Global Backlash

Citizen Initiatives for a Just World Economy

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Part II

The Historical Context

Before moving forward into the global backlash's proposals, initiatives, and debates (in Parts III–V), let us step back in time. Too often, both proponents and opponents of the current corporate-dominated economic globalization articulate their visions and their proposals as if there were no historical precedents. The debate outlined in the first section did not begin in the modern period of so-called globalization; indeed, it has antecedents through history. The slave trade, colonialism, and imperial expansion set up economic, social, and environmental dynamics that still play out in today's global economy. Nearly every country's economy was reshaped substantially between the fifteenth century and the Second World War by the activities of colonial authorities and their corporate extensions such as the Dutch East India Company. And, as the citizen backlash argues, this has continued since World War II as newer private and public global economic actors have exercised a major impact on poor countries and on vulnerable populations within all countries, be they rich or poor.

The purpose of this section is to take a brief glance back, to enrich our understanding of the shoulders on which today's global citizen backlash—knowingly or unknowingly—sits. This sweeping glance at history will also help elucidate the debates within today's global backlash to change economic globalization. I have selected the readings in this section to offer a number of insights from history: (1) that economic integration not only pre-dates the period of so-called globalization from the 1990s onward but goes back centuries; (2) that as long as that economic integration has been occurring, so too have critics been pointing out its adverse economic, social, and environmental impacts; (3) that those adverse impacts have catalyzed resistance in various shapes and forms, governmental and nongovernmental, that also goes back centuries; and, finally, (4) that from those critics and that resistance have come proposals (again, both governmental and nongovernmental) to change the way economic integration works, proposals that can be compared and contrasted with today's citizen proposals in aim as well as content.

The eight readings in this section divide rather neatly into three historical periods: pre–World War II, the quarter century after the war, and the debates of the 1970s. (Parts III through V of this book concentrate on the post-1990s period.)

During the first of these periods, beginning with the initial significant overseas economic exchanges some five centuries prior to World War II, many economies were integrated into the global economy in ways that served the needs of the colonial powers over those of the colonies and local populace. Popular resistance to slavery and colonialism erupted at different times in different parts of the world.

We then move from the colonial times to look at the period from World War II through the 1970s. During and after World War II, the three public multilateral institutions that would govern the global economy were set in place. At the same time, modern transnational (or multinational, as some call them) corporations emerged in the post–World War II period as the key dynamic private institutions driving the integration of global production, consumption, and financial chains. However, not all were pleased with this growth of public and private institutions. As we will see, in the post–World War II period, the 1970s especially established a benchmark of concern and counterproposals: developing country governments banded together to pose alternative rules and institutions, and popular resistance to different aspects of economic globalization spread in many nations.

In expanding on this overview, Part II aims not to repeat the broad debate among proponents and opponents of corporate globalization laid out in Part I, but rather to lay the groundwork for understanding the roots of the critique and how current proposals, initiatives, and debates within the citizen backlash build on these historic critiques and proposals and how they break with them.

Pre–World War II

Economic integration among countries is hardly new; the era of significant economic interactions among countries goes back at least to Columbus's voyages beginning in the late fifteenth century. Before 1492, most of the regions of the world were largely self-sufficient. Most of what people ate, wore, and used was produced locally. But this was changed over the next two to three centuries, as a few colonial powers built fleets and militaries and began to claim large parts of the rest of the world under their rule. During this earlier era of economic integration, the central driving force was colonialism. Once the colonizers took over a territory, they began to transform economic activity. As Cecil Rhodes, British colonial founder of Rhodesia, put it rather bluntly, "We must find new lands from which we can easily obtain raw materials and at the same time exploit the cheap slave labour that is available from the natives of the colonies. The colonies would also provide a dumping ground for the surplus goods produced in our factories."[1]

This economic transformation was anything but benign. Excerpts from two classics detail this brutal creation of a "colonial division of labor," and its winners and losers. In the first excerpt, the late Walter Rodney provides an articulate voice of outrage at "how Europe underdeveloped Africa" through trade patterns that began before formal colonialism with the slave trade. Rodney, a native Guyanese who received a doctorate from the London School of Oriental and African Studies at age 24 and was banished from Jamaica for political activities in 1968, wrote the book while teaching in Tanzania during the reign of Julius Nyerere. As a memorial essay to Rodney recalled, "Rodney's most well-known book, *How Europe Underdeveloped Africa*, . . . was greeted with relative silence by African experts at universities in North America and Europe" given "the sense of outrage in the academy at a book which deliberately undermined [the then-prevailing] paradigms on Africa." Eventually, however, Rodney's book "was an enormous success on the continent where it became essential reading at most universities."[2] Indeed, Rodney's 1972 book (excerpted in Reading 2.1) became one of the best-known chronicles of the precolonial and colonial history of Africa; it remains a time-honored classic.

