early 2015 outlining the sustainability challenge the boom provoked.

Though the complex dynamics the boom set in motion have received



A farmer harvesting quinoa in Puerto Perez, Bolivia. After peaking in late 2014, quinoa prices have since plummeted.

ample and deserved media attention, the inevitable bust that followed has gone unnoticed in international media, and brings up important questions about the wisdom of commercialising indigenous foods as a development strategy.

From boom to bust

The 'quinoa boom' lasted about three years, starting around 2011 and peaking in late 2014. While quinoa's export demand had begun increasing a few years prior, this bonanza period saw the windfall profits and new fortunes that characterise commodity booms. This was an exciting time for small farmers in the Andean highlands, many of whom had previously farmed primarily to feed their families and to gather occasional supple-

mentary cash earnings, while other family members worked away from the farm to provide a stable monetary income.

The harsh highland climate of the region had long prevented farmers from cultivating lucrative crops, leaving them to grow a handful of mostly native crops adapted to the environment, such as quinoa, kañiwa, oca, potatoes and ulloco. These highland crops have historically fetched incredibly low prices, yet remain important parts of the production and consumption rituals integral to daily life for Andean people. In 2000, farmers sold a pound of quinoa for less than \$0.25.

When quinoa, a native crop often disparaged by urban Bolivians as 'chicken scratch' or '*comida de pobres*' (food for the poor), came into demand in the US and began selling

for double, triple and eventually six times what farmers were accustomed to at up to \$4 per pound, people saw renewed hope in the *campo*. It was an opportunity for these farmers to envision a future where they earned a livable income and could improve their material conditions. I met dozens of highland farmers in both Peru and Bolivia who had used their profits from the quinoa boom to send their children to university, invest in new motorcycles and cars, build new houses, and buy farming technology to increase their harvests.

But the euphoria for small-scale farmers was shortlived. As with many commodity booms, after the late 2014 peak, prices plummeted back to \$0.60, where it currently stands. Though it is hard to say who is to blame, a few things are certain.

First, quinoa's attractive price had led large-scale farmers along Peru's coast to begin replacing rice, asparagus and other commodity crops with quinoa during the 2013 and 2014 seasons. As a result, Peru's national-level production surged, with coastal production increasing from 1,603 to 45,270 tons and national production from 44,046 to 114,342 tons over that same period.

The United Nations' declaration of 2013 as the International Year of Quinoa, launching a year-long series of events in over 15 countries that sought to promote quinoa consumption and production across the world, further encouraged increased quinoa production. Commercial quinoa production commenced in Italy, India and China, and increased in nations that already had small-scale, primarily experimental production, such as the United States and Canada.

This glut of new quinoa producers entering the market differed markedly from the small-scale highland farmers in important ways. Most were market-oriented farmers with access to capital and technology that allowed them to take advantage of risky new markets and ensured low labour costs and high yields. Moreover, they were producing quinoa in low-altitude regions with conditions amenable to capital-intensive agricultural produc-



A man holding Peruvian quinoa. Multiple efforts are underway to leverage growing markets for place-based foods, linking quinoa to a specific place and differentiating it from quinoa produced in other regions in order to increase its value.

tion. Even with quinoa's global popularity on the rise, production overshot demand, and as a result, prices fell.

While Andean small farmers had previously monopolised quinoa production, the bust left them unable to compete in an ever more crowded market against producers with access to technology, capital, credit and geographical advantage. For example, farmers in Peru's coastal region of Arequipa boasted two harvests per year totalling 6,000 kg per hectare yields, whereas highland farmers see yields of between 700 kg per hectare and 1,100 kg per hectare annually.

The quinoa bust crushed the dreams of countless highland farmers, leaving them frustrated, demoralised and without options. The quinoa boom-bust provides yet another case study of the barbarities of global capitalist markets and the particular vulnerability they cause small farmers attempting to have a stake in them.

Currently, multiple efforts are beginning to 're-territorialise' quinoa in the Andes. Bolivia is spearheading a protected geographic indication for 'Quinoa Real', a kind of quinoa produced exclusively in Southern Bolivia, to mark out quinoa in certain regions of the country as distinct from

all other quinoa. This would function much like the geographic indication that protects Champagne and Tequila, and thereby prevent producers from outside the prescribed region from using the name on their packaging. Simultaneously, efforts in Puno, Peru, are in the works to create a collective brand for the region's quinoa, while a broader effort that seeks to develop a pan-Andean collective brand that would differentiate quinoa grown in the Andes from other quinoa is in its incipient phases. These efforts seek to leverage growing markets for place-based foods, linking quinoa to a specific place and differentiating it from quinoa produced in other regions in order to increase its value.

Rethinking the commercialisation of 'superfoods'

The quinoa boom-bust trajectory also challenges the wisdom of commercialising so-called 'traditional crops' as a sustainable development strategy. The commercialisation of traditional crops is increasingly promoted as a culturally sensitive agricultural development strategy – a move that transforms cultural differ-



The UN's declaration of 2013 as the International Year of Quinoa encouraged increased quinoa production.

ence from being perceived as an impediment to development into an asset, and thereby effectively refashions indigeneity for capitalist consumption in the 'modern world'.

Diverse groups, including the UN Food and Agriculture Organisation (FAO), Biodiversity International, the International Foundation for Agricultural Development (IFAD) and the World Bank, now promote the development of markets for 'neglected and underutilised species' (NUS), from quinoa in the Andes to millet in India, as a means to alleviate poverty and increase diversity in the global food system. As a recent Biodiversity International document demonstrates, NUS are increasingly heralded as a panacea to development obstacles: 'NUS present tremendous opportunities for fighting poverty, hunger and malnutrition. And they can help make agricultural production systems more resilient to climate change.'

Not least, acknowledgment of the value of NUS in traditional foods and cultures can empower indigenous communities (women in particular) and reaffirm their identity. This is in some ways a welcome trend after decades of development policy that imposed the production of commodity crops often ill fit for the environmental and social conditions of small farmers. Yet we must take pause, and consider the ways these sorts of

projects interact with fickle global markets.

The quinoa boom-bust trajectory challenges the wisdom of commercialising so-called 'traditional crops' as a sustainable development strategy.

Although small-scale quinoa farmers benefitted early on from the commercialisation of this 'underutilised species', once its price became attractive to non-Andean farmers, there were no institutional mechanisms in place to ensure that small Andean farmers could continue to reap their fair share of the benefits from 'sharing' this food with the world. Instead, farmers with no cultural link to quinoa but with more capital to invest and larger, more productive farms are now outcompeting the small farmers in the Andes that quinoa's commercialisation initially had the potential to benefit.

While it is unlikely that all NUS-designated foods will follow the same trajectory as quinoa and gain extreme popularity among distant consumers, the increasing demand for novel 'superfoods' makes all exotic, healthy

foods vulnerable to this dynamic. Currently in Peru, a number of traditional crops including maca root, kañiwa, kiwicha and camu camu berries are being pushed in global markets under the pretence that local farmers will benefit. Yet it seems unlikely these efforts will benefit small farmers in the long run, particularly if the crops are 'successful' in consumer markets and other producers of more means take an interest in growing them. Before promoting traditional food commercialisation as an economic development tool, sufficient institutional mechanisms must be put in place to protect small farmers in these situations and ensure that they retain some control over the product after the initial boom.

While geographic indications have worked well in Europe, it remains to be seen how well such policy mechanisms will work in the Global South, where there are few successful examples led by small farmers. Both tequila and Darjeeling tea present examples of 'successful' geographic indications outside Europe and North America, but have not resulted in the benefits to small producers initially sought. Even with regulations within the geographic indication focusing on protecting 'traditional' production, we see actors representing large-scale operations and plantation-style agriculture capturing the rule-making processes and, as a result, thriving in both of these contexts.

The next few years will show whether quinoa, as a geographic indication from the Global South, can be developed in a way that benefits small-scale farmers – or if outside interests again take over the market. ♦

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Has Trump just launched a global trade war?

The recent trade action by President Donald Trump has ended the United States' leadership on liberal trade and may trigger a global trade war with major damaging consequences.

Martin Khor

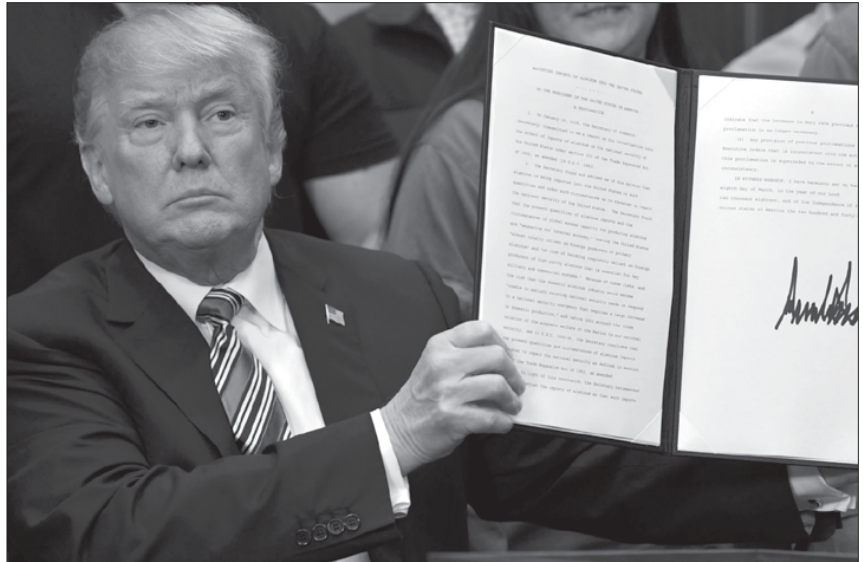
ON 8 March, Trump signed a proclamation to impose tariffs of 25% on steel and 10% on aluminium. It sent shockwaves across the world not only because of the losses to metal exporters, but due to what it could well signify: the start of a global trade war causing economic disruption in many countries, and that may also damage if not destroy the multilateral trade system.

The United States, joined by Europe, has been the anchor of the global free trade system ever since the end of the Second World War. In practice, this rhetoric of free trade was hypocritical because the developed countries continue to practise very high protection of their agriculture sector, which cannot compete with many developing countries if there really was 'free trade'.

Moreover, the developed countries introduced and continue to champion mandatory high intellectual property rights standards through an agreement in the World Trade Organisation (WTO), under which their companies create monopolies, set high prices and make excessive profits. This is against the free competition touted by free trade advocates.

In manufactures and metals, the developed countries have pressed the others to join them in cutting or removing tariffs and expand trade, through negotiations in the WTO and its predecessor the GATT (General Agreement on Tariffs and Trade).

They have argued that poorer countries can best grow richer by cutting their tariffs, which would benefit their consumers and force their



US President Donald Trump holding up the proclamation imposing tariffs on steel and aluminium imports. The tariff decision could signify the start of a global trade war causing economic disruption in many countries.

producers to become more efficient.

Trump's move upends the ideology of free trade. If cheaper imports displace local steel and aluminium producers, they must be stopped because a country must make its own key products, according to the Trump philosophy of 'America First'.

Since the United States has been the flag-bearer of the free trade religion, this has profound effects on other countries. If the leader has changed its mind and now believes in protecting its industries, then so too can other countries. The basis for liberal trade is destroyed and the old rationale for protectionism is revived.

Lack of clarity

The WTO rules allow countries adversely affected by imports to take certain measures, but they have to prove that the producers of exporting

countries unfairly receive subsidies, or that they set lower prices for their exports compared with the same goods sold domestically. Or if countries can show that their domestic firms have been adversely affected, they can take 'safeguard' measures of raising tariffs, but only for a limited period to help the affected local producers to adjust.

Trump however took recourse to a little-used national security clause (Section 232) in the US trade laws to justify his big jump in steel and aluminium tariffs. The clause allows the president to take trade action to defend national security. The WTO also has a security exception in GATT Article XXI but it has rarely if ever been used by countries to justify tariff increases.

What constitutes national security is not clearly spelt out in the US or the WTO laws, and because of the



A worker in a steel mill in the US state of Pennsylvania. The US sought to justify the imposition of the steel and aluminium tariffs on national security grounds.

ambiguity and lack of clarity, this clause can be abused. The US and other countries can claim they are imposing higher import duties because it is necessary to protect their national security, but in reality this could be a disguise or excuse to protect their economies from other countries' more efficient producers.

The Trump administration tried to justify invoking the security factor by saying steel and aluminium are needed to make tanks, fighter planes and other weapons of war. But this claim was undercut by giving exemptions from the increased duties to

Canada and Mexico due to their membership of NAFTA, a trade agreement that includes the US. These exemptions for reasons unrelated to security expose the security rationale as fake.

‘Opening a Pandora’s box’

Other countries are angry and preparing to retaliate. The European Union has drawn up a list of American products on which its countries will raise tariffs. China warned it would make an appropriate and necessary response.



The US move to levy the steel and aluminium tariffs upends the ideology of free trade.

At the WTO General Council on 8 March, the US action was attacked. Many countries condemned the US measures for being unilateral and for misusing the national security rationale. Canada said the security issue ‘may be opening a Pandora’s box we would not be able to close’.

Brazil expressed deep concern about an elastic or broad application of the national security exception. India said the national security exception under GATT should not be misused and unilateral measures have no place in the trade system. China argued that the over-protected domestic industry will never be able to resolve its problems through protectionism.

Many WTO member states will most likely take the US to a dispute panel in the WTO, and how it rules will have strong consequences. If it rules for the US, then other countries will view it as allowing all countries to take protectionist measures on the same ground of national security. If it rules against the US, it will embolden the anti-liberal trade faction in the Trump administration and strengthen their argument that the US should ignore or even leave the WTO. The US would then be much more unrestrained to undertake further protectionist measures.

In either case, there is a danger that the rest of the world, or significant parts of it, would also feel they should not be constrained by the WTO’s general trade rules. Over time, trade protectionism would gain ground.

The next big protectionist move from the US may come in a few weeks when Trump decides what action, if any, to take against China after considering a US Commerce Department report on China’s trade and intellectual property practices. If, as expected, big action against China is announced, China will almost certainly take equally strong retaliatory action.

That will escalate the trade war that is already on the way. – IPS ♦

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Trump and his 'trade wars'

In evaluating the current moves by President Trump to impose increased tariffs on steel and aluminium, with a slew of other goods to possibly follow, in what appears to be a prelude to a trade war, *Chakravarthi Raghavan* reminds us of the bloody origins of the current world trading system. While a trade war may not (as in the past) plunge the world into a real war, it will inevitably result in an impoverishment of all nations, with no winners. The chief casualty will be the multilateral trading system, as embodied in the World Trade Organisation.

'TRADE' and 'war' are two words antithetical to each other.

Trade, according to the Merriam-Webster dictionary, is 'the business of buying and selling or bartering commodities'. The original form of trade, barter, saw the direct exchange of goods and services for other goods and services. Much later, the invention of money (coins of precious metals, credit, paper money) greatly simplified and promoted trade. By its nature, trade is a voluntary act between two or more individuals or enterprises.

War, on the other hand, is a coercive instrument by which one nation or country prevails over another and forces it to yield and act according to what the winning side wants.

Yet, over the ages, and more so since feudalism gave way to mercantilism, war or the threat of war has been used to force countries to trade or open up to trade. Two extreme, egregious instances can be mentioned:

1. Britain and its 'Opium Wars' against China

Britain fought with China in 1839-42 and again in 1860 to take control of trade with China. The wars, known as the Opium Wars, were waged by Britain to enable it to sell opium to the Chinese. Britain forced the peasantry in India, its colony, to cultivate and produce poppy, out of whose latex was produced morphine and opium. Britain demanded of China the right to sell that opium and use the proceeds to buy silk and other Chinese commodities. It was not as if earlier China had refused to trade with British merchants or sell them silk etc;

only, they had demanded payment in gold, which for Britain was in scarce supply.

2. The United States and China (1844) and the opening up of Japan (1853)

Soon after the 13 British colonies in North America fought the revolutionary war and joined to proclaim independence from colonial rule in 1776, the newly formed United States sought to establish consular relations (preliminary to trade relations) with China in 1784. This was rebuffed by the then more powerful Emperor Qianlong's court in Beijing, delaying the establishment of diplomatic relations. It was only in 1844, after the British victory in the First Opium War, that China, in the Treaty of Wangxia, agreed to establish consular relations with the US.¹

After the Opium Wars, and the establishment of special trading rights and coastal settlements (exercising virtually sovereign jurisdiction within the area) for the British, other European nations soon followed, as did the US. All these colonial trading rights and extra-territoriality on the Chinese mainland came to an end only after the 1949 Chinese revolution under Mao and the establishment of the People's Republic of China.

As for Japan and opening it up to foreign trade, on 8 July 1853, Commodore Matthew Perry led a small squadron of US naval vessels into the harbour at Tokyo Bay, carrying a letter and gifts to the Emperor (who was merely a figurehead with no powers while the shoguns ruled Japan). The US side called for facilities for American ships and for sailors in distress

to be able to seek shelter on Japanese shores.

More than two centuries earlier, Portuguese, Spanish and Dutch traders had engaged in regular trade with Japan, with presence in Japanese ports. However, persistent attempts by the Europeans to convert the Japanese to Catholicism and their tendency to engage in unfair trading practices led Japan to expel most foreigners in 1639. For the two centuries that followed, Japan limited trade access to Dutch and Chinese ships with special charters.

In the face of the US naval show of force led by Perry, Japan, which earlier had refused to receive such missions from foreign (European) nations, accepted the letter Perry delivered and pondered on its response. Perry returned a year later with a much bigger squadron to receive Japan's answer. The Japanese grudgingly agreed to Perry's demands, and the two sides signed the Treaty of Kanagawa on 31 March 1854.

According to the terms of the treaty, Japan would protect stranded seamen and open two ports (Shimoda and Hakodate) for refuelling and provisioning American ships. Japan also gave the US the right to appoint consuls to live in these port cities, and while not granting a right to trade, the treaty contained a 'most favoured nation' clause under which all future concessions Japan granted to other foreign powers would also be granted to the US. The treaty thus provided an opening that would allow future American contact and trade with Japan.²

The above are but two extreme,

disagreeable examples of trade-related developments that would have long-term repercussions for relations between the countries concerned. (These are reflected even now in Chinese dealings with, and suspicions of, Americans and Europeans and many other foreigners.)

Trade war threat

US President Donald Trump often talks about ‘trade wars’ and has tweeted that ‘trade wars are good and easy to win’; and there is loose talk, nay sabre-rattling, in US government circles under Trump of ‘trade wars’.

After having put in place increased tariffs on imports of steel and aluminium (claiming ‘national security’ needs), the Trump administration unveiled plans for a slew of tariffs on up to \$60 billion of imports from China. In a tit-for-tat trade spat, China retaliated with tariffs on \$3 billion of imports from the US (to counter the US steel and aluminium tariffs) and announced plans for counter-tariffs (to take effect when the \$60 billion US tariffs become effective) on up to \$50 billion of imports of other US goods (soyabeans, aircraft and other politically sensitive items, hitting Trump supporters).

Amidst stumbling stock markets and media headlines of ‘trade wars’, most recently, on 4 April, Trump and his economic advisers all began announcing there is no trade war, negotiations are under way, and that economic effects would be minimal. However, within 48 hours, the mercurial Trump changed his stance and asked the US Trade Representative to levy additional duties on up to \$100 billion of imports from China. Beijing for its part made clear it would impose ‘comprehensive countermeasures ... to the end and at any cost’ if Trump goes ahead with his threats.

At the moment, both sides are engaged in some shadow-boxing; it will be about 60 days before the US-announced \$60 billion tariffs take effect, and then the Chinese \$50 billion counter-tariffs.

However, even before these tariffs and counter-tariffs come into

force, the mere announcement is having negative effects on US farmers and on markets for the products China has unveiled as well as on US enterprises producing or trading these products.

As for the Trump threat of additional tariffs on \$100 billion of imports from China, Beijing has made clear it will respond with equivalence, while appealing to US manufacturers to pressure the Trump administration to cease the ‘trade war threats’.

The US bought more than \$500 billion in goods from China in 2017. It is considering tariff increases on some \$150 billion of those imports, but faces a potentially devastating hit to its Chinese market if China responds in kind as it has promised. With the US in 2017 selling no more than \$130 billion in goods to China, the latter’s retaliation would involve US services, a sector where the US has a trade surplus with China (of perhaps about \$30 billion).

While Trump has said he will act to help US farmers affected by the Chinese measures, any additional farm support would in turn provoke a trade fight with other trading nations, which would resist the threat to their own farmers posed by the subsidised US agri-exports.

Meanwhile China is also applying some pressure tactics: it has appealed to US businesses to stop Trump from triggering a trade war between the world’s top two economic powers. On 8 April, Chinese state media published an article calling on industrial and commercial leaders in the US to stand up to the White House’s plans to charge tariffs on an additional \$100 billion of Chinese exports, warning that China will mount a fierce counterattack if Trump moves forward.

US businesses too seem inclined to back China’s position, with many complaining that the tariffs will make other countries more attractive to Chinese buyers. ‘Growing trade disputes have placed farmers and ranchers in a precarious position’, Zippy Duvall, president of the American Farm Bureau Federation, said on 6 April. Patrick Delaney, a spokesman

for the American Soybean Association, was cited by *The New York Times* as saying that his group was working to stop the tariffs from taking effect. ‘It’s a whole lot easier not to wreck the car in the first place than it is to think about what a repair might look like,’ he said. China’s Xinhua news agency reported that top US aircraft manufacturer Boeing had expressed deep concern about the US-China trade dispute. The tariff battle ‘could do harm to the global aerospace industry’, Boeing said in a short statement released on 4 April, announcing its own efforts to proactively engage both governments (to head off a trade war).

The US-China measures and countermeasures are reminiscent of events that preceded the 1914-18 Great War, the uneasy peace and depression era of the interwar years, the unsuccessful efforts of European nations to appease Nazi Germany, leading finally to World War II and its consequences, and the US-led international order (political and social, security, economic, money, finance and trade) centred on the United Nations Charter. Trump and his supporters now seem intent on breaking up that order.

In conceptualising and putting in place the postwar international order, including the multilateral trading system, the US had pursued a mercantilist policy, cloaking it in talk of ‘free trade’ (by President Franklin Roosevelt’s Secretary of State Cordell Hull). Roosevelt’s successors too, Democrats and Republicans alike, adopted the same posture. But now, President Trump has thrown aside this pretence of free trade and makes no bones about his mercantilist approach that seeks to ensure surpluses in trade with other countries.

If he succeeds, the US will end up in a situation of current account surpluses. The counterpart of this will be to make the US dollar a scarce currency for trading partners, resulting in the US losing the seignorage and advantages of the dollar being a reserve currency and one used by nations for trade transactions. This will also have the effect of ending the

enormous power that the US now enjoys when other nations use the dollar as a reserve and transactional currency, the power to impose unilateral sanctions via its banking sector.

Wrecking ball

The Prussian general and military theorist Carl Philipp Gottfried (or Gottlieb) von Clausewitz wrote, 'War is the continuation of politics by other means.' Clausewitz, who in his writings drew heavily on the rationalist ideas of the European Enlightenment and the dialectical interaction of diverse factors, noted how unexpected developments unfolding under the 'fog of war' (i.e., in the face of incomplete, dubious and often completely erroneous information and high levels of fear, doubt and excitement) call for rapid decisions by alert commanders, and saw history as a vital check on erudite abstractions that did not accord with experience.

These remarks are perhaps as relevant to Trump and his officials and their talk of trade wars as they are to military conflicts. History shows that outcomes of wars are more often than not unpredictable. And the history of political economy shows that there are no winners in trade wars: all are losers.

When two countries engage in 'trade wars' with tit-for-tat tariffs or other trade measures against each other, the trade-surplus country tends to lose more than the deficit one. But this may no longer be the case in today's world of global value chains and production spread across countries. In any event, while the US has trade deficits with China and many other countries, it has no deficit when trade in goods and services are taken together. Also, as mentioned above, the trade deficit is a necessary counterpart of the US dollar as an international reserve currency and countries accumulating dollar balances in their central banks as a reserve. If there be no US deficit, the dollar will become a scarce currency, which will result in countries not buying US goods and services.

However, dealing with Trump

and his trade war threats is a whole new ball game, since he is qualitatively different from a long line of his postwar predecessors. He is trying to bring down the entire edifice of the postwar world order that the US, the sole hegemonic power at the end of the war, had conceived, built and fostered. With his experience in the construction industry, and how to become rich by resorting to bankruptcies, Trump is willing to use a wrecking ball against the present world order. While he has so far offered no alternative, his dislike of the UN system, the World Trade Organisation (WTO), multilateral trade and multilateralism is clear.

His administration has mounted a three-pronged assault on the WTO:

(a) Blocking consensus for launching a process to fill three vacancies (and two pending) on the WTO's Appellate Body (AB), thus threatening to make the AB and the WTO system for resolving trade disputes non-functional. The US Trade Representative has proposed going back to the old system (under GATT, the WTO's predecessor) of parties negotiating settlement after dispute panel reports are issued (and being able to block adoption of panel reports with which they disagree). This, in spite of the fact that it was the US itself – frustrated with the EU (it was then the European Community) blocking consensus and preventing adoption of rulings favouring the US in the French wheat flour and Italian pasta disputes – that had, at the time the WTO framework was being finalised, sought effectively binding dispute settlement rulings.

(b) Slapping tariffs of 25% on imports of steel and 10% on imports of aluminium (as mentioned above), by invoking Section 232 of the US' Trade Expansion Act of 1962 and citing 'national security' grounds. After the initial shock administered to all trading partners by this move, the US has now (temporarily) lifted the tariffs for imports from the EU, Australia, Argentina, Brazil, Canada, Mexico and some others, pending talks with individual nations for some trade concessions. This makes a mockery

of the 'security' justification put forward for the tariffs. (The US action has been challenged by two exporters in US domestic proceedings – see below for details.)

(c) Making clear that his principal trade target is China, Trump has also announced (after a Section 301 investigation on alleged 'unfair' trade practices by China) a list of various imports from China that will be subject to increased tariffs (as mentioned above). The proposed slew of tariffs and trade restrictions (including on Chinese investments and acquisitions of US enterprises) is in response to alleged Chinese theft of intellectual property (by forcing US enterprises to transfer technology in return for market access or setting up joint ventures) and other restrictions on US investments. This unilateral use of Section 301 of the US' Trade Act of 1974 is contrary to express commitments made previously by the US before a WTO dispute panel, recorded by that panel as an international commitment that if disregarded may attract liability of a State under international law.

These assaults, and attempts to dismantle the WTO and its multilateral trading system, call for a collective response from the entire WTO membership. Unfortunately, the major industrialised nations are silent on the Trump assaults, acquiescing in a sense in the attacks against China. This is a short-sighted expediency. They should rather join hands and demand that the US either abide fully and in good faith with WTO rules and its own commitments, or withdraw from the WTO.³

More generally, Trump and his 'zombie' economic advisers (as Nobel economics laureate Paul Krugman calls them) are talking of reciprocal tariffs, product-by-product and country-wise. These will not only violate WTO rules but also run contrary to almost a century of trade policy that has evolved worldwide, grounded on twin principles of non-discrimination and 'most favoured nation' treatment.

But will this cause war? Not so clear, historically.

The Smoot-Hawley Tariff Act,

which raised US import duties significantly, came into force on 17 June 1930. While groups of economists had signed petitions against it and lobbied US President Herbert Hoover, some industries and producers who stood to benefit lobbied in support, and Hoover yielded to them and signed it. It resulted in counter-tariffs that other countries erected in response. And that triggered the Great Depression, but was not the ultimate cause.

As Mark Weisbrot of the Washington-based Center for Economic and Policy Research contends in *The Nation* (28 March), the prospect of a real war is greater than that of a trade war. With CIA director Mike Pompeo as US Secretary of State designate and John Bolton as National Security Advisor, a war with Iran, North Korea or elsewhere, and even one with Russia, is far more likely.

‘The Chinese, like most of the world,’ writes Weisbrot, ‘know that Trump’s recent [trade] actions don’t really represent the long-term trade policy of the United States. That policy is generally made by corporations, working through the best Congress that money can buy.’

Foreign governments and corporations, instead of getting into a trade war or any kind of fight that could cause economic damage, may be smart enough to wait for Trump to finish his stay in the White House or move on to his next distraction. The goods on which Trump has threatened to impose tariffs, Weisbrot notes, represent about 3.6% of China’s exports, and the tariffs would only cost the country a fraction of that. In the world recession of 2009, China’s exports fell by 11.3%, but its economy still grew by 9.2%.

Measures, countermeasures (and appeasement)

After announcing his decision to levy the steel and aluminium tariffs, Trump, as stated above, subsequently exempted the EU, Argentina, Australia, Brazil, Canada, Mexico and several others until trade issues could be negotiated with them.

The first accord negotiated was with South Korea, which agreed to increase its quota of US car imports and to reduce some exports of steel to the US (such ‘voluntary export restraints’ are illegal under the WTO).⁴ Having described it as ‘a wonderful deal with a wonderful ally’, Trump said on 29 March he might postpone finalising the agreement until he secured a deal in denuclearising North Korea. Trump has no leverage over North Korea, so he is pressuring South Korea!

Trump has also tied Canada’s exemption from the steel and aluminium duties to the successful conclusion of ongoing talks to modify the North American Free Trade Agreement (NAFTA). What he will demand of the EU is not clear at this point.

With regard to the Section 301 tariffs on Chinese exports, Trump’s Treasury Secretary Steven Mnuchin is reportedly engaged in talks with China (purportedly also the main nation against which the steel and aluminium tariffs are aimed). The US is reportedly seeking changes to Chinese intellectual property protection (to enable more of US pharmaceuticals and devices to be sold in the Chinese market) and greater opening to US financial services in return for modifying or abating the tariffs on Chinese products. But even while these talks are going on, and China announced it would respond with counter-tariffs on \$50 billion of US goods, Trump has threatened further escalation with tariffs on an additional \$100 billion of products, with China responding that it would take ‘comprehensive countermeasures’.

Whatever the final outcome, it is clear that none of the contemplated or imposed US tariffs will just increase profits for Big Pharma and benefit the richest Americans via better Wall Street access to Chinese markets. They will bring no additional jobs to the US and, in some cases (as with the steel and aluminium tariffs), will raise costs for a whole range of downstream US industries.

Initially at least, the responses of China, the EU and others targeted have been restrained. China an-

nounced some counter-tariffs on about \$3 billion of US products in retaliation against the steel and aluminium duties. Developed-country trade partners have remained mute or restrained. Perhaps they are hoping that pressure from affected US industries, importers and consumers may yet force Trump to modify his initial announcements, or that other domestic developments (the Mueller inquiry, various lawsuits against Trump that courts have allowed to move forward, the mid-term elections in 2018) might intervene to put an end to Trump’s mercurial policy shifts.

Individual nations might also be trying to appease Trump by making some minor concession or another. If they are pursuing this course, with each trading partner hoping to ward off Trump’s action against itself, they might recall Winston Churchill’s definition of an ‘appeaser’ as ‘one who feeds a crocodile hoping it will eat him last’.⁵

Lively discussion

The various trade measures announced or already implemented by the Trump administration – the Section 301 tariffs, and the Section 232 tariffs citing ‘national security’ grounds and claiming this can be invoked through a ‘self-judging’ subjective process under Article XXI (on security exceptions) of the General Agreement on Tariffs and Trade (GATT) – have provoked a lively discussion among US trade law academics, with several posts and comments on the International Economic Law and Policy (IELP) blog.

Among these, Prof. Régis Bismuth (from Sciences Po Law School, France) points to the case law of the International Court of Justice (ICJ) concerning the interpretation of ‘self-judging’ clauses, suggesting that they do not grant a pure discretionary power to the State invoking these. In *Certain Questions of Mutual Assistance in Criminal Matters (Djibouti v. France)*, interpreting Article 2(c) of the 1986 Convention on Mutual Assistance in Criminal Matters (which provides that a State may refuse a re-

quest for mutual assistance ‘if it considers that execution of the request is likely to prejudice [the] sovereignty, ... security, ... ordre public or other ... essential interests’ of the State), the ICJ stated: ‘... while it is correct ... that the terms of Article 2 provide a State to which a request for assistance has been made with a very considerable discretion, this exercise of discretion is still subject to the obligation of good faith codified in Article 26 of the 1969 Vienna Convention on the Law of Treaties...’

In another comment on the IELP blog, Prof. Simon Lester, who runs the blog, said that even where Article XXI of GATT has been invoked, a GATT non-violation impairment complaint and dispute could be raised.

On the Section 301 tariffs, Lester said, ‘If the United States imposes tariffs on China, at a rate above the bound rate in the US Schedule [of WTO commitments], there will be a violation of GATT Articles I and II.’ The US claim that it could unilaterally decide on Chinese ‘unfair trade’ practices, and its levy of additional tariffs on imports from China would be contrary to the US’ scheduled commitments.

Prof. Steve Charnovitz, another US trade law academic, has contended that any Section 301 tariffs by the US and counter-tariffs by China would be WTO-illegal. He also said that he did not agree with the notion that GATT Article XXI is a justification for Section 232 tariffs whose sole purpose is the protection of domestic production against imports. If Article XXI could justify protective tariffs, he said, there would not be any trading system left. Instead, the steel tariffs, he argued, should be understood as tariff modifications under GATT Article XXVIII, and in that light, China has a right to withdraw substantially equivalent concessions.⁶

In fact, the US steel tariffs have been challenged in the US Court of International Trade in New York. The complaint by Severstal Export GmbH and Severstal Export Miami Corporation says that while the tariffs were imposed on the grounds that the im-

portation of steel articles threatened to ‘impair the national security’, the national security basis was ‘a pretext to the actual intent for the imposition of tariffs on steel articles: President Trump’s regularly stated intent, both prior to entering the Office of the President, and after assuming the Presidency, to obtain a “positive trade balance” with other countries, to “bring jobs home”, and win trade wars. Because President Trump did not base his decision on national security grounds as required under Section 232 in issuing the Steel Proclamation, the Proclamation is unlawful.’⁷

Conclusion

To sum up, Trump and his economic advisers have mounted a three-front assault on the WTO and its multilateral trading system:

1. On the WTO dispute settlement system: Making the system non-functional by blocking proposals to fill vacancies in the Appellate Body. In its latest intervention at the WTO’s Dispute Settlement Body (DSB) on 27 March, the US questioned Rule 15 of the AB’s working procedures, which enables retiring AB members engaged in hearing ongoing appeals to continue (even after their terms have expired) until decisions can be handed down. In challenging Rule 15 (on the ground that the continuation of an AB member was for the DSB to decide, not the AB itself), the US could only cite systemic concerns voiced by India at the time the AB’s working procedures were notified to the DSB. At that time, and until now, the US itself had raised no objections, nor had it apparently voiced any view when India had voiced its concerns.⁸ In any proceedings before domestic courts, this US position would have been untenable – the estoppel doctrine would have been applied by the court.

2. On the steel and aluminium tariffs: Citing the security exception, the US contends that it involves the ‘subjective satisfaction’ of the country invoking it. While this has not been adjudicated at the WTO (and if

the AB is rendered non-functional, it will effectively prevent a final ruling on the matter), the ICJ ruling/opinion in the *Djibouti vs France* case cited above is dispositive of the legal issue of ‘subjective satisfaction’, namely that ‘this exercise of discretion is still subject to the obligation of good faith codified in Article 26 of the 1969 Vienna Convention on the Law of Treaties’.