Other researchers and critics have analyzed not only the colonial period itself but also the impact of colonial patterns on contemporary problems such as environmental degradation and hunger. The equivalent analysis for Latin America is Eduardo Galeano's *Open Veins of Latin America*, with its economic, social, and environmental critique:

> Latin America is the region of open veins. Everything, from the discovery until our times, has always been transmuted into European—or later United States—capital, and as such has accumulated in distant centers of power. Everything: the soil, its fruits and its mineral-rich depths, the people and their capacity to work and to consume, natural resources and human resources.[3]

In the second excerpt (Reading 2.2), Frances Moore Lappé and Joseph Collins explicitly link this transformation of the colonies' agricultural sector to the legacy of modern hunger. At the time they penned *Food First* from which this reading is excerpted, Lappé was well-known as the author of bestseller *Diet for a Small Planet*, a book that provided analysis of and sample recipes for environmentally sustainable, protein-rich nutrition. In 1975, she and *Food First* coauthor Joe Collins had cofounded the California-based Institute for Food and Development Policy, better known today as Food First after their well-circulated and much-discussed book.

The history of the transformation of "the international division of labor"—how different countries relate to the world economy—suggested by these two readings is crucial to understanding the evolution of today's trade and investment patterns. Free-market economists, with their concept of "comparative advantage," write as if a country's trade and investment patterns are almost God-given, rather than the results of historical forces (combined, of course, with the realities of climate, etc.). But it is inaccurate to think of Ecuador, for example, as exporting bananas or Ghana cocoa simply because of a comparative advantage that resulted from the workings of the invisible hands of "free" market forces. That the Philippines should become the world's primary exporter of coconut products, for instance, was not merely a matter of climate and advantage; rather, the Spanish colonizers required each Filipino "indio" to plant a certain number of coconut trees.[4] The point is that broad historical events, shaped by governments and even individuals, created colonial trade and investment patterns that laid the groundwork for today's trade and investment patterns. Moreover, these patterns were created to serve narrow economic and political interests.

This historical foundation will be useful later in comprehending why the global backlash believes that these patterns can be changed, as well as in judging the effectiveness of various contemporary proposals to render trade, investment, and financial flows more socially and environmentally responsible. In fact, just as economic integration began centuries ago, so did innovative local, regional, and transnational resistance to economic globalization.

In a third reading (Reading 2.3), public educator and activist Zahara Heckscher makes this crucial point by analyzing five such resistance movements between the late eighteenth century and the early twentieth century. Each movement addressed different negative impacts of economic integration; each brought forth a unique kind of resistance. But as Heckscher analyzes the five case studies, she finds she has unearthed historical "antecedents to today's international campaigns against corporate globalization." (A note on this excerpt: This is the one reading that is not a reprint but was "commissioned" for this book. Heckscher began her inquiry into the history of resistance against economic integration as my graduate research assistant. After months of searching, we discovered that a suitable, integrative reading that made this point did not seem to exist—a fascinating commentary on the backlash's relative lack of historical perspective. Thus, we decided that she should write it herself. She was, at that point, already active in local and global social justice organizations and an accomplished author.)

World War II and the Early Postwar Years

With that broad sweep of almost 500 years of economic integration and resistance prior to World War II, this section now examines the public and private institutions that manage and dominate the post–World War II global economy.

First, the public institutions. To understand the mandates of the new public institutions—the World Bank, the IMF, and the General Agreement on Tariffs and Trade (GATT)—that were set up in the 1940s to govern the postwar world economy, one actually has to go back to the 1920s and the 1930s and the Great Depression. In the decade leading up to World War II, there was a total breakdown of the global economic order. First came financial panic—the so-called stock market crash; this sent production into a tailspin. Countries protected dwindling production and jobs in part by launching trade wars and implementing "beggar-thy-neighbor" policies (through policies such as competitive "cut-throat" devaluations) to protect their own markets while trying to out-export their rivals.

The Depression years and the world war that ensued were crisis times for the global economy—so trying that while the war was still raging (indeed, before it was at all clear which side would be victorious), some of the leading economic thinkers from the richer countries (including Britain's renowned Lord John Maynard Keynes, the father of modern macroeconomics, which serves as the foundation for modern macroeconomic policy) began to exchange drafts of visions for the postwar public multilateral institutions. The goal of the drafters was to create multilateral institutions that would not only rebuild the postwar world economy and manage trade, production, and finance, but also prevent future global economic breakdown. In 1944, at Bretton Woods, New Hampshire, as Dean Acheson wrote (Reading 2.4), he was "present at the creation" of two of these institutions: the World Bank and the International Monetary Fund. Acheson, who was then assistant secretary of state for economic affairs, subsequently became President Truman's secretary of state. His excerpt is meant to provide a kind of "we were there" look at these institutions.