3. On the Section 301 investigations and announced tariffs on a variety of imports from China: The Trump administration claims China’s ‘unfair trade practices’ are not covered by WTO agreements and that hence it has the right to make its own judgement without having to go through the WTO dispute settlement system. This is a spurious argument. Firstly, the two grounds cited – inadequate intellectual property protection in China and China forcing technology transfer as a condition for investments by US enterprises – are specifically covered in commitments China undertook when it acceded to the WTO. Secondly, even if there are areas where Chinese practices are not covered by existing WTO agreements, to the extent the US’ planned unilateral ‘remedial’ actions involve tariff and non-tariff measures on imports of Chinese goods or Chinese access to US services markets (to the extent of the US schedule of commitments in these areas) or the intellectual property of Chinese enterprises, they will violate US commitments and obligations in the WTO.

It is thus time for the rest of the WTO membership to consider this overall threat to the multilateral trading system and take a collective stand to save the system, by asking the US to either abide by the WTO rules or withdraw from the WTO. At the moment of writing, the developed-country trading partners of the US have remained silent (thus tacitly supporting the US). They will come to rue this.

In looking to developing countries for support, China too has to make up its mind. It can’t expect developing countries to stand in solidarity with it and against the US when it

is simultaneously pushing to bring onto the WTO agenda such items as electronic commerce and investment facilitation – issues opposed by most developing countries – ahead of completing the unfinished Doha Development Agenda of the WTO. – 9 April 2018 ◆

Chakravarthi Raghavan is Editor Emeritus of the South-North Development Monitor (SUNS) published by the Third World Network. He is the author of, among other books, Recolonization: GATT, the Uruguay Round and the Third World; The Third World in the Third Millennium CE: The Journey from Colonialism Towards Sovereign Equality and Justice; and The Third World in the Third Millennium CE: The WTO – Towards Multilateral Trade or Global Corporatism?

Notes

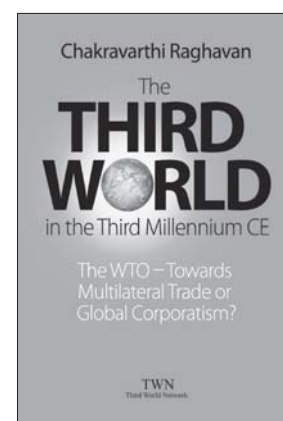
1. Address by Kevin Rudd, former Australian Prime Minister and President of Asia Society Policy Institute, to US West Point Military Academy cadets, 5 March 2018, https://nb.sinocism.com/p/understanding-chinas-rise-under-xi-jin-ping-by-the-honourable-kevin-rudd?utm_medium=web&utm_campaign=share-web
2. <https://history.state.gov/milestones/1830-1860/opening-to-japan>
3. See Chakravarthi Raghavan, 'Contemplating the unthinkable, a WTO without the US', *SUNS*, No. 8590, 6 December 2017.
4. The actual effect was much less, since, for example, US automobile companies have not been able to fill even existing quotas.
5. Fred Metcalf (ed.), *Dictionary of Humorous Political Quotations*, Biteback, 2012.
6. The above citations, and other related posts and comments on the IELP blog can be found at: <http://worldtradelaw.typepad.com/ielp-blog/2018/03/litigating-gatt-article-xxi-the-us-view-of-the-scope-of-the-exception.html#comments>; and <http://worldtradelaw.typepad.com/ielpblog/2018/04/the-us-china-national-securitysafeguardstar-iff-fight.html#comments>
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The Third World in the Third Millennium CE The WTO – Towards Multilateral Trade or Global Corporatism?

By Chakravarthi Raghavan

THE second volume of *The Third World in the Third Millennium CE* looks at how the countries of the South have fared amidst the evolution of the multilateral trading system over the years. Even as the General Agreement on Tariffs and Trade (GATT) gave way to the World Trade Organization (WTO) as the institution governing international trade, this book reveals, the Third World nations have continued to see their developmental concerns sidelined in favour of the commercial interests of the industrial countries.

From the landmark Uruguay Round of talks which resulted in the WTO's establishment to the ongoing Doha Round and its tortuous progress, the scenario facing the developing countries on the multilateral trade front has been one of broken promises, onerous obligations and manipulative manoeuvres. In such a context, the need is for the countries of the Third World to push back by working together to bring about a more equitable trade order. All this is painstakingly documented by Chakravarthi Raghavan in the articles collected in this volume, which capture the complex and contentious dynamics of the trading system as seen through the eyes of a leading international affairs commentator.



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The implications of Trump's challenge to the WTO trading system

Biswajit Dhar contends that by initiating this latest move of tariff wars, the Trump administration is challenging the very existence of the postwar multilateralism in trade, which, despite its limitations, has made efforts to bring order to global trade by binding sovereign states to an extensive set of rules.

AFTER being on course for a relatively stable performance, the first since the Great Recession of 2008, the global economy finds itself in choppy waters once again, this time on account of the likelihood of a trade war between the two largest economies.

During his US presidential campaign, Donald Trump had promised supporters that if elected, he would impose a 45% tariff on all imports from China, and would also target Mexico, a US partner in the North American Free Trade Agreement (NAFTA). Although presidential hopefuls have generally made trade protectionism an integral plank of their campaigns, Trump's position was a departure from past trends on three counts. The first was that trade protectionism, a preferred plank of the Democrats, was being voiced by a Republican hopeful; the second was that past promises of protecting domestic industries seldom spoke of using tariffs as the instrument to be deployed; and the third and most important was the promise to target specific trade partners. But, despite the instant approval that Candidate Trump had received from his support base, few would have thought that President Trump would go down the risky path of targeting imports from the US' major trading partners.

President Trump's strategy of targeting imports, which was first announced on 1 March, has had two clear strands. The first is the target-China strategy, which he put into practice by initiating a tariff war; and the second is to target several other partners by using a number of mea-



A meeting in progress at WTO headquarters in Geneva. The US' unilateral turn in trade disregards the disciplines of the WTO.

sures. In the postwar era, no other country has unleashed such a variety of trade policy instruments in this short a period to undermine the interests of its partner countries.

Prior to embarking on the path of unilateral trade protectionism as part of his larger strategy to 'Make America Great Again', the US President had suggested that he would push for the imposition of 'reciprocal tax' against countries applying tariffs on American products. Although the President did not clarify how the 'reciprocal tax' would be designed or implemented, this proposal was bound to draw ominous parallels with the infamous Tariff Act of 1930 (better known as the Smoot-Hawley Tariff, after the act's sponsors, Senator Reed Smoot and Representative Walter Hawley).

The objectives of the Smoot-Hawley Tariff were almost identical to those laid out by Trump, namely, to protect jobs in American industry

and agriculture by shielding the domestic industries from import competition, using tariffs on a large number of products. In the wake of the Smoot-Hawley Tariff, trade partners of the US imposed retaliatory tariffs, restricting access to American products in their markets. Many analysts have argued the trade wars were responsible for deepening the economic crisis arising from the stock market crash in 1929 and causing the Great Depression of the 1930s.

Protectionist pattern

There are at least three critical dimensions arising from the actions taken by the Trump administration. The first is that the actions on steel and aluminium imports are part of a pattern of trade protectionism being practised by the administration. The second concerns the response of several major trading nations which have already retaliated or are threatening

to retaliate against US imports, thus raising the grim prospect of a trade war reminiscent of the 1930s. The third is that the unilateral action taken by the US poses a serious challenge to the framework of global trade rules governed by the World Trade Organisation (WTO), the implications of which can be far-reaching.

Trump fired the first salvo by targeting imports of steel and aluminium to help revive American fortunes in these two sectors. He implemented the extraordinary decision to impose import tariffs of 25% and 10% on steel and aluminium respectively by invoking the provisions of Section 232 of the Trade Expansion Act of 1962. This provision allows the administration to take measures to protect domestic industries for 'national defence' and 'national security'.

Trump's action was backed by an investigation conducted by the Bureau of Industry and Security of the US Department of Commerce. This investigation had made a strong case for the imposition of import tariffs on the two metals for national security, based on the understanding that 'national security can be interpreted more broadly to include the general security and welfare of certain industries, beyond those necessary to satisfy national defense requirements that are critical to the minimum operations of the economy and government'. This interpretation lends itself easily to bringing substantially more products under the dragnet of import tariffs. Equally egregious is Trump's insistence that the tariff increases on steel and aluminium are for an 'unlimited period'.

While the discussions on Trump's action were riveting around steel and aluminium, few realised that the problems caused by US trade protectionism ran much deeper for two reasons. Firstly, there had already been excessive use of anti-dumping measures on steel. Secondly, there are two other products, namely washing machines and solar cells and modules, whose imports have been restricted by the US President in recent months.

Until mid-April 2018, the US had issued 208 anti-dumping and coun-



The building housing the office of the US Trade Representative (USTR) in Washington. The USTR deemed that Chinese firms were violating the intellectual property of American companies, prompting President Trump to sanction tariff hikes on up to \$60 billion worth of imports from China.

tervening duty orders on iron and steel products, half of which were against four countries, namely China, South Korea, India and Japan. As a result of such extensive use of anti-dumping actions, the major exporters face considerable uncertainties in the world's largest market for steel.

At the beginning of the year, Trump authorised imposition of restrictions on imports of washing machines and solar cells and modules using the provisions of Section 201 of the Trade Act of 1974, the first time such authorisations have been made in 16 years. Section 201, which is the analogue of the 'safeguard measures' under the WTO, allows, as a temporary measure, the raising of import duties or imposition of non-tariff barriers on goods entering the US that injure or threaten to injure domestic industries producing similar goods. In the case of washing machines, import quotas have been established for three years wherein, in the first year, a 20% tariff would be imposed on imports of up to 1.2 million washing machines and a 50% tariff on imports beyond the above threshold. The safeguard measures in the case of solar cells and modules would last for four years, with a 30% tariff being imposed in the first year.

Strong response

The Trump administration's announcement of the tariff hikes on steel

and aluminium brought a strong response from its major trade partners, in particular the European Union and Canada, which threatened to retaliate by targeting American icons like Harley-Davidson, Kentucky bourbon and Levi's blue jeans. The EU Trade Commissioner Cecilia Malmstrom announced concrete plans to retaliate against the proposed American tariffs by imposing higher import duties on bourbon, peanut butter, cranberries, orange juice, steel and industrial products. The total value of American exports against which the EU threatened to increase tariffs was €6.4 billion, of which €2.8 billion worth of products would face tariffs of 25% immediately while the remaining products would be targeted after three years.

The response of the US President to the threats of retaliation by the close allies was to provide them temporary reprieve a day before the penal tariffs came into effect on 23 March. Seven partners, namely, the two closest neighbours Canada and Mexico, members of the EU, Australia, Brazil, South Korea and Argentina, were exempted from the tariff hikes under Section 332 until 1 May, pending discussions with these countries to reach a satisfactory long-term solution that would address what the US saw as impairment to its national security interests.

Alongside giving an important exemption, albeit temporary, to the allies, Trump sanctioned tariff hikes

on up to \$60 billion worth of imports from China, endorsing the findings of the US Trade Representative (USTR) that Chinese firms were violating the intellectual property of American companies. These targeted actions against Chinese imports for intellectual property violations became the centrepiece of the Trump administration's tariff war with its largest trade partner. The coverage of products, followed by the swift response by China, made it clear this sequence of events would not only sow the seeds of uncertainty in the global economy at a critical juncture but, more importantly, trigger the unsavoury prospect of a trade war reminiscent of the 1930s.

The justification provided by the USTR for the first in this sequence of actions was the investigation conducted under Section 301 of the US Trade Act of 1974 on the 'laws, policies, practices, or actions of the Government of China that may be unreasonable or discriminatory and that may be harming American intellectual property rights, innovation, or technology development'.

The results of the investigation, according to the USTR, showed four areas of transgression by China. Firstly, the Chinese government used a number of measures, including joint venture requirements and foreign equity limitations, to regulate or intervene in the operations of American companies in China, and by so doing, forced transfer of technologies and intellectual property to Chinese companies. Secondly, the policies and practices adopted by the Chinese government did not allow US companies to set market-based terms for licensing technologies to Chinese companies. Thirdly, the Chinese government unfairly facilitated investments in, and/or acquisition of, American companies and their assets by Chinese companies with a view to obtaining cutting-edge technologies and intellectual property rights. And, finally, China conducted or supported 'unauthorised intrusions' into American 'commercial computer networks or cyber-enabled theft of intellectual property', providing competitive ad-

vantages to Chinese companies or commercial sectors.

Ten days after China was targeted by the US, the Customs Tariff Commission of the Chinese State Council decided to retaliate against the increases in tariffs on Chinese products by imposing tariffs on 128 dutiable products across seven categories. These products accounted for \$3 billion of US exports to China in 2017. This measure was aimed at offsetting the losses suffered in the aftermath of the US invoking Section 232 of its Trade Expansion Act of 1962. On the first set of products, covering 120 dutiable products, including fresh fruits, dried fruits and nuts, wines, modified ethanol, American ginseng and seamless steel pipes, the Chinese authorities proposed to impose import tariffs of 15%. The value of these products exported by the US to China was \$977 million in 2017. On the second set of products, covering eight dutiable products, including pork and its products, recycled aluminium and other products, the proposed import tariffs were 25%. The value of US exports of these eight products to China was \$1.992 billion in 2017.

One feature of the import curbs announced by the US and China in the first round of what now seems to be a long-drawn battle was that the Chinese threat of retaliation was disproportionately low: the US had threatened to impose high tariffs on over 11% of its imports from China, while just over 2% of US exports were targeted by China. However, China, while taking its retaliatory actions, had targeted a number of products originating in the politically sensitive agrarian heartland of the US, which implies that the real cost of the proposed Chinese action for the latter could be much larger than the dollar value.

Predictably, the US reacted immediately. The USTR announced imposition of 25% tariffs on approximately \$50 billion worth of Chinese imports. The total value of imports facing the proposed tariff increases would, in the USTR's view, compensate the economic loss suffered by the

US from China's implementation of its forced technology transfer policies. The figure of economic loss was revealed in the Section 301 investigation that the USTR had conducted since August 2017.

The proposed list of products for retaliatory action covered nearly 1,300 tariff lines. The USTR unveiled a plan to subject these products to a public review, including a hearing, until the end of May. The final list of products would be determined after this process of public review. In other words, the US would keep the pot boiling through the next several weeks.

Chinese government policies forcing American companies to transfer their technologies and intellectual property to Chinese enterprises, argued the USTR, would enable China to gain ascendancy in the global market in advanced technologies, especially through the implementation of its industrial plans as underlined in 'Made in China 2025'. The USTR revealed that the products proposed for tariff hikes were identified as those that would benefit from China's industrial plans while at the same time undermining the interests of the US. Sectors included for the proposed tariffs were aerospace, information and communication technology, robotics and machinery.

Multilateral trading system undermined

As mentioned earlier, American unilateralism in protecting domestic industries stretches back to the 1930s. The US could easily impose import tariffs unilaterally at the time, since global trade rules were then non-existent. Today the Trump administration is treading the same path of unilateralism, and it is doing so by completely disregarding the disciplines of the WTO.

This disregard for the WTO is not new for the Trump administration. Over the past year, the administration has undermined the multilateral trading system through a systematic process of non-engagement. By initiating this latest move of tariff wars, it

is challenging the very essence of the postwar multilateralism in trade, which, despite its limitations, has made efforts to bring order to global trade by binding sovereign states to an extensive set of rules.

Besides the unilateralism in the imposition of tariffs, the Trump administration has also challenged the WTO rulebook by first determining unilaterally that China was infringing intellectual property owned by US companies and then imposing trade sanctions by raising tariffs on imports of high-technology products. These actions by the administration are in violation of WTO rules that prevent any member of the organisation from taking unilateral measures against another member without following the procedures laid down by the WTO's Dispute Settlement Body (DSB).

In this particular case, the US has also violated the commitment it had made before a WTO dispute settlement panel that adjudicated a dispute brought by the EU in 1998 against Sections 301-310 of the US Trade Act of 1974 (henceforth, US-Section 301 Trade Act). This dispute was significant for 16 other members had joined as third parties. The main contention of the complainant and the third parties was that the US had maintained the aforementioned provisions on its statute book, which gave the USTR powers of unilateral action against other countries, even after the WTO was established.

The proceedings before the dispute settlement panel are germane to the present discussion. The panel observed that the language of Section 304 of the Trade Act of 1974 – which gave the USTR the powers to make determinations of whether ‘the rights to which the United States is entitled under any trade agreement are being denied’ – was ‘prima facie inconsistent with Article 23.2(a) of the Dispute Settlement Understanding (DSU) of the WTO. Article 23.2(a) states that members of the organisation ‘shall not make a determination to the effect that a violation has occurred, that benefits have been nullified or impaired or that the attainment

of any objective of the covered agreements has been impeded, except through recourse to dispute settlement in accordance with the rules and procedures of this Understanding’. Further, WTO members are instructed to ‘make any ... determination [of violation] consistent with the findings contained in the panel or Appellate Body report adopted by the DSB ...’. In other words, a member cannot take action against a perceived violation by any other member before referring the case to the DSB and getting a decision from the dispute settlement panel or the Appellate Body.

Despite such strict guidelines written into the DSU, the panel in the US-Section 301 Trade Act case concluded that the US had not violated its WTO commitments by allowing Section 304 to remain on its statute book. The panel arrived at this conclusion on the basis of several statements made by the US in the course of the hearing.

Firstly, the US brought to the notice of the panel that the Statement of Administrative Action (SAA) submitted by the administration to the US Congress for implementing the WTO agreements states that the USTR is required under Section 304 to base a determination of whether agreement rights have been denied on the results of WTO dispute settlement proceedings. Further, the panel observed that the US had ‘explicitly, officially, repeatedly and unconditionally confirmed the commitment expressed in the SAA namely that the USTR would “... base any section 301 determination that there has been a violation or denial of US rights under the relevant agreement on the panel or Appellate Body findings adopted by the DSB”’. This implies that in case a dispute settlement panel was unable to complete its proceedings within the time frames provided for in the DSU, the USTR would not be able to make a determination that US agreement rights have been denied.

Secondly, the US argued before the panel that the USTR had never made a Section 304 determination that the rights of the US pertaining to the GATT (General Agreement on

Tariffs and Trade) or any WTO agreement rights had been denied which was not based on the results of GATT and WTO dispute settlement proceedings.

The US is now in clear violation of its commitments made to the panel in the US-Section 301 Trade Act case. The conclusion made by the panel in this regard is particularly relevant: ‘Should the undertakings articulated in the SAA and confirmed and amplified by the US to this Panel be repudiated or in any other way removed by the US Administration or another branch of the US Government, this finding of conformity [of Section 304 with the WTO rules] would no longer be warranted.’

The challenge thrown by the Trump administration to the multilateral trading system is not limited to the issue considered here. In recent months, the administration's affront to the WTO has dipped to a new low through its non-cooperation over the appointment of members of the WTO's Appellate Body. The Appellate Body performs a critical role in the WTO's dispute settlement process since it reviews the decisions of dispute settlement panels when it is approached to do so. Decisions of the Appellate Body are final and binding on WTO members as WTO rules do not allow review of these decisions.

The Appellate Body is supposed to have seven members, but by the beginning of October, it would have only three members. Over the past year, the US has repeatedly vetoed the appointment of new members on the Appellate Body and this is threatening the functioning of the body. This implies that trade partners of the US which would like to challenge Trump's turn to protectionism in violation of WTO rules could experience an exceptional situation where the WTO would not be able to redress their complaints because of a broken Appellate Body. The inability of the WTO to act as an effective arbiter in trade disputes could really be catastrophic for the global trading system. ♦

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Trump's trade war against China: A challenge to the South

Trump's moves in initiating a trade war are, *D Ravi Kanth* argues, a defining moment for China and other Southern nations, including India, as to whether they can safeguard their special and differential flexibilities which the US and the West are attempting to erase from the multilateral trade rulebook.

THE World Trade Organisation (WTO) is facing a 'Nero moment'. This occurs when one member state runs amok with unilateral threats of 'trade war' against another member and launches paralysing actions. But the head of the organisation – who is supposed to be the custodian of the global trading system – plays down those threatening actions, like what the Roman emperor Nero is said to have done when he preferred to sing and play the lyre in the face of the fire that engulfed Rome in 64 AD.

'I am truly sorry to say the only thing that will stop big economic powers such as the US, China, the European Union, and Japan from descending into economic warfare is the World Trade Organisation,' wrote Sean O'Grady in *The Independent* on 2 April.

'The world economy rests, then, on barmy Donald Trump, some autocratic Chinese communists and peevish Eurocrats – but crucially on the flabby, nervous, unsteady hands of the deeply unimpressive [WTO Director-General Roberto] Azevedo,' O'Grady said.

'War,' said the German military theorist Carl von Clausewitz almost two centuries ago, 'is a continuation of politics by other means.' But it is not clear what politics US President Donald Trump, whom the WTO is terrified to face, intends to pursue in his threatened trade war against China.

A full-blown trade conflict between Washington and Beijing is yet to take concrete shape. At the moment, Trump's trade war is mostly in the realm of threats against China. In response, China has offered robust defence with appropriate countermeasures.

asures.

The US, which has now become an open unilateral bully unlike under previous administrations that exerted influence behind the scenes, launched the trade war manoeuvres last year as part of Trump's 'America First' strategy.

Earlier this year, Washington began with so-called safeguard actions against imports of solar cells and large residential washing machines, imposing tariffs of 30% and between 25-50% respectively. The primary targets of these actions were seen as China and South Korea.

Subsequently, Trump enacted tariffs of 25% on steel and 10% on aluminium on 8 March, invoking 'national security' grounds. Although the European Union signalled it would counter the US measures, it quietly struck a deal with Washington to secure exemptions from the steel duties. Canada, Mexico, South Korea, Brazil and Argentina followed suit.

China is the only country which stood its ground against the unilateral US measures. It challenged Trump's action by targeting 128 US products such as fresh fruit, pork and recycled aluminium on 23 March.

Then, Trump ratcheted up the pressure on China through his trade war games by signing 'a memorandum targeting the economic aggression of China' on 22 March. He threatened to impose new taxes on \$60 billion of imports from China in retaliation for alleged Chinese theft of intellectual property. The Chinese products that would be subjected to additional duties following 'the forced transfer of US technology and intellectual property' include items from a variety of sectors such as aero-

nautics, information and communication technology, and robotics and machinery.

In real-time response, Beijing announced it would impose retaliatory measures to the tune of \$50 billion on various American products. China targeted politically sensitive goods such as soy and automotive and aerospace products in a way that could severely undermine the electoral prospects of Trump's Republican Party candidates in the US Midwest region and elsewhere in this November's congressional elections.

China's bold actions unsettled Trump. On 6 April, he ordered the US Trade Representative to consider imposing tariffs on an additional \$100 billion of imports of Chinese goods. An agitated Trump told his Agriculture Secretary Sonny Perdue to prepare a plan of action to subsidise American soy and other farmers if China implements its retaliatory measures on US agricultural products.

Clearly, the trade war dynamic unleashed by Trump under the specious plea of addressing US trade deficits has disturbed the markets. BNP Paribas Asset Management, according to a *Financial Times* report on 7 April, warned that 'if the Trump administration decided to pursue an aggressive trade war against China', then it would raise questions over whether Beijing might sell down its vast \$1.2 trillion holding in US treasuries. However, BNP said 'the probability of a full-blown US-China trade war was low.'

Unfazed by the volatile response from the markets, Trump seems determined to intensify US actions against China on several fronts to extract concessions from Beijing. The

US is pursuing a strategy to isolate China by building a coalition of willing countries such as the European Union, Japan, Canada and Australia. Washington could play up the threat of China in frontier technologies such as artificial intelligence and robotics in order to prepare the ground for a global embargo on investments by Chinese companies in Europe and the US.

On the WTO front, Trump tweeted on 5 April: 'China, which is a great economic power, is considered a developing nation within the World Trade Organisation. They therefore get tremendous perks and advantages, especially over the US. Does anybody think this is fair. We were badly represented. The WTO is unfair to US.'

The US and its allies are determined to push through 'differentiation' at the WTO to deny the likes of China, India, Brazil and South Africa the special dispensations accorded to developing countries in the WTO rules. The Trumpian trade games are thus increasingly morphing into a North-South trade divide.

This is therefore a defining moment for China and other Southern nations, as to whether they can safeguard their flexibilities in global trade that are sought to be erased from the multilateral trade rulebook by an unpredictable hegemon along with its close Northern allies.

China has offered a blueprint to other developing countries for climbing up the economic ladder and lifting millions out of poverty. It recorded these achievements by adopting an economic model that had been pursued by the US and other dominant Northern powers themselves when they, for example, implemented intellectual property rights on a selective basis during their own nascent stage of economic development. The Cambridge economist Ha-Joon Chang is right when he argues that the US and other Northern countries are now 'kicking away the ladder' with which they ascended to the top. ♦

D Ravi Kanth writes for the South-North Development Monitor (SUNS) published by the Third World Network. This is a revised and edited version of an article that was first published in LiveMint (www.livemint.com).

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What's different about Trump's tariffs?

Trump's moves in raising tariffs have revived fears about a trade war and the collapse of world trade.

Jomo Kwame Sundaram

AT Davos in January, US President Donald Trump warned that the US 'will no longer turn a blind eye to unfair economic practices' of others, interpreted by many as declaring world trade war.

Before the US mid-term elections in November, Washington is expected to focus on others' alleged 'massive intellectual property theft, industrial subsidies and pervasive state-led economic planning', pointing to China without always naming names.

With the Republican Party already united behind his tax bill, Trump senses an opportunity to finally unite the party behind him and to continue his campaign for re-election in 2020.

Since January, Trump has taken steps threatened in his mid-2016 election campaign economic policy document, drafted by current US National Trade Council head Peter Navarro and Commerce Secretary Wilbur Ross. In particular, he has imposed tariffs and other restrictions on imports to revive US manufacturing.

Import tariffs of 25% and 10% on steel and aluminium respectively have been imposed by invoking Section 232 of the US 1962 Trade Expansion Act, allowing unilateral measures to protect domestic industries for 'national defence' and 'national security'.

Trump's action was supported by a US Department of Commerce Bureau of Industry and Security report released earlier. It made the case for imposing import tariffs on both metals for national security reasons as 'national security can be interpreted more broadly to include the general security and welfare of certain indus-



President Donald Trump flanked by US Trade Representative Robert Lighthizer. The resurgence of US trade protectionism threatens the global economy and the multilateral framework of trade rules.

tries, beyond those necessary to satisfy national defence requirements...'.

Trade war memories

After his announcement, several major trading countries and blocs retaliated or threatened to retaliate against US imports, raising the prospect of a trade war.

The resurgence of US trade protectionism poses two threats.

The US has a long history of using 'anti-dumping measures', especially on steel.

Earlier, imports of washing machines and solar panels were restricted by Trump after the US International Trade Commission declared that they unfairly hurt domestic manufacturers.

The US President has also threatened to impose 'reciprocal taxes' against countries imposing tariffs on US exports. This threat has invoked references to the 1930 Smoot-Hawley Tariff Act. Its Republican sponsors, Senator Reed Smoot and Congressman Walter Hawley, argued then that it would protect US jobs by shielding American industries from

import competition by imposing tariffs on over 20,000 imported goods.

This aggressive protectionism then precipitated the collapse of global trade, as its trade partners then restricted US export access into their own markets. The ensuing trade war undoubtedly exacerbated the Great Depression. Recent developments have understandably revived fears of a new trade war, with similar consequences.

The US' unilateral actions have also seriously challenged the multilateral framework of World Trade Organisation (WTO) trade rules.

The Trump administration has been challenging post-Bretton Woods rules-based trade multilateralism, which sought to develop international trade regulation.

Besides many rhetorical attacks on the multilateral trading system, the Trump administration has largely avoided engaging with the WTO while also avoiding violating the letter of existing trade agreements.

Undermining the WTO and its rules is hardly new for the Trump administration, but what is rarely acknowledged is that it also represents

continuity with previous presidents, including his arch-nemesis Barack Obama.

Both administrations have blocked appointing WTO Appellate Body (AB) members, effectively undermining the WTO's dispute settlement process. The AB should have seven members, but will soon only have three members left, undermining its functioning. Aggrieved WTO members wishing to challenge alleged violations of its rules have no redress without a functioning AB.

Advocates of international trade liberalisation have long claimed that it boosts growth and makes everyone better off in the long run, although many acknowledge shorter-term casualties in 'uncompetitive' economic activities. With successful political mobilisation around growing doubts over such claims, these claims have lost credibility, feeding the tide of ethno-populist nationalism in the West.

Freer trade has widely distributed benefits in terms of lower consumer prices while seemingly concentrating costs on displaced producers. Conversely, tariffs meant to protect particular industries have concentrated benefits while widely distributing costs.

Thus, even without considering the consequences of retaliatory trade measures by others, some (e.g., US steel) jobs may be saved while consumers pay more for 'downstream' products, threatening related jobs downstream.

Consumers, however, are unlikely to act politically because they have to pay a little more for some goods, whereas workers are more likely to be mobilised if their livelihoods are threatened by foreign import competition.

Is Trump all that different?

Trump has long complained about US and foreign trade policies. He seems to believe that trade is a zero-sum game in which the goal is to export more and to eliminate the US trade deficit. Importing from another country implies that country has 'won' and the United States has 'lost'.



A US-manufactured vehicle being loaded for export to China. President Trump seems to believe that trade is a zero-sum game in which the goal is to export more and to eliminate the US trade deficit.

Thus, his version of US 'sovereignism' links trade to national pride. Thus, he accuses others, especially China, of 'laughing at us'. As trade issues are about US jobs, pride and dignity, costs or losses become 'a small price to pay'. Thus, imposing tariffs will show foreigners that the US is strong and cannot be taken advantage of.

With this logic, 'winning' may involve losing although the tariffs will benefit relatively few workers in protected industries at the expense of the vast majority of other workers in downstream industries and consumers.

But longstanding economic imbalances and inequities are unlikely to be well addressed by protecting a few politically influential industries.

For half a century, the US has gone back and forth with trade liberalisation, often coming dangerously close to trade warfare.

President Ronald Reagan's 1980s protectionism is rarely acknowledged as he is now the paragon of US economic neoliberalism. (Current US Trade Representative Robert Lighthizer earned his reputation in Reagan's administration.) His trade restrictions used loopholes in trade agreements to raise tariffs and limit many imports besides forcing political allies to accept 'voluntary restraints'.

The economist Dani Rodrik has

argued that Reagan's protectionism 'let off political steam', enabling the US economy to recover and globalisation to accelerate.

International economic liberalisation or globalisation since Reagan has also transformed the international context and the consequences of Trump's recent measures.

Unlike Reagan, who arm-twisted political allies to accept his demands as necessary concessions during the Cold War, Trump's 'US sovereignty' is based on 'victimhood', invoking the image of an ex-hegemon, and makes no pretensions of being mutually advantageous or reciprocal.

Yet, prematurely 'crying wolf' about trade war may also accelerate trade war momentum as it remains unclear how international policy is made and changed in Trump's White House.

While possibly ominous of much more to come, premature, exaggerated criticism of his unilateral trade measures may become 'self-fulfilling', given the political need for continued ethno-populist and nationalist mobilisation against enemies, real or imagined. — IPS

Jomo Kwame Sundaram, a former economics professor, was United Nations Assistant Secretary-General for Economic Development, and received the Wassily Leontief Prize for Advancing the Frontiers of Economic Thought in 2007.

The imperial intentions of Trump's trade war babble

In defence of his trade war with China, Trump claims that 'when you're \$500 billion down you can't lose.' The problem with this stance is that persistent US trade deficits with China are arguably a sign of US strength or even imperial privilege, not weakness. However, on this issue, Trump has much of conventional economics wisdom supporting him in his delusions that the US is being treated unfairly or is 'behind' based on these deficits.

US PRESIDENT Donald Trump's trade tirades are being vigorously disputed by liberal economists the world over, although the riposte is usually in defence of free trade and existing trade deals. However, many of these same economists have promulgated the underlying idea that US trade deficits are the result of some sort of disadvantage or decline.

For instance, as I discussed in 2009, 2010, 2011 and 2012, many prominent economists such as Paul Krugman argued then (and many still do now) that China's undervalued currency gave it an unfair advantage, causing deficits and even financial bubbles in the US. Many economists on the left have taken a similar line of argument. For instance, Yanis Varoufakis argues that US trade deficits have planted the seeds for the downfall of the US 'Minotaur' because they have made the country increasingly dependent on the willingness of other countries to finance these deficits.

The problem with this reasoning is that international trade, income and financial data mostly represent the trade, income and asset movements made by corporations. Conversely, our system of international accounts is severely out of date, given that these data are still reported on the basis of country residence rather than ownership. It also treats these flows as if they were arm's-length trades in final goods, or so-called 'autonomous' flows of income or finance, rather than the internalised operations of lead firms and their networks of sub-

Andrew M Fischer



A worker assembling an iPhone in a factory in China. While the US has a merchandise trade deficit in the iPhone production and distribution network, this deficit is associated with immense value-added accrued in the US and the profitability of Apple, a US company.

sidiaries, affiliates or subcontractors.

The country-based framing of the international accounts serves to obscure the very resilient and virulent foundations of US power, based in the private corporate sector. Corporate ownership and/or control of trade, income and financial flows have become increasingly internationalised, even while remaining predominantly centred in the North and with a strong allegiance to maintaining US dominance. International efforts to track and govern these aspects of ownership or control from the 1970s onwards have also been systematically undermined, especially by the US. As a result, the antiquated international accounting system is very unfit for the task of tracking these corporate activities. Most of the discussion on global imbalances avoids this reality.

In this sense, as argued by Jan Kregel already a decade ago, the US shift to systemic trade deficits from the late 1970s onwards is best under-

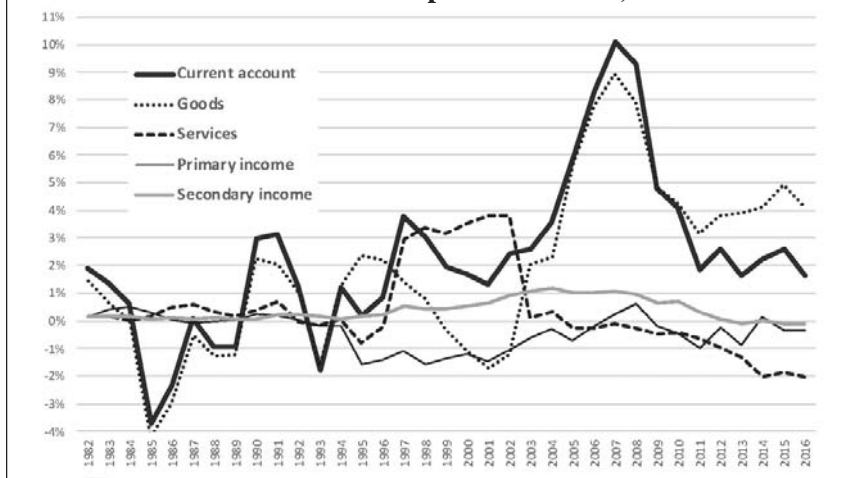
stood as a reflection of this internationalisation of US-centred corporations as well as the increased profitability of these US corporations operating in the international economy.

A simple stylised example is the iPhone. When Apple sends a production order to a subcontractor, this is not recorded as a service export from the US. However, the return export of the iPhone is reported as a goods export from China, even though the export is contracted by Apple, a US company. The iPhone is then sold in the US at many times its exported value, and the vast majority of the value of the final sale is accrued in the US. The US has a merchandise trade deficit in this production and distribution network, even though this deficit is associated with the immense value-added accrued in the US and the profitability of Apple. The same applies when Walmart exports from itself in China to itself in the US.

The idea that China's surpluses and foreign exchange reserves constitute increasing power is similarly based on this flawed understanding of international accounts. As I have argued in 2010 and 2015, a rarely acknowledged attribute of the explosion of China's surpluses in the 2000s was their rapid denationalisation. Foreign-funded enterprises (FFE) – most fully foreign-funded – quickly came to dominate the exports of China, and then the trade surpluses themselves, to the extent that by 2011, FFEs accounted for over 84% of the merchandise trade surplus.