It is also meant to be a reminder that there were lofty goals and intricate planning that went into the public institutions that manage today's world economy. In finance, the IMF was created to oversee an orderly exchange rate system and to provide short-term loans for countries that experienced unexpected shocks to their balance of payments. To stimulate production and the rebuilding of war-ravaged nations, a World Bank (officially the International Bank for Reconstruction and Development) was created to offer long-term, low-interest loans for "reconstruction" for Europe and "development" of Third World countries. (Over a 150-year time span from the 1800s through World War II, most of the Third World ceased being colonies.) In addition to these "Bretton Woods twins," the GATT was set up to oversee the reduction of tariff barriers to trade in manufactured goods. (GATT was the least powerful of the trio and in 1995 was subsumed by a more powerful World Trade Organization, as discussed in Part III. More detail on these institutions is found in Reading 2.8.)

In addition to gearing up production, finance, and trade, these post–World War II public institutions created an atmosphere ideal for the growth and global spread of large private corporations, the twentieth century's version of the East India Company and the like. As barriers to trade and investment fell in the decades following World War II, several hundred large private corporations began to weave global webs of production, consumption, finance, and culture. More and more of what people around the globe ate, drank, wore, drove, and entertained themselves with became the product of global assembly lines.

Proposals to Close the Gap between North and South

The rapid growth and influence of both modern global corporations and the public "multilateral" institutions over the development process elicited debate over other possible routes to development. The multilateral economic institutions increasingly counseled developing countries to open up their economies to the world economy through free trade and investment flows that seemed to benefit transnational corporations while exacerbating the gap between "developed" and "developing" countries. The controversy surrounding the free-market advice offered by these institutions fed into a debate about how developing countries should relate to the world economy. Likewise, the global expansion and enlargement of modern multinational corporations elicited a debate over whether they should be allowed to move around the globe freely or whether there should be "checks" placed on them (and who should place those checks and how to do so).

From Latin America starting as early as the late 1950s came a Southern "homegrown," influential critique and alternative development program; the "structuralists" sought to restructure developing countries' positions in the world economy. The structuralists' critique focused not on environmental or social and other distributional issues within a country, but rather on the question of why "development" was disproportionately benefiting richer "core" countries rather than poorer "periphery" ones and why the gap between the two appeared to be growing rather than shrinking. Argentine Raul Prebisch, the father of "structuralism," counseled that, as long as countries in the "periphery" relied on commodity exports and manufactured imports (i.e., as long as they were mired in the colonial division of labor), their economies would be exploited to the benefit of the "core" countries. Indeed, Prebisch and others at the Chilean-based UN Economic Commission for Latin American (set up in 1948) suggested that the very development of the core depended on the underdevelopment of the periphery—to the extent that periphery countries were actually moving backwards economically as the value of their commodity exports fell relative to the value of their manufactured imports (or "declining terms of trade").

To break out of this bind, Prebisch—and fellow structuralists Celso Furtado and Hans Singer (among others)—instead suggested temporarily delinking parts of an economy from the world economy to build up industrial capacity and internal markets through a concerted, multi-tiered plan of import-substitution industrialization geared to move a country into ever-higher value-added manufactured goods. Only when it had built up the capacity for industrial exports, according to Prebisch, could a country in the periphery reinsert itself on an equal basis in the world economy. This was more than an academic debate. Indeed, Prebisch and structuralism changed both national policies and the global debate. Prebisch's vision led Southern countries across the globe—from Brazil to the Philippines—to try import substitution over the course of the 1950s and 1960s.

Then came the 1970s. The 1970s witnessed a significant increase in transnational corporations' "global reach," as Richard Barnet and Ronald Müller so aptly phrased it in their writing, which culminated in one of the first books to chronicle the expansion of these corporations—and the transnational banks that funded them—into the Third World.[5] With the rise of transnational corporations (TNCs) in the 1970s came increasing concern over TNCs' economic and political power vis-à-vis Third World governments.