This share subsequently fell

China current account as percent of GDP, 1982-2016



sharply due to a surge in exports from non-FFEs, although this was also in a context of falling current account surpluses as a proportion of GDP. As shown in the accompanying graph, this was due to increasing deficits on China's services account, which reached 2% of China's GDP in 2014-16, knocking out about half of its goods surplus in 2014 and 2016.

China also returned to running deficits on its income account from 2009 onwards (with the slight exception of 2014), despite being a major international creditor. As explained by Yu Yongding, this is because China's foreign assets mostly earn very low returns, such as in US treasury bills, whereas foreign investment in China is very profitable, possibly in excess of 20-30% per year, thereby cancelling out any of the balance-of-payments benefits that would normally accrue to being a major international creditor.

Notably, the US is the mirror image of China: it is a major international debtor and yet it earns a surplus on its income account. Both situations were due to profit remittances, e.g., profits leaving China and entering the US. Indeed, Yilmaz Akyüz estimates that the net current account position of FFEs in China has been in deficit in recent years, meaning that their profit remittances were cancelling out their merchandise trade surpluses.

In other words, after the exceptional but historically brief period of running very large 'twin surpluses' (on both the current and financial ac-

counts), the current account structure of China has reverted to a pattern that, as I explained in a recent article, is common among peripheral developing countries. The pattern is characterised by goods trade surpluses that counterbalance service account deficits (dominated by payments to foreign corporations) as well as the profit remittances of foreign corporations (and of other foreign investments, whether licit or illicit).

These rapid transformations have been reflective of the increasingly deep integration of China's foreign trade into international networks dominated by Northern-based transnational corporations. The model has resulted in exceptional export performance, although this has occurred through the injection of considerable but underappreciated sources of vulnerability.

Indeed, as noted by Yu Yongding, from 2015 to 2017 the People's Bank of China undertook the largest intervention in foreign exchange markets that any central bank has ever taken in order to prevent a run on the renminbi. This depleted its foreign exchange reserves by over \$1 trillion. In another recent article, Yu adds that from 2011 to 2017, around \$1.3 trillion of China's foreign assets had effectively disappeared, probably reflecting capital flight. Together with the run on the renminbi, these were the principal reasons that the People's Bank of China put a hold on capital account liberalisation and tightened capital controls to an extent not seen since the East Asian financial crisis

of the late 1990s.

Considering that much of such capital flight is destined for the US, either directly or indirectly via multiple offshore financial centres, in addition to the profitability that US corporations derive from China's trade with the US, it is clear that the US is in the more powerful position in this bilateral relationship.

The imperial utility of trade decline discourses

From this perspective, the deep US trade deficits that have persisted since the early 1980s arguably represent a new form of advanced capitalist imperialism, the emergence of a system of tributes whereby states around the world effectively subsidise the expansion of US-centred capitalism. At the very least, the deficits are signs of a structural shift underlying global power relations, based on an increasingly predatory form of financialised capitalism, with the US still at its helm.

Much like with discourses of Soviet rivalry in the 1960s and 1970s, the current babble of US decline and lagging serves an ideological purpose within these continuing transmutations of US-centred power. It is effectively aimed at subordinating other countries and shifting the burden of adjustment onto them, while distracting attention away from the US-centred, corporate-led restructurings of global production systems that underlie US deficits in the first place. ♦

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Multilateralism redux and the Havana Charter

March marks the 70th anniversary of the Havana Charter, a landmark document which more fully embodied the aspirations and concerns of the developing countries in the design and architecture of the postwar multilateral economic order. As multilateralism now comes under attack from the Trump administration, *Richard Kozul-Wright* says, developing countries should not merely join forces with those defending the current flawed multilateral order to shore it up, but should instead work for the emergence of a revitalised multilateral system based on the more balanced and equitable bases envisaged in the aborted Havana Charter.

US PRESIDENT Donald Trump's tariff tantrum has provoked a mixture of disbelief and loathing, none more than from economic pundits who have deemed it irrelevant (for reducing the trade deficit), irresponsible (in damaging job prospects) and irrational (by weakening the global value chains on which American business depends).

Much of this criticism hits the mark. But it is worked into a meta-narrative about the end of the postwar liberal order that not only presents a flawed interpretation of history but is unlikely to help advance a policy agenda that speaks to the anxiety and anger that President Trump continues to successfully tap.

International trade was the most contentious part of the original discussions on the postwar multilateral architecture, so much so that handling the conflicting interests was given to the United Nations, which responded in 1947 by launching a conference on trade and employment. After a hard five-month slog, negotiators signed, on 24 March 1948, the Havana Charter for an International Trade Organisation.

The Charter is remarkable in its scope and ambition, setting out a blueprint for a more 'balanced and expanding world economy' through a combination of increased domestic



The UN Conference on Trade and Employment (pic), which opened in Havana in 1947, led to the signing of the Havana Charter which set out a blueprint for a more 'balanced and expanding world economy'.

spending, open markets, widespread industrial development, long-term capital flows and strengthened worker rights. It insisted that countries should be protected against external shocks and predatory corporate behaviour, that their international commitments should be commensurate with their level of economic and social development, and that the full use and equitable distribution of the world's human and material resources would be managed through strong public action, at both the national and international levels.

Despite being signed by 56 countries, both developed and developing, the Charter eventually fell victim to rejuvenated business interests in the US (appalled at the thought of possible multilateral interference in their profit-making endeavours) and the

sharp turn in the US Congress from New Deal populism to McCarthyite scaremongering.

Still, its influence persisted in the GATT (General Agreement on Tariffs and Trade)'s abiding efforts to reduce tariffs and through the flexibilities and safeguards that became part of the wider postwar multilateral consensus. In various ways and to varying degrees, that consensus delivered the international public goods needed to underpin a stable and peaceful world order without unduly

compromising the domestic policy space needed to fulfil the ambitious postwar economic and social agenda.

There is plenty of room to debate the successes and failures of that consensus but what is certain is that free trade was not its *modus operandi*; indeed, as the Chicago economist Jacob Viner noted as negotiations on the Charter got underway, 'There are so few free traders in the present-day world, no one pays any attention to their views and no person in authority anywhere advocates free trade.'

Free trade only resurfaced in the late 1980s, as communism collapsed and a hypertrophied financial sector gained a tighter grip over the economic policy agenda. This new liberal order broke with the multilateral practice of previous decades, not least in rejecting full employment as a policy

goal, insisting on a one-size-fits-all liberalisation agenda and making corporate profitability the animus of a new social contract.

In that sense at least, President Trump's actions to bolster the profits of American business through heightened protection from international competition, lower corporate taxes and renewed deregulation, are less a break with the recent past and more an inside struggle for the reins of today's hyperglobalised order; and like the actions of his more cosmopolitan-minded rivals, his solutions will prove neither inclusive nor sustainable.

The silence on the 70th anniversary of the Havana Charter speaks volumes about the current era's approach to multilateralism; not simply in the contrasting levels of ambition but in subverting its underlying logic by assuming that by opening up to trade and private capital flows, full employment and economic development will automatically follow. Evidence continues to favour the drafters in Havana.

Progressive voices calling for a revitalised multilateralism would do well to revisit the Charter and to think hard about its relevance for addressing the imbalances and inequities of the 21st century global economy. There are already signs (unknowingly perhaps) that this is happening; the actions of the European Commission to rein in rogue monopolists, the G20's Marshall Plan for Africa, and China's Belt and Road initiative can all be interpreted as tentative steps in that direction. None, however, has the clarity of vision, strength of conviction or depth of ambition embodied in the Charter.

Perhaps the best thing for now is to celebrate its 70th anniversary by acknowledging its intent to bring 'mutual understanding, consultation and cooperation' to the ongoing task of building a more stable, inclusive and prosperous multilateral order. ♦

Richard Kozul-Wright is Director of the Division on Globalisation and Development Strategies at the United Nations Conference on Trade and Development (UNCTAD). This article is reproduced from LiveMint (www.livemint.com).

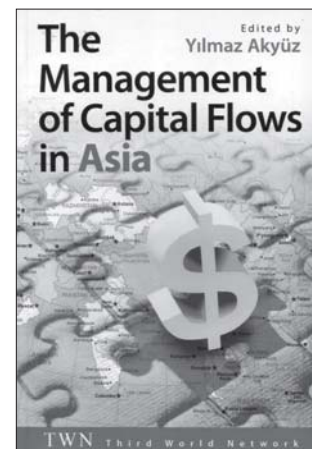
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Attacking Syria

Richard Falk assesses the recent missile attack on Syria by the armed forces of the US, the UK and France from a variety of perspectives and warns that the United Nations Charter, which permits armed force only in self-defence or where it is mandated by the UN Security Council, is not obsolete.

AT this stage it seems reasonable to wonder whether Syria was attacked because it didn't use chemical weapons rather than because it did. That may seem strange until we remember rather weighty suspicions surrounding the main accusers, especially the White Helmets with their longstanding links to the US government, and past scepticism about their inflammatory accusations that critics claim reflect fabricated evidence conveniently available at crisis moments.

A second irreverent puzzle is whether the dominant motive for the attack was not really about what was happening in Syria, but rather what was not happening in the domestic politics of the attacking countries. Every student of world politics knows that when the leadership of strong states feel stressed or cornered, they look outside their borders for enemies to blame and slay, counting on transcendent feelings of national pride and patriotic unity associated with international displays of military prowess to distract the discontented folks at home, at least for a while. All three leaders of the attacking coalition were beset by rather severe tremors of domestic discontent, making attractive the occasion for a cheap shot at Syria at the expense of international law and the UN, just to strike a responsive populist chord with their own citizenry – above all, to show the world that the West remains willing and able to strike violently at Islamic countries without fearing retaliation. Beleaguered Donald Trump, unpopular Emmanuel Macron and post-Brexit Theresa May all have low approval ratings among their own voters and seem in freefall as leaders, making them particularly dangerous internationally.

Of course, this last point requires



One of the sites hit in the US-led missile attack on Syria in April. There are doubts surrounding both the factual and the legal bases for the assault.

clarification, and some qualification to explain the strictly limited nature of the military strike. Although the attackers wanted to claim the high moral ground as defenders of civilised limits on military actions in wartime, itself an oxymoron, they wanted even more crucially (and sensibly) to avoid an escalation that would carry risks of a dangerous military encounter with Russia, and possibly Iran.

As Syrian pro-interventionists have angrily pointed out in their disappointment, the attack was more in the nature of a gesture than a credible effort to influence the future behaviour of the Bashar al-Assad government, much less tip the balance in the Syrian struggle against the government. As such, it strengthens the argument of those who interpret the attack as more about domestic crises of legitimacy unfolding in these illiberal democracies than it is about any

reshaping of the Syrian ordeal, or a commitment to upholding the Chemical Weapons Convention.

There is another line of interpretation insisting that what was said in public by the leaders and representatives of the three attacking Western powers was not the real reason the attack was undertaken. This optic points to pressure from Israel to mute President Trump's feared slide towards disengagement from Syria as a prelude to a wider strategic withdrawal from the Middle East as a whole, a region that Trump in his speech justifying the attack calls 'troubled' beyond the capacity of the United States to fix. At least temporarily, from Israel's point of view, the airstrikes sent a signal to Moscow that the United States was not ready to accept Syria becoming a geopolitical pawn of Russia and Iran. Supposedly, the Netanyahu entourage, although

pleased by the Jerusalem move, the challenge to the Iran nuclear agreement and silence about the Israeli army's lethal responses to the Gaza Great Return March, have new worries that when it comes to regional belligerence and overall military engagement, Trump will be no more help than his predecessor Barack Obama, who quite irrationally became their nightmare American president.

And if that is not enough to ponder, consider that Iraq was savagely attacked in 2003 by a US-UK coalition under similar circumstances, that is, without either an international law justification or authorisation by the UN Security Council – the only two ways that international force can be lawfully employed, and even then only as a last resort after sanctions and diplomatic avenues have been tried and failed. It turned out that the political rationale for recourse to aggressive war against Iraq, its alleged possession of weapons of mass destruction, was totally false, building the case for war either on the elaborately orchestrated presentation of false evidence or, more generously, on a hugely embarrassing intelligence lapse.

To be fair, this Syrian military caper could have turned out far worse from the perspective of world peace and regional security. The 105-missile-attack was over in three minutes, no civilian casualties have been reported, and thankfully, any challenge to the Russian and Iranian military presence in Syria was deliberately excluded from the targeting plan, thus taking precautions to avoid setting in motion the rightly feared retaliation and escalation cycle. This was not an idle worry. More than at any time since the end of the Cold War, sober concerns abounded preceding the attack that a clash of political wills or an accidental targeting mistake could cause geopolitical stumbles culminating in World War III.

Historically minded observers pointed out alarming parallels with the confusions and exaggerated responses that led directly to the pro-

longed horror of World War I. The relevant restraint of the 14 April missile attacks seems to be the work of the Pentagon, and certainly not the hawk-infested White House. Military planners designed the attack to minimise risks of escalation, possibly even reaching an undisclosed negotiated understanding with the Russians behind the scenes.

In effect, Trump's red line on chemical weapons was supposedly defended, and redrawn at the UN as a warning to Damascus, but as suggested above, this was the public face of the attack, not its principal motivations, which remain unacknowledged.

Doubting the facts

Yet can we be sure at this stage that at least the factual basis of this aggressive move accurately portrayed Syria as having launched a lethal chlorine and likely nerve gas attack on the people of Douma, killing at least 40? On the basis of available evidence, the facts have not yet been established beyond reasonable doubt. We have been fooled too often in the past by the confident claims of the intelligence services working for these same countries that sent this last wave of missiles to Syria.

International manoeuvring for instant support for a punitive response to Douma seemed a rush to judgment amid an array of strident yet credible voices of doubt, including from UN sources. The most cynical observers are suggesting that the timing of the attack, if not its real purpose other than the vindication of Trump's red line, was to destroy evidence that might incriminate forces other than the Syrian government as the responsible party. Such suspicions are fuelled by the refusal to wait until the factual claims could be validated. As matters stand, the airstrikes seemed hastened to make sure that the respected Organisation for the Prohibition of Chemical Weapons (OPCW), when finally carrying out its fact-finding mission, would have nothing to find.

To allay reactions that these are ideologically driven criticisms, it is notable that the *Wall Street Journal*, never a voice for peace and moderation, put forward its view that it was not 'clear who carried out the attack' on Douma, a view shared by several mainstream media outlets including the Associated Press.

Blaming Syria, much less attacking it, was definitely premature and quite possibly based on altogether false grounds, undermining the essential factual foundation of the coalition claim. This is without even going into the formidable doubts associated with issues of the unlawfulness and illegitimacy of an international use of non-defensive force without authorisation by the United Nations.

Remnants of colonialism

Less noticed, but starkly relevant, is the intriguing reality that the three states responsible for this aggressive act share strong colonialist credentials that expose the deep roots of the turmoil afflicting in different ways the entire Middle East. It is relevant to recall that it was British and French colonial ambitions in 1916 that established the blueprint for carving up the collapsed Ottoman Empire, imposing artificial political communities with borders reflecting European priorities not natural affinities, and taking no account of the preferences of the resident population. This colonial plot foiled Woodrow Wilson's more positive proposal to implement self-determination based on affinities of ethnicity, tradition and religion of those formerly living under Ottoman rule.

The United States fully supplanted this colonial duopoly as the colonial sun was setting around the world, especially after the Europeans faltered in the 1956 Suez crisis. At the same time the US quickly made its own heavy footprint known, feared and resented throughout the region with an updated imperial agenda featuring Soviet containment, oil geopolitics and untethered support for Israel. Even earlier in 1953 the Truman Doctrine and CIA support for the over-

throw of the democratically elected and nationalist government of Mohammad Mossadegh in Iran had disclosed the extent of US involvement in the region. These strategic priorities were later supplemented by worries after 1979 about the spread of Islam and fears after 2001 that nuclear weaponry could fall into the wrong political hands.

After a century of exploitation, intervention and betrayal by the West, it should come as no surprise that anti-Western extremist movements have surfaced throughout the Arab world and engendered some populist sympathies despite their barbaric tactics.

Violating international law, undermining the UN

It is helpful to recall the Kosovo War (1999) and the Libyan War (2011), both managed as NATO operations carried out in defiance of international law and the UN Charter. Because of an anticipated Russian veto in the UN Security Council, NATO, with strong regional backing in Europe, launched a punishing air attack that drove Serbia out of Kosovo. Despite the presence of a strong case for humanitarian intervention within the Kosovo context, it set a dangerous precedent, which advocates of a regime-changing intervention in Iraq found convenient to invoke a few years later.

In effect the US found itself backed into insisting on an absurd position to the effect that the veto should be respected without any questioning when the West uses it, most arbitrarily and frequently to protect Israel from much more trivial, yet justifiable, challenges than what this missile attack on the basic sovereign rights of the internationally legitimate government of Syria signifies.

American diplomats do not try to justify, or even explain, their inconsistent attitudes towards the authority of the UN veto, despite the starkness of the contradiction. Perhaps it is a textbook example of what psychologists call cognitive dissonance. More accessibly, it is a prime instance

of a continued reliance on the benefits of American exceptionalism. As the self-anointed guarantor of virtue and perpetual innocence in world politics, the United States is not bound by the rules and standards by which its leaders judge the conduct of others, especially adversaries.

As a personal aside, with some apologies owed, I was the main author of the section of the report in my role as a member of the Independent International Commission on Kosovo, which put forth the rationale of 'illegal but legitimate' with respect to the Kosovo intervention. I had misgivings at the time, but was swayed by the shadow of Srebrenica and the difficulties of finding a consensus among the members of the Commission to put forth this line of argument, qualified to an extent in the text of the report, by invoking the exceptional facts and expressing what turned out to be the vain hope that the UN Security Council would itself create greater flexibility in responding to humanitarian crises of this kind and overcome what seemed at the time giving credibility to a pattern of justification for war making that could in the future be twisted out of shape by geopolitical opportunism.

My fears have been realised, and I would now be very reluctant to endorse my own formulations that seemed, on balance, the right way to go back in the year 2000. Now I lose sleep whenever I recall that I was responsible for what has become an insidious conceptual innovation, 'illegal but legitimate', which in unscrupulous geopolitical hands operates as an 'Open Sesame' rendering irrelevant UN Charter constraints.

The Libyan precedent is also relevant, although in a different way, to the marginalisation of the UN and international law to which this latest Syrian action is a grim addition. Because the people of the Libyan city of Benghazi truly faced an imminent humanitarian emergency in March 2011, the argument for lending UN protection seemed strong. Russia and China, permanent members of the UN Security Council, and other sceptical

members were persuaded to suspend their suspicions about Western motives and abstained from a resolution specifically authorising the establishment of a no-fly zone to protect Benghazi.

It didn't take long to disabuse Russia and China, mocking their trust in assurances by the NATO states that the latter's objectives were limited and strictly humanitarian. They were quickly shocked into the realisation that the actual NATO mission in Libya was regime change, not humanitarian relief. In other words, these same Western powers who are currently claiming at the UN that international law is on their side with regard to Syria, have themselves a terrible record of flouting and manipulating UN authority whenever convenient and insisting on their full panoply of obstructive rights under the UN Charter when Israel's wrongdoing is under review.

Ambassador Nikki Haley, Trump's flamethrower at the UN, arrogantly reminded members of the Security Council that the US would carry out a military strike against Syria whether or not it was permitted by the organisation. In effect, even the veto as a shield is not sufficient to quench Washington's geopolitical thirst. It also claims the disruptive option of the sword of American exceptionalism to circumvent the veto when it anticipates being blocked by the veto of an adversary.

Such duplicity with respect to legal procedures at the UN puts the world back on square one when it comes to restraining the international use of force by geopolitical actors. Imagine the indignation that the US would muster if Russia or China proposed at the Security Council a long overdue peacekeeping mission to protect the multiply abused population of Gaza. And if these countries went further and had the geopolitical gall to act outside the UN because of an expected veto by NATO members of the Security Council and the urgency of the humanitarian justification, the world would almost certainly experience the bitter taste of apocalyptic warfare.

The Charter framework is not obsolete

The UN Charter framework makes as much sense or more than when crafted in 1945. Recourse to force is permissible only as an act of self-defence against a prior armed attack, and then only until the Security Council has time to act. In non-defensive situations, such as the Syrian case, the Charter makes clear beyond reasonable doubt that the Security Council alone possesses the authority to mandate the use of force, including even in response to an ongoing humanitarian emergency. The breakthrough idea in the Charter is to limit, as much as language can, discretion by states to decide on their own when to have recourse to acts of war. Syria is the latest indication that this hopeful idea has been crudely cast in the geopolitical wastebasket.

It will be up to the multitudes to challenge these developments and use their mobilised influence to reverse the decline of international law and the authority of the UN. Most members of the UN are themselves so beholden to the realist premises of the system that they will never do more than squawk from time to time.

Trump's boastful tweet about the Syrian airstrike that ended with the words 'mission accomplished' unwittingly reminds us of the time in 2003 when the same phrase was on a banner behind George W Bush as he spoke of victory in Iraq from the deck of an aircraft carrier with the sun setting behind him. Those words soon came back to haunt Bush, and if Trump were capable of irony, he might have realised that he is likely to endure an even more humbling fate, while lacking Bush's willingness to later acknowledge his laughable mistake.

Fudging Constitutional authorisation

Each of the attacking countries claims impeccable democratic credentials, except when their effect is to impede war lust. Each purports to give its legislative branch the option

of withholding approval for any contemplated recourse to military action, except in the case that the homeland is under attack. Yet here, where there was no attack by Syria and no imminent security threat of any kind, each of these governments joined in an internationally unlawful attack without even bothering to seek domestic legislative approval, claiming only that the undertaking served the national interest of their governments by enforcing the norms of prohibition contained in the Chemical Weapons Convention.

The American attempts to supply flimsy domestic justifications are decisively refuted by two widely respected international jurists, including one, Jack Goldsmith, who was a leading neoconservative legal adviser in the early years of the George W Bush presidency. In their article on the Lawfare website ('Bad Legal Arguments for the Syria Airstrikes', 14 April 2018), Goldsmith and Oona Hathaway reject arguments based on the Authorisation for the Use of Military Force, which in 2001 gave broad authority to use military force in response to the 9/11 attacks, but has no bearing here as Syria has never been accused of any link.

The other legal claim that has been brought forward argues that the airstrikes are expressions of the president's authority under Article II of the Constitution to serve as Commander in Chief. However, any freshman law student knows or should know that this authority is available only if the use of force has been previously validated by Congress or is in response to an attack or a plausible argument of the perceived imminence of such an attack.

Revealingly, the internal justification for Trump's authority has not been disclosed as yet and has been heavily classified, showing once again that government secrets in wartime are not primarily kept to prevent adversaries from finding things out but, as with the Pentagon Papers, are useful mainly to keep Americans in the dark about policies that affect their

well-being and possibly their survival. It also gives the leadership more space for deception and outright lies.

It has been reliably reported that the Trump White House preferred to act without seeking Congressional approval, presumably to uphold the trend towards establishing an 'executive presidency' when it comes to war/peace issues, thereby effectively negating a principal objective of the US Constitution to apply the separation-of-powers doctrine to any recourse to war. This also marginalises the War Powers Act enacted into law in the aftermath of the Vietnam War in the vain attempt to restore the Constitutional arrangement after a period during which the President arrogated power to wage war and the policy acted upon produced the worst foreign policy failure in all of American history.

Where does this leave us?

There are several levels of response:

- with respect to Syria, nothing has changed;
- with respect to the UN and international law, a damaging blow was struck;
- with respect to constitutionalism, a further move away from respect for separation of powers, thus marginalising the legislative branch with respect to war/peace policies;
- with respect to oppositional politics, citizen protest and media reactions, an apathetic atmosphere of acquiescence, with debate shifting to questions of purpose and effectiveness with virtually no reference to legality and quite little even to legitimacy (that is, moral and political justifications). ◆

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Seven things you need to know about Israel's latest attack on Gaza

As Israel prepares to celebrate the anniversary of its birth as a modern nation on 14 May (which for Palestinians is observed as the 'Nakbah' or catastrophe as it marks the beginning of their odyssey), it has begun the slaughter of the Palestinians who are using the occasion to highlight their plight. *Michael Lesher* sifts through the fog of Israeli propaganda to explain what is really happening.

BEING of mild disposition, I am ill suited to describe in detail the thugery by which the putative Jewish state executed 17 of its 2 million Gaza prisoners (wounding some 1,400 more) by way of inaugurating the Jewish Festival of Liberation on 30 March.

Fortunately, however, there is no need of such descriptive talent. The things everyone must know about the latest Gaza massacre – and its rapidly ensuing cover-up – are as simple and uncontroversial as they are abhorrent.

1. Israel's killings were pre-meditated

Before the first demonstrators set foot anywhere in the vicinity of Gaza's border with Israel, the 'most moral army in the world' had openly declared its violent intentions towards any Palestinian reckless enough to challenge Israel's crippling siege. A hundred snipers, we learnt, were to be deployed around Gaza's prison wall and 'prepared to use live fire', supplemented by 'heavy machinery' and even the novelty of 'drone-deployed tear gas'. Israeli Education Minister Naftali Bennett – who likes to boast about killing Arabs – swore that the Gazans would be kept inside their cage (a place described in a recent UN study as verging on uninhabitable) 'at any cost'.

Just in case the sabre-rattling wasn't loud enough, the Israel Defense Forces (IDF) stressed that so much deadly force was being amassed



A man shot by Israeli troops being carried by fellow protesters during the demonstration along the Gaza-Israel border on 30 March.

in one place to 'minimise Palestinian casualties'. Minimise, mind you – not prevent; not avoid. If the meaning of that threat escapes you, I suggest you imagine how the world press would have reacted if a heavily armed contingent of Palestinian fighters had been dispatched towards a densely populated Israeli town, with public orders to 'minimise' the killing of Jewish civilians – while ensuring that the rascals learnt their place.

2. Israeli violence had nothing to do with 'security'

The indefatigable Israeli propaganda mill is churning as hysterically as ever. Yet the Israelis have not even tried to prove that the vast majority of slain protesters were 1) us-

ing a weapon, 2) threatening a soldier, or 3) attempting to penetrate the barbed-wire barrier when they were gunned down by rifle fire, while actual evidence shows the precise opposite. In fact, it is far from clear whether any of the 758 adults and children wounded by live Israeli gunfire was – even according to the Israelis – a physical threat to anyone at all.

This glaring if oblique admission proves that of the 17 homicides Israel committed on 30 March, at least a dozen or more were murders – murders pure and simple – and that they were indefensible even under Israel's far-fetched definition of 'security'. That's doubtless why the propagandists have been trying so feverishly

to change the subject ever since. (Oh, how terrified an armed-to-the-teeth Israeli sharpshooter must feel when he spies, on the far side of a prison wall, a Palestinian teenager carrying a tyre!)

3. There were no ‘clashes’

Again, I defer to Israeli propaganda. How many injuries to Israeli soldiers have even been claimed in the tsunami of apologetics pouring out of Tel Aviv? Zero. How much damage to Israeli property? Zero. How many Israeli civilians threatened? Zero. How many breaches in that precious ‘security fence’? Zero.

So this bloody escapade was no ‘clash’. Even the Israelis implicitly admit as much. How can two sides ‘clash’ when one group suffers 1,400 casualties in a fusillade of bullets while the other group – the one wielding automatic rifles and dispersing tear gas by remote control – endures not a scratch?

4. Israel targeted its victims for political reasons

Perhaps because its brutality was so blatant, Israel has not even tried to shelter behind the usual pretence of ‘collateral damage’. On the contrary, its army blandly took credit for the murders, announcing (via Twitter) that ‘nothing was carried out uncontrolled; everything was accurate and measured, and we know where every bullet landed.’

It follows that Israel and its apologists cannot claim these homicides were accidents, or even ‘overreactions’ – to borrow the tepid phrasing of Bernie Sanders (who is nonetheless to be commended as virtually the only US Senator to notice the massacre in the first place).

In fact, we not only know that the Israelis targeted unarmed victims – we even know why. Military spokesmen specifically admitted ‘firing towards main instigators’ of the protest – meaning that Israeli forces deliberately killed Palestinians whom they suspected of being competent organisers. Got that? Under Israeli rule, Palestinian protest is a crime; directing a Palestinian protest is a capital crime.



Palestinian demonstrators gather along Gaza's border with Israel on 30 March.

And in this Kafkaesque penal setting, the IDF happily plays a triple role as judge, jury and executioner.

Israel's Major-General Yoav Mordechai even confessed that his troops tried to bully Gaza's bus companies into refusing to carry people to the site of the demonstrations. ‘We warned that measures would be taken against the owners and their companies’ for ‘transferring’ Palestinians to the protests, the general said, adding that ‘demonstrations of anarchy’ invite ‘severe and harsh measures’.

You might want to keep this detail at the ready for the next propagandist (you're sure to encounter at least one) who insinuates that the snipers who gunned down helpless civilians acted out of fear of a few stones – I mean the ones thrown in defiant symbolism, by a small fraction of the protesters, in the direction of the huge berm atop which the Israeli gunmen trained their high-powered rifles at the bodies below them. As I have noted already, not one soldier suffered so much as a scratch during the protests. No, Israel's goal was to crush the demonstration *in toto* – a decision that was taken before a single protester showed up near the border. Stones or no stones.

And yes, Virginia, there is a name for that sort of lethal conduct: the name is terrorism. Israel directed de-

liberate, deadly violence at Gaza's civilians with the express goal of intimidating potential dissenters. It requires astonishingchutzpah for the orchestrators of terrorism on such a scale to accuse their victims of being terrorists. But chutzpah is one thing Israel seldom lacks.

5. Israel commits its crimes because the US lets it

Like other bullies, Israel fights only where it cannot lose. At the United Nations, it reverts to the role of toady and lets Uncle Sam do the slugging. US Ambassador to the UN (and former Confederate flag booster) Nikki Haley, who says she dislikes bullies, displayed her true passions at the UN Security Council over the weekend after the violence as she swooned over this latest proof of Israeli manhood. The normally voluble Ms Haley has so far been unable to catch her breath sufficiently to issue a public statement, but on Washington's orders she did manage to squelch a draft resolution that would have urged ‘restraint’ and an ‘investigation’ into the circumstances of the civilian deaths. As Karl Rove once reminded a reporter, neither facts nor law have any bearing on those favoured by the American titan: ‘When we act, we create our own reality.’

I should mention, in fairness, that



Israeli soldiers prepare for the 30 March protests. Before the demonstration, the Israeli army had already announced that its snipers were 'prepared to use live fire' supplemented by 'heavy machinery'.

US politicians less patently revolting than Haley have enabled Israeli crimes with equal aplomb. Barack Obama bowed politely to the IDF as it massacred more than 1,400 Gaza civilians (including some 500 children) in 2014, frowning a bit only after Israel's seventh deadly attack on the women and children who had been cowering in UN 'shelters'. The result was instructive. The day before Obama finally put his foot down, Israel's Prime Minister Benjamin Netanyahu had publicly insisted his troops were staying put in Gaza; upon the president's warning growl, Netanyahu immediately announced their withdrawal. As Norman Finkelstein has pointed out, this instance alone demonstrates the extent of American complicity in Israel's crimes. The killing lasts only as long as the White House approves it. And the White House can be moved by political protest.

6. Mainstream media, and Jewish organisations, assist in the cover-up

The proliferation of apologetics in mainstream media for Israel's deadly violence has been so instantaneous, and so nauseating, that I will only sample the field briefly. Sticking to the liberal end of the spectrum, one

finds *Ha'aretz's* Amos Harel lamenting that ' Hamas ... has found a more effective way of creating friction with the Israel Defense Forces than firing rockets and carrying out attacks through its tunnels'. (How nasty of those Palestinians to get themselves killed just to ruin the mornings of some IDF brass!) In fact, Harel notes, the Gazans have proved so treacherous that 'despite the large number of Palestinian casualties not a single rocket has been fired into Israel from the Strip'. What's a besieger to do? The more lopsided its violence, the easier it is to hurt poor Israel's feelings.

Major Jewish organisations have been just as sycophantic, most of them looking the other way, while the influential Orthodox Union had the incredibly bad taste to continue advertising a 'VIP tour of the [West Bank] security fence' among the trips it sponsors for religious Jews during the Passover holiday. The host of this particular excursion – Col. Dani Tirza – is himself such a shameless propagandist that he lost his job as the barrier's lead planner after being caught lying to Israel's Supreme Court. But the Orthodox Union evidently doesn't mind that, any more than it minds the 2004 ruling of the International Court of Justice that the

'security fence' violates basic norms of international law. As Golda Meir reportedly told another Israeli politician, 'After the Holocaust, Jews are allowed to do anything.'

7. Israel's crimes will continue until we make it stop

Far from feeling remorse over the 30 March mayhem, Israel's chief army spokesman, Ronen Manelis, proclaimed recently that Israeli troops 'will not be able to continue limiting [their] activity to the [separation barrier] fence area and will act against these terror organisations in other places too'.

You heard it. If Israel has its way, things are going to get even bloodier. And that means it's up to us.

Israel is not going to stop killing and maiming Palestinians until it has no choice in the matter. And it will have no choice once the United States joins virtually the rest of the world in calling for a halt to atrocities that – if perpetrated against Israelis – would have long ago excited the horrified fury of the Western world.

Among my readers are bound to be many people who, because of their citizenship or their political affiliations, can have an impact on US policy towards Israel. This is the time to throw all our weight against an unholy alliance that has made possible decades of apartheid, ethnic cleansing and – as the violence on 30 March reminds us – periodic mass murder. We can resist; we can protest; or we can be complicit. There is no other option. For Israelis, for Jews, for Americans – for all human beings who care about justice in Palestine – there cannot possibly be any such thing as neutrality. ♦

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‘They will never be able to stop the spring from coming’

Former Brazilian President *Luiz Inacio Lula da Silva* is currently serving a 12-year imprisonment sentence on a corruption conviction related to a luxury apartment. Shortly before he was transported to prison, Lula delivered a speech to thousands of supporters in Sao Bernardo do Campo, Sao Paulo, on 7 April at the headquarters of the metalworkers’ union he once headed. We reproduce below the text of his speech, translated from the Portuguese.

IN 1979, this union staged one of the most extraordinary strikes and we got a deal with the auto industry that was maybe the best we could get. I had a factory committee with 300 workers. The deal was good and I decided to take the deal to a vote in a union meeting. I decided to ask the committee to get to the factory early to talk to the workers.

I used to hold meetings in the morning because people have a few drinks in the afternoon, and when we have a few drinks, we get bolder. Well, that didn’t stop that from happening, because people would bring their cognac bottles in their bags and when I got there I would have a ‘shot’ because it’s good for your throat – which didn’t happen today.

Anyway, we decided to take the deal to a vote and 100,000 people at the Vila Euclides Stadium did not accept it. It was the best we could get. We wouldn’t have vacation days taken away, we would not lose our 13th salary and we’d have a 15% pay raise, but the workers were so radicalised they wanted 83% or nothing – and we didn’t get it.

We spent one year being called doormats by the workers. We didn’t manage to approve a proposal I considered to be good, and then people started to disrespect the union board. I would visit factories and no one would stop. The press would write: ‘Lula speaks to workers’ deaf ears.’

It took us one year to regain our prestige among our peers and I thought, somewhat vengefully: ‘These workers think they can stage a strike for 100 days, 400 days, that



Former Brazilian president Lula da Silva carried aloft by supporters in Sao Bernardo do Campo on 7 April.

they can go all the way, so I’ll put them to the test in 1980.’

Then we staged the largest strike in our history: 41 days striking. Seventeen days into the strike, I was arrested and, after a few days, workers started to break the strike. [Romeu] Tuma [then chief of police], doctor Almir, Teotonio Vilela would visit me in jail and tell me: ‘Hey, Lula, you gotta end this strike; you’ve got to advise them to end the strike.’ I would say: ‘I’m not ending the strike. The workers will decide for themselves.’