A major scandal with one TNC became the poster child for these concerns. Allegations arose in the early 1970s that the U.S.-based multinational International Telephone and Telegraph (ITT) had offered funds to the U.S. government to prevent the democratically elected socialist government of Salvador Allende from taking power in Chile in 1970. Using that allegation as a starting point, the U.S. Senate Subcommittee on Multinational Corporations of the Senate Foreign Relations Committee, under Senator Frank Church, convened a multi-year inquiry into "Multinationals and United States Foreign Policy," interviewing dozens of expert witnesses to look at the power and practices of U.S. corporations in the developing world. The result was seventeen riveting volumes that offer a more thorough examination of corporate practices overseas than any other inquiry of this (or perhaps any) era. Reading 2.5 draws from Senator Church's opening remarks at three of the hearings: one in 1973, another in 1974, and the third in 1975. The subcommittee existed from 1972 to 1976, when it was "neutered" (in the words of its then-staff director) by being converted into a subcommittee on international economic policy.[6]

Energized by such public revelations of irresponsible TNC behavior, educated by Raul Prebisch and his structuralist theory, and emboldened by the economic success in the early to mid-1970s of the oil-exporting nations belonging to the Organization of Petroleum Exporting Countries (OPEC), a number of Southern governments found a collective voice to demand a different set of rules for the world economy and its players. And so it was that structuralist theory was transformed into the core of the "new international economic order" (NIEO) demands that Southern governments brought to the United Nations in the early 1970s. Centered on proposals to raise and stabilize raw material prices (i.e., to mediate the conundrum of declining terms of trade) and to increase Southern exports of manufactured goods (i.e., to break out of the colonial division of labor), the NIEO focused on how to get the economic benefits from interaction with the world economy to the Southern nation states. The UN General Assembly declaration establishing this new international economic order is excerpted in Reading 2.6.

Using the new pulpit and power afforded the South by OPEC's economic success, Southern governments succeeded in pushing the United Nations not only to pass the NIEO declaration but also to create new institutions: (1) the United Nations Conference on Trade and Development (UNCTAD), which was to initiate the core programs of the NIEO with Prebisch as its first head, and (2) a United Nations Commission on Transnational Corporations (UNCTC). For close to a decade and a half after its establishment in 1975, the UNCTC oversaw a failed attempt to negotiate a UN Code of Conduct on Transnational Corporations, which spelled out norms for corporate "rights" and "responsibilities." Included in the code's provisions, for example, is the requirement that "corporations shall respect human rights and fundamental freedoms in the countries in which they operate. In their social and industrial relations, transnational corporations shall not discriminate on the basis of race, colour, sex, language, social, national and ethnic origin or political or other opinion."[7] So too, in this era of 1970s corporate exposés and vociferous Southern demands, did both the International Labor Organization (ILO) and the Organization of Economic Cooperation and Development (OECD) issue their own corporate codes of conduct, in 1977 and 1978 respectively—basically nonenforceable documents that most observers agree did little to effect change in corporate behavior or public opinion.

Thus far this subsection has chronicled an era in which Southern governments, individually and collectively, attempted to reform the workings of the world economy and its key actors—or, to employ language I used in describing today's global backlash in Part I, to "reshape" the rules and institutions of the world economy to benefit the Southern states. But the 1970s also saw nongovernmental actors push for change. Indeed, catalyzed by the new international economic order debate and the ITT scandal, citizen campaigns for more specific corporate codes grew rapidly across borders to challenge various corporate abuses: corporate support for apartheid, unethical marketing practices by infant formula corporations such as Nestlé, and exploitative marketing practices by global pesticide, alcohol, and tobacco companies, to name a few of the key campaigns. Rather than delineating an overall code of conduct for corporate "rights" and "responsibilities" in the pattern of the UN code, these campaigns focused on specific instances of egregious corporate behavior. While some of these campaigns were local and most were less grandiose than the UN code initiative, several were sophisticated global efforts that succeeded in changing fundamentally the public perception of infant formula and other corporations, if not to alter the on-the-ground realities.[8]

World Bank, IMF, and the Birth of Resistance over the 1970s

On a parallel front, governments and citizen groups began to take on the World Bank, the IMF, and other public institutions. On the one hand, Southern governments through their NIEO demands called for expanded governmental and multilateral assistance to poorer countries. On the other hand, a series of exposés in the 1970s began to suggest that aid—be it bilateral assistance from governments or multilateral assistance from the World Bank and IMF—often had more deleterious than beneficial effects. On the ground, of course, local people had been witness to the impact of these loans in prior decades, but the fact that this criticism became more global in the 1970s reflects both the era and the growth of these institutions over the 1970s. (The World Bank, for example, increased its lending more than tenfold from 1968 to 1981.)[9]

In essence, these exposés said: When you look at aid on the ground and listen to what local people have to say, you