What actually happened was that no one could take 41 days because the comrades had to buy milk, they had to pay their power bills, their gas bills, their wives were asking for money to buy bread, so they started to feel the pressure and could not take it any longer. But it’s funny because, by losing, we won so much more, even though we didn’t have financial gains. This means money won’t solve

a strike’s problem. It’s not about 5% or 10%; rather it’s about what a strike brings in terms of political theory and political know-how.

Now, we find ourselves in a similar situation. I am being persecuted and I have been saying very clearly: ‘I’m the only human being in the world who is being persecuted over an apartment I do not own.’ He [Judge Sergio Moro] knows that [the newspaper] *O Globo* lied when they said it was mine. When the Federal Police and their Operation Car Wash conducted the investigation, they lied and said it was mine. When the prosecution charged me, they lied and said it was mine. I thought Moro was going to solve this and he lied and said it was mine, and convicted and sentenced me to nine years in prison.

That is why I’m an outraged citizen, because I’ve done so much in my 72 years of life, but I don’t forgive them for making society believe I’m

a thief. They've let those bandits make *pixulecos* [a doll that represents Lula wearing a prison uniform] throughout the country. They've let them call us *petralhas* [play on words using 'PT', the Portuguese abbreviation for Lula's Workers' Party, and 'bandits']. They've let them create a war atmosphere that negates politics in this country. Every day I say: none of them, not one of them, has the courage, or sleeps with the clear conscience of honesty and innocence like I do. None of them.

I'm not above the law. If I didn't believe in the court system, I would not have created a political party; I would have suggested a revolution in this country. But I believe in the court system, in fair courts, in courts that rule on a case based on the records, based on the information brought by the prosecution and the defence, on substantial evidence pointing to who is guilty.

What I cannot accept is a justice attorney who makes a PowerPoint presentation and goes on national television to say that the PT is a criminal organisation that was born to rob our country and that Lula, being the most important person in the party, is the boss. Because Lula is the boss, according to the attorney: 'I don't need evidence, I am convinced of it.' I want him to keep his convictions to his acolytes, his accomplices, not me. I have the firm belief a thief would not be demanding proof. He would have his tail between his legs and his mouth shut, hoping the media would not mention his name.

There are more than 70 hours of *Jornal Nacional* [Globo Network's most-watched TV newscast] crushing me. There are more than 70 magazine covers attacking me. I have thousands and thousands of newspapers attacking me. I have Record attacking me. I have Bandeirantes attacking me, I have so many radio networks attacking me. What they don't realise is that with every blow they deliver, I grow closer to the Brazilian people.

I'm not afraid of them. I've actually said I'd like to face Moro in a debate over the accusations he has made against me. I would like him to



A pro-Lula demonstration in Sao Bernardo do Campo on 6 April.

show me real evidence. I've challenged the appeals judges in the case to have debates at whatever university they want, for the course they want, and prove whatever crime I've committed in this country.

A long time ago, I dreamt it was possible to rule this country by including millions and millions of poor people in the economy, including millions of people in universities, creating millions and millions of jobs in this country. I dreamt it was possible for a metal worker with no college degree to care for education more than the graduates that ruled this country and its education system.

I dreamt it was possible for us to reduce child mortality by making sure children could have milk, beans and rice every day. I dreamt it was possible to have students from the outskirts at this country's best universities, so that our judges and attorneys were not only members of the elite but we could soon see judges and attorneys who were born in the Heliopolis favela [slum], born in Itaquera, born on the outskirts. We are going to have a lot of people from the Landless Workers' Movement [MST], from the MTST [Homeless Workers' Movement], from CUT [Brazil's largest labour union federation] graduating from university.

This is the crime I've committed. I've committed this crime and they don't want me doing it again. Because of this crime, I have about 10 cases against me. If the charges are for these

crimes, for including the poor in universities, black people in universities, enabling poor people to eat meat, poor people to buy cars, poor people to travel by plane, poor people to have their small farm, have a small business, have their own home: if that is the crime I've committed, then I'd like to say I am going to continue to be a criminal in this country, because I am going to do so much more. I am going to do so much more.

My fellow comrades, in 1986 I was the most voted congressman in the country's history. At the time, people suspected only those who held office would have any power inside the PT. So, comrades, when I realised people suspected only members of the Congress had worth inside the PT ... you know what I did? I resigned because I wanted to prove to the PT that I was still going to be one of its most important names without holding office, because if someone wants to beat me inside the PT, there's only one way to do it: you have to work harder than I do and like the people more than I do, because otherwise you won't beat me.

Now we have very sensitive work to do. I may be experiencing the most outrageous thing a human being can experience. What my family is having to endure is not easy. What my children are having to endure is not easy. What Marisa [Lula's wife] had to endure... I'd like to say that announcing Marisa's death before it happened was a mean, cruel thing the

media and the Public Prosecution did to her. That I am sure of. I think these people don't have children, don't have a soul, they have no idea what a mother or a father feels when they see their child being beaten down, when they see their child being attacked.

So, comrades, I've decided to hold my head up high, but don't you think I am Car Wash. Car Wash has to catch the bad guys who really stole money and lock them up. We all want that. We've been saying throughout our lives: 'Justice only locks up the poor, not the rich.' We've all said that, and I want them to keep sending the rich to prison.

What's the problem? It's that you can't have a trial subjected to the media because deep, deep down, you destroy people in society, you destroy their image, and then the judges will rule and say: 'I can't go against public opinion, they are asking me to hunt them down.' If you want to vote based on public opinion, then take off your robe and run for Congress. Why, being a judge is a job for life. You have to vote based on the court records. I actually think Supreme Court justices should not announce their vote. In the United States, when the vote is over, you don't know how each one cast their vote, precisely to prevent them from being subject to pressure.

Imagine someone is accused of murder but they're not the killer. What does the victim's family want? Their death, their conviction. So a judge, unlike us, has to keep a cool head and be more responsible when accusing or convicting someone. The Public Prosecution is a very powerful institution. That is why these boys who start working at it when they are very young go to law school and can dedicate three years of their lives to get the job, because their parents can afford it... These boys should learn more about life, learn a little bit about politics, to do the job they do in Brazilian society.

There's something called accountability and don't think I am against it when I say that. I was president and appointed four federal prosecutors, and I spoke at all ceremonies

when they took office and said: 'The more powerful the institution, the more accountable its members have to be.' You cannot have the media convict someone before their trial. You remember when I gave a deposition in Curitiba, I told Moro: 'You can't find me not guilty because Globo is pushing you to find me guilty, and that's what you will do.'

I think the appeals court, Moro, Car Wash and Globo, they all have a common dream. Their dream is, first: the coup was not complete after Dilma [Rousseff, Lula's successor as president, was ousted from office]. The coup will only be complete when they manage to stop Lula from running for president in 2018. It's not about me not being elected president. They don't want me to run because there's a possibility that I will win. They don't want Lula back because they think the poor can't have rights. They can't eat prime meat. The poor can't travel by plane. The poor can't go to college. According to them, the poor were born to have low-quality food and things.

So, my fellow comrades, their other common dream is to take a picture of Lula in prison. Oh, I can see *Veja* being so hot for my picture on their cover. I can see Globo being so hot for my picture in prison. They will have multiple orgasms.

They ordered my arrest and let me tell you something: I will obey their warrant. I will, because I want to hand the responsibility over to them. They think everything that happens in this country happens because of me. I've been convicted and sentenced to three years in prison because a judge from Manaus found that I don't need a gun, because I have a sharp tongue so he needs to silence me, because otherwise I would continue to say things like... 'It's crunch time.' The peasants killed a farmer and they thought it was the go-ahead sign.

They have tried to arrest me for obstruction of justice, but that didn't work. Now they want to catch me with preventive detention, which is even more serious, because it does not allow me to file a habeas corpus petition.

Vaccari has been in prison for three years now. Marcelo Odebrecht spent over \$110 million and didn't get a habeas corpus to be released. I will not spend a penny, but I am going there with one belief: they will find out, for the first time, what I have been saying every day. They don't know that this country's problem is not called Lula. This country's problem is all of you, it's people's awareness, it's the Workers' Party, PCdoB [Brazil's Communist Party], the MST, the MTST. They know it's a lot of people.

What our preacher said earlier and I've been saying that in every speech: there is no point in trying to stop me from walking this land, because I have millions and millions of Boulos [Guilherme Boulos, social movement leader and presidential candidate], millions and millions of Manueles [Manuela D'Avila, Communist Party congresswoman and presidential candidate], of Dilma Rousseffs that walk this land for me.

There is no point in trying to end my ideas, they are already lingering in the air and you can't arrest them.

There is no point in trying to stop me from dreaming, because once I cease dreaming I'll keep dreaming through your minds and your dreams.

There is no point in thinking that everything will stop when I have a heart attack. That's nonsense, because my heart shall beat through your hearts, and they are millions of hearts.

There is no point in thinking they will make me stop. I will not stop because I'm not a human being, I'm an idea, an idea that is mixed with all of your ideas. I'm sure our comrades from the Landless and Homeless Workers' Movements, the comrades from the CUT and union movements know that. This is the evidence. I will obey the warrant and all of you are going to have to go through a transformation: your names will no longer be Joey, Johnny or Eddy... All of you, from now on, will become Lula and will walk through this country doing what you must do every day. Every day!

They have to know that the death of a fighter cannot stop the revolution.

tion.

They have to know. They have to know that we will definitely push for media regulation so the people won't be victimised by lies every single day.

They have to know that you guys, who knows, maybe are even more intelligent than me, burning the tyres that you keep on burning, staging demonstrations, occupying lands in urban and rural areas. I have faith that tomorrow, for example, you will receive good news that the land you occupied in Sao Bernardo do Campo, which seemed so difficult, will finally be yours.

Comrades, I had the chance. A few days ago I was on the border with Uruguay, close to Livramento and Rivera, and people were saying: 'Lula, my friend, pretend you are going to buy some booze and escape to Uruguay, stay there with Pepe Mujica, leave and never look back. File for political asylum, you can go to Bolivia's, Uruguay's, Russia's embassies, and from there you keep on speaking...' I'm too old for this. In my age I need to confront them, face to face, and I will face them by obeying the warrant.

I want to know how many days they will spend believing that they have arrested me. As many days as they leave me there, more Lulas will be born in this country and there will be more and more people willing to fight in this country, because in a democracy there is no limit, there's no wrong time to fight.

I've told my comrades: if it were up to me, I wouldn't go, but I'll go because otherwise tomorrow they'll say that I am a fugitive, that I am hiding. No! I'm not hiding! I'll go to them and I'll prove my innocence so that they know I have no fear, that I'm not going to run, and I'm going to prove my innocence. They must know that.

Let them do as they wish. Whatever they want. I'm going to quote what a little 10-year-old girl once said to me in Catanduva, a quote that has no author. She said: 'The powers that be might kill one, two or three roses, but they will never be able to stop the

spring from coming.' And our struggle is a quest for the spring.

They must know we want more housing, more schools, less mortality. We don't want to see the same brutality they did to Marielle [Franco, a leftist Rio de Janeiro city councillor assassinated in March].

We don't want to see the same barbaric treatment black youth get in this country.

We don't want to see more child mortality caused by malnutrition in this country. We don't want to see a teenager who doesn't have any hope of going to university, because this country is such a nitwit that it was the last country in the world to have a university. The last! All of the poorer countries had one, but they didn't want to see our youth get educated. They said it was too expensive and it makes me wonder: what was the cost of not doing this 50 years ago?

I want you all to know that I'm deeply proud, deeply, deeply proud, of being the only president that didn't have a college degree, but that I'm also the president that built more universities in the history of this country to show those people they must not mistake intelligence with the number of years you spend in school. This isn't intelligence, this is knowledge.

Intelligence is when you choose a side, when you don't fear arguing with your comrades about what really matters, and what really matters right now is to make sure this country has civility back. They will not sell Petrobras [state oil company]! Let's push a new Constitution! Let's revoke the oil law they're making! We won't let them sell BNDES [Brazil's public development bank], we won't let them sell Caixa [Brazil's Federal Bank], we won't let them destroy Banco do Brasil [Brazil's public bank]. We will strengthen family agriculture, which is responsible for 70% of all the food we eat in this country.

And with this belief, comrades, holding my head up high, like I am here speaking to you, I want to get there and tell the chief police officer: I am here at your disposal.

History, in a few days, will prove

those who committed a crime were the chief officer who accused me, the judge who tried me, and the prosecution who treated me as a light matter.

For this reason, comrades, my heart doesn't have enough room for everyone, but I want you to know that, if there is something I grew to like in this world, that's my relationship with the people.

When I hold your hand, when I hug one of you – and now I kiss men and women alike, everyone's the same – when I kiss one of you, it's not with a hidden agenda. I am kissing you because when I was president, I used to say: 'I am going back to where I came from.'

I know who my friends are for eternity and who is here only on occasion. The white-collar ones, who would come to me all the time, are now gone and the comrades who are here with me are those who were my friends before I became president. That friend who used to eat rabada at Zelao, who used to eat chicken and polenta at Demarchi, who used to eat caldo de mocoto at Zelao, they are still our friends. They have the courage to occupy a land plot to build their houses, they are the ones with the courage to stage a strike against the social security, they are the ones occupying lands to start a productive farm, they are the ones who actually need the state.

Comrades, let me tell you something: you shall see that I will get out of this greater, stronger, more real and innocent, because I want to prove they are the ones who committed a crime, a political crime by persecuting a man who has a 50-year history in politics, and I am very grateful for that.

I cannot repay the gratitude, the appreciation and the respect you have been giving me throughout all these years. I want to tell you, Guilherme, Manuela, both of you, I am proud to belong to a generation that is almost over, but to see two young people fight for their right to become president of this country. So, I salute you, and rest assured: this neck will not look down. My mom gave me a short neck so it does not look down, and it won't because I will leave with my

head held high and my chest out, because I will prove my innocence.

Thank you, comrades, thank you so much for all you have done for me. Thank you very much, my friends! ♦

Reproduced from the teleSUR website (www.telesurtv.net/english), the above is an edited version of a translation of Lula's speech first published in Brasil de Fato (www.brasildefato.com.br). Translators: Aline Scátola and Pedro Ribeiro Nogueira.

'Lula for the Nobel'

Argentine activist, writer and artist *Adolfo Pérez Esquivel*, winner of the Nobel Peace Prize in 1980, has initiated a campaign calling for Lula to be awarded the Prize. The following is an English translation of his nomination letter to the Norwegian Nobel Committee.

RECEIVE my fraternal and cordial greetings of Peace and Good.

Through this letter, I would like to present to this Committee the candidacy for the Nobel Peace Prize of Luiz Inácio 'Lula' da Silva, President of the Federal Republic of Brazil between 2003 and 2010, who throughout his social commitments to trade unions and as a politician, developed public policies to overcome hunger and poverty in his country, which has one of the highest levels of structural inequality in the world.

As you well know, peace is not only the absence of war or the death of one or many people, peace is also to give hope to the future of the people, especially to the most vulnerable sectors, victims of the 'culture of discarding' that Pope Francis speaks about. Peace is to include and protect those whom today's economic system condemns to death and multiple violence. According to the latest report of the United Nations' Food and Agriculture Organisation (FAO) of 2017, hunger affects more than 815 million people in the world. It is a plague and a crime suffered by peoples subjected to poverty and marginality, who are robbed of life and hope for generations. For this reason, if a national government becomes a global example of the fight against poverty and inequality, against structural violence that afflicts us as humanity, such government deserves recognition for its contribution to peace for humanity.

'Lula' da Silva had amongst his government's fundamental axes a

commitment to the poor by implementing public policies to overcome hunger and poverty. In January 2003, in his inaugural address as President of the Republic, he stated: 'We are going to create the conditions that all people in our country can eat decently three times a day, every day, without the need of charitable donations from anyone. Brazil can no longer coexist with so much inequality. We need to overcome hunger, poverty and social exclusion. Our war is not to kill anyone: it is to save lives.' And indeed, the 'Zero Hunger' and 'Bolsa Família' programmes lifted more than 30 million people out of extreme poverty, making Brazil a successful model and recognised worldwide by international organisations such as FAO, the United Nations Development Programme (UNDP) and the World Bank.

- The percentage of people living on less than \$3.10 per day fell from 11% in 2003 to around 4% in 2012, according to World Bank data.

- There was a reduction in the unemployment rate close to 50%, according to the Brazilian Institute of Geography and Statistics (IBGE). And also the creation of 15 million new job positions, according to data from the Ministry of Labour.

- According to the Institute of Applied Economic Research (IPEA), the Brazilian Gini coefficient was 0.583 in 2003, and in 2014 it was 0.518, which indicates that the social policies applied by the Partido dos Trabalhadores (PT – Workers' Party)

left Brazil with less social inequality. On average, inequality fell 0.9% per year in the period between 2003-16.

- The implementation of education and collective health programmes raised the Human Development Index (HDI) of Brazil, an index elaborated by UNDP. In 2010, Brazil reached \$10,607 annual average income, a life expectancy of 72.9 years, a schooling of 7.2 years of study, and a school life expectancy of 13.8 years.

Lula's government was a democratic and participatory construction, with non-violent means, that raised the population's standard of living and gave hope to the most needy sectors. The world recognises that there was a 'before' and an 'after' in the history of inequality in Brazil after the two presidencies of Luiz Inácio da Silva.

The contribution of 'Lula' to Peace is a concrete fact in the lives of the Brazilian people, and reinforced by studies of various international organisations.

These results of the PT government programmes in Brazil to overcome poverty and hunger were not a state policy that other government parties have taken on but a specific government policy that Brazil is gradually abandoning.

This is demonstrated by the Inter-American Development Bank (IDB), which announced that in 2017, Brazil had more than 3 million new poor people because of the policies of the current government. For the reasons above, with the same sense of hope that Martin Luther King conveyed when he said 'even if I knew that tomorrow the world would go to pieces, I would still plant my apple tree', we are many who believe that the Nobel Peace Prize for 'Lula' da Silva will help strengthen the hope of being able to continue building a new beginning to dignify the tree of life. ♦

To show support for the 'Nobel Peace Prize to Lula da Silva' campaign, please visit <https://www.change.org/p/premio-nobel-de-la-paz-para-lula-da-silva-pr%C3%A2mio-nobel-da-paz-a-lula-da-silva-nobel-peace-prize-to-lula-da-silva-friedensnobelpreis-an-lula-da-silva-premio-nobel-per-la-pace-a-lula-da-silva>

In Latin America 'Me Too' doesn't always mean the same thing

Feminist activism in Latin America has always been based on a political and structural analysis of violence and it is this that differentiates it from movements born in North America such as the 'Me Too' movement.

Fabiana Frayssinet

FROM the Argentine slogan '*Ni una menos*' (Not one [woman] less) to Colombia's 'Now is not the time to remain silent', activism against gender violence has grown in Latin America since 2015, with campaigns that have social and cultural differences from the 'Me Too' movement that emerged later, in 2017, in the United States.

Mass marches in 80 Argentine cities in June 2015, with the theme '*Ni una menos*', against femicides – gender-related murders – generated a movement that a year later was replicated in Peru, while in post-peace-agreement Colombia women revived the slogan 'Now is not the time to remain silent', and in Mexico there was a National Campaign Against Femicide with slogans such as '*Ni una muerta más*' (Not one more woman killed).

The global mobilisation of women against gender violence led UN Women to decide to focus this year's International Women's Day, celebrated on 8 March, on the theme 'Time Is Now: Rural and Urban Activists Transforming Women's Lives', as a way to strengthen movements that are modifying the general perception about the problem.

In the case of Latin America, Montserrat Sagot, director of the Costa Rican Research Centre for Women's Studies, told Inter Press Service (IPS) from San Jose that in the 1990s the Central American Feminist Network Against Violence Towards Women was a pioneer in demanding laws and public policies against vio-



A demonstration in Buenos Aires against gender violence. The poster on the left reads, 'If you love me, do not hurt me, do not rape me, do not kill me, love me'.

lence.

She said Costa Rica's law against domestic violence was passed in 1997, and that in Central America a successful campaign began more than a decade ago to introduce femicide as a new crime in domestic legislation, and thus specifically criminalise gender-based murders of women.

'The existing movements are a continuation of these first three initiatives, and respond to conditions of extreme violence against women in the region. Central America is one of the most violent regions in the world outside war zones,' said Sagot, who is also a specialist in gender issues at the Latin American Council of Social Sciences (CLASCO), based in Buenos Aires.

According to the UN Economic

Commission for Latin America and the Caribbean (ECLAC), there are at least 12 femicides a day in Latin America and the Caribbean, a region with 14 of the 25 countries in the world with the highest rates of gender-based murders.

For Sagot, feminist activism in Latin America has always been based on a political and structural analysis of violence, understood as a component of a system 'deeply interwoven with the conditions of economic and political oppression'.

That, she said, differentiates it from movements born in the industrialised North, such as the 'Me Too' movement which has become viral since October 2017 on social networks, triggered by the sex abuse scandal in Hollywood.

Fabiana Frayssinet/IPS



Protesters in Lima carrying black crosses symbolising the victims of femicide in Peru and other Latin American countries.

‘As an activist against violence for decades, it always seems important to me that voices be raised against this serious and prevalent problem, that voices of famous women join the fight,’ said Sagot.

‘But this type of movement, from my point of view, homogenises women and makes us all appear as victims of the same forms of violence. There is no analysis of the different forms of violence that affect women according to their class, race, age and migration status, for example,’ she said.

In Colombia, where a peace deal was signed in 2016 after 52 years of armed conflict, Adriana Arroyo, director of the International Centre of Education and Human Development (CINDE), highlighted the 1996 Women’s Peace Route and the 2009 ‘Now is not the time to remain silent’ movement, among the movements that emerged in response to violence against women.

‘Some of the particular characteristics of Colombia are its background of armed conflict, and the sexual violence of all kinds that women and girls have suffered, whose impacts are only now becoming visible,’ she told IPS from the Colombian city of Medellín.

In her opinion, landmark cases of femicide in the region ‘generate a lot of media coverage but not necessarily visible transformations in everyday practices and in “machismo” at a micro level or the broader living conditions of women and girls’.

‘I think #MeToo is a valuable opportunity to denounce and make visible the different types of violence that women experience, especially in the workplace, but it is important that it does not lead to vicious extremes, and that other educational actions be carried out as well as social mobilisation to build an understanding of patriarchal violence, its causes, effects and the transformations that are necessary,’ she added.

Carmen Beramendi, director of the Latin American Faculty of Social Sciences in Uruguay and alternate senator for the governing Broad Front coalition, told IPS that movements such as the Uruguayan Network Against Domestic and Sexual Violence were the ones that created public debate on this issue 20 years ago.

The network was the first to carry out public campaigns with athletes, artists and other well-known figures. ‘Today they have been articulating with other struggles that have given it a distinctive character, bringing in younger women who are moved to take to the streets, with the slogan “*Ni una menos*”, against street harassment, against trafficking in women,’ she said from Montevideo.

‘It’s as if a new expression of a diverse feminist collective is emerging, as if there were a true “feminist spring” challenging the foundations of a strong, violent and powerful patriarchy. The struggles are increasingly questioning the power relations in all areas,’ she said.

Beramendi considered that ‘more than establishing differences’ with movements from the North, ‘there are issues that unite us with women warriors from different parts of the world’.

But she stressed that the region has unique instruments such as the Inter-American Convention on the Prevention, Punishment and Eradication of Violence against Women adopted by the General Assembly of the Organisation of American States (OAS) in 1994, in the Brazilian city of Belém do Pará.

She said campaigns like Me Too ‘contribute to removing from the private sphere forms of oppression experienced by women who have a high level of visibility and who have access to the mass media. I think it’s part of the symbolic conflict.’

The Uruguayan activist dismissed criticism of movements such as Me Too for taking their activism to events like beauty pageants or artiste award ceremonies.

‘It is also valid to think what it means that there are more and more places where women with a microphone express the harassment and violence they have suffered. I do not want to fall into a Manichaean vision of the world. Changes always include both ruptures and continuities, on the outside and within ourselves. They do not happen in a straight upward line, and progress contains contradictions,’ she said.

Karina Bidaseca of Argentina, coordinator of CLASCO’s South-South Programme, told IPS that movements such as *Ni Una Menos* or *Ni Una Más* ‘have managed to cross borders, to express a collective voice and confront the patriarchal power that structures our societies’.

For her, feminist activism in the North does not represent this region.

The Argentine, Peruvian or Mexican movements, or the ‘community feminism’ in Bolivia or the March for the Good Living of Mapuche indigenous women in Chile and Argentina, ‘emerge in unique contexts and express specific historical, political and social contexts’, she said. – IPS ◆

Noemi Melgarejo/IPS

Colonising the Western mind

Today we live beneath an invisible cultural hegemony, a set of ideas implanted in the mass mind by the US state and its corporate media over decades, says *Jason Hirthler*.



'What matters to the one percent and the media conglomerates that disseminate their worldview is that the official definitions are accepted by the masses.'

IN Christopher Nolan's captivating and visually dazzling film *Inception*, a practitioner of psychic corporate espionage must plant an idea inside a CEO's head. The process is called 'inception', and it represents the frontier of corporate influence, in which mind spies no longer just 'extract' ideas from the dreams of others, but seed useful ideas in a target's subconscious.

Inception is a well-crafted piece of futuristic sci-fi drama, but some of the ideas it imparts are already deeply embedded in the American subconscious. The notion of inception, of hatching an idea in the mind of a man or woman without his or her knowledge, is the kernel of propaganda, a black art practised in the United States since the First World War.

Today we live beneath an invisible cultural hegemony, a set of ideas implanted in the mass mind by the US

state and its corporate media over decades. Invisibility seems to happen when something is either obscure or ubiquitous. In a propaganda system, an overarching objective is to render the messaging invisible by universalising it within the culture. Difference is known by contrast. If there are no contrasting views in your field of vision, it's easier to accept the ubiquitous explanation.

The good news is that the ideology is well-known to some who have, for one lucky reason or another, found themselves outside the hegemonic field and are thus able to contrast the dominant worldview with alternative opinions. On the left, the ruling ideology might be described as neoliberalism, a particularly vicious form of imperial capitalism that, as would be expected, is camouflaged in the lineaments of humanitarian aid and succour.

Inception 1971

In a short span of time in the 1970s, dozens of think-tanks were established across the Western world and billions of dollars were spent proselytising the tenets of the Powell Memo in 1971, which galvanised a counter-revolution to the liberal upswing of the Sixties. The neoliberal economic model of deregulation, downsizing and privatisation was preached by the Reagan-Thatcher junta, liberalised by the Clinton regime, temporarily given a bad name by the unhinged Bush administration, and saved by telegenic restoration of the Obama years. The ideology that underlay the model saturated academia, notably at the University of Chicago, and the mainstream media, principally at *The New York Times*. Since then it has trickled down to the general populace, to whom it now feels second nature. Today think-tanks like the Heritage Foundation, Brookings Institute, Stratfor, Cato Institute, American Enterprise Institute, Council on Foreign Relations, Carnegie Endowment, Open Society Foundation and the Atlantic Council, among many others, funnel millions of dollars in donations into cementing neoliberal attitudes in the American mind.

The ideological assumptions, which serve to justify what you could call neocolonial tactics, are relatively clear. The rights of the individual to be free of overreach from monolithic institutions like the state. Activist governments are inherently inefficient and lead directly to totalitarianism. Markets must be free and individuals must be free to act in those markets. People must be free to choose, both politically and commercially, in the voting booth and at the cash register.

This conception of markets and

individuals is most often formulated as ‘free-market democracy’, a misleading conceit that conflates individual freedom with the economic freedom of capital to exploit labour. So when it comes to foreign relations, American and Western aid would only be given on the condition that the borrowers accepted the tenets of an (highly manipulable) electoral system and vowed to establish the institutions and legal structures required to fully realise a Western market economy. These demands were supplemented with notions of the individual right to be free of oppression, some fine rhetoric about women and minorities, and somewhat more quietly, a judicial understanding that corporations were people, too. Together, an unshackled economy and an unfettered populace, newly equipped with individual rights, would produce the same flourishing and nourishing demos of mid-century America that had been the envy of humanity.

A false promise

This ‘Washington Consensus’ is the false promise promoted by the West. The reality is quite different. The crux of neoliberalism is to eliminate democratic government by downsizing, privatising and deregulating it. Proponents of neoliberalism recognise that the state is the last bulwark of protection for the common people against the predations of capital. Remove the state and they’ll be left defenceless. Think about it. Deregulation eliminates the laws. Downsizing eliminates departments and their funding. Privatising eliminates the very purpose of the state by having the private sector take over its traditional responsibilities. Ultimately, nation-states would dissolve except perhaps for armies and tax systems. A large, open-border global free market would be left, not subject to popular control but managed by a globally dispersed, transnational one percent. And the whole process of making this happen would be camouflaged beneath the altruistic stylings of a benign humanitarianism.



Iran's oil sector has been the target of US economic sanctions. By sanctioning the target economy, Washington can ‘make the economy scream’.

Globalists, as neoliberal capitalists are often called, also understood that democracy, defined by a smattering of individual rights and a voting booth, was the ideal vehicle to usher neoliberalism into the emerging world. Namely because democracy, as commonly practised, makes no demands in the economic sphere. Socialism does. Communism does. These models directly address ownership of the means of production. Not so democratic capitalism. This permits the globalists to continue to own the means of production while proclaiming human rights triumphant in nations where interventions are staged. The enduring lie is that there is no democracy without economic democracy.

What matters to the one percent and the media conglomerates that disseminate their worldview is that the official definitions are accepted by the masses. The real effects need never be known. The neoliberal ideology (theory) thus conceals the neoliberal reality (practice). And for the masses to accept it, it must be mass-produced. Then it becomes more or less invisible by virtue of its universality.

A pretext for pillage

Thanks to this artful disguise, the West can stage interventions in nations reluctant to adopt its platform of exploitation, knowing that on top of the depredations of an exploitative economic model, they will be asked to call it progress and celebrate it.

Washington, the metropolitan heart of neoliberal hegemony, has numerous methods of convincing reluctant developing nations to accept its neighbourly advice. To be sure, the goal of modern colonialism is to find a pretext to intervene in a country, to restore by other means the extractive relations that first brought wealth to the colonial North. The most common pretexts for intervention depict the target nation in three distinct fashions.

First, as an economic basket case, a condition often engineered by the West in what is sometimes called ‘creating facts on the ground’. By sanctioning the target economy, Washington can ‘make the economy scream’, to use war criminal Henry Kissinger’s elegant phrasing. Iran, Syria and Venezuela are relevant examples here.

Second, the West funds violent opposition to the government, producing unrest, often violent riots of the kind witnessed in Dara, Kiev and Caracas. The goal is either to capsize a tottering administration or to provoke a violent crackdown, at which point Western embassies and institutions will simultaneously send up cries of tyranny and brutality and insist the leader step aside. Libya, Syria and Venezuela are instructive in this regard.

Third, the country will be pressured to accept some sort of military fettering thanks to either a false flag or manufactured hysteria over some domestic programme, such as the WMD restrictions on Iraq, chemical weapons restrictions on Syria, or the civilian nuclear energy restrictions on Iran. Given that the US traffics in WMDs, bioweapons and nuclear energy itself, insisting others forsake all of these is perhaps little more than racially motivated despotry. But significant fear mongering in the international media will provide sufficient moral momentum to ram through sanctions, resolutions and inspection regimes with little fanfare.

Schooling the savages

Once the pretext is established, the appropriate intervention is made. There's no lack of latent racism embedded in each intervention. Something of Edward Said's Orientalism is surely at play here; the West is often responding to a crude caricature rather than a living people. One writer, Robert Dale Parker, described Western views of Asia as little more than 'a sink of despotism on the margins of the world'. Iran is incessantly lensed through a fearful distrust of the 'other', those abyssal Persians. Likewise, North Korea is mythologised as a kingdom of miniature madmen, possessed of a curious psychosis that surely bears no relation to the genocidal cleansing of 20% of its population in the Fifties, itself an imperial coda to the madness of Hiroshima.

The interventions, then, are little different from the missionary work of early colonisers, who sought to en-

trap the minds of men in order to ensnare the soul. Salvation is the order of the day. The mission worker felt the same sense of superiority and exceptionalism that inhabits the mind of the neoliberal. Two zealots of the age peddling different editions of a common book. One must carry the gospel of the invisible hand to the unlettered minions. But the gifts of the enlightened interloper are consistently dubious.

It might be the loan package that effectively transfers economic control out of the hands of political officials and into the hands of loan officers, those mealy-mouthed creditors referred to earlier. It may be the sanctions that prevent the country from engaging in dollar transactions and trade with numberless nations on which it depends for goods and services. Or it might be that controversial UN Security Council resolution that leads to a comprehensive agreement to ban certain weapons from a country. Stipulations of the agreement will often include a byzantine inspections regime full of consciously-inserted tripwires designed to catch the country out of compliance and leverage that miscue to intensify confrontational rhetoric and implement even more far-reaching inspections.

Cracking the shell

The benign-sounding structural adjustments of the West have fairly predictable results: cultural and economic chaos, rapid impoverishment, resource extraction with its attendant ecological ruin, transfer of ownership from local hands to foreign entities, and death from a thousand causes.

We are currently sanctioning around 30 nations in some fashion; dozens of countries have fallen into 'protracted arrears' with Western creditors; and entire continents are witnessing huge outflows of capital – in the order of \$100 billion annually – to the Global North as debt service. The profiteering colonialists of the West make out like bandits. The usual suspects include Washington and its loyal lapdogs, the IMF, World Bank, EU, NATO and other interna-

tional institutions, and the energy and defence multinationals whose shareholders and executive class effectively run the show.

So why aren't Americans more aware of this complicated web of neo-colonial domination? Italian communist Antonio Gramsci, who pioneered the concept of cultural hegemony, suggested that the ruling ideologies of the bourgeoisie were so deeply embedded in popular consciousness that the working classes often supported leaders and ideas that were antithetical to their own interests. Today, that cultural hegemony is neoliberalism. Few can slip from its grasp long enough to see the world from an uncoloured vantage point. You'll very rarely encounter arguments like this leafing through the *Times* or related broadsheets. They don't fit the ruling dogma, the *Weltanschauung* (worldview) that keeps the public mind in its sleepy repose.

But French-Algerian philosopher Louis Althusser, following Gramsci, believed that, unlike the militarised state, the ideologies of the ruling class were penetrable. He felt that the comparatively fluid zones of Ideological State Apparatuses (ISAs) were contexts of class struggle. Within them, groups might attain a kind of 'relative autonomy', by which they could step outside of the monolithic cultural ideology. The scales would fall. Then, equipped with new knowledge, people might stage an inception of their own, cracking open the cultural hegemony and reshaping its mythos in a more humane direction.

This seems like an imperative for modern American culture, buried as it is beneath the hegemonic heft of the neoliberal credo. These articles of false faith, this ideology of deceit, ought to be replaced with new declarations of independence, of the mind if not the mainstream. ♦

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Ellis Ayitey Komey (b. 1927) is a Ghanaian poet, short-story writer and editor.

The change

Ellis Ayitey Komey

Your infancy now a wall of memory
In harmattan the locusts filled the sky
Destroying the sweat put into the field
And restless seas shattered canoes
The fisher-folk put to sail by noon.
The impatience in your teens
Yet silent were your dreams
With the fires in your heart
Breaking the mask of innocence.
The evasive solitude in your womb
And the determination of your limbs
With eyes like the soaring eagle
Shattering the glass of ignorance.
Your infancy now a wall of memory
Before this you, like the worms,
Leaning on for vain indecorous dreams
And the cobras with venomous tongues
Licking the tepid blooms of hibiscus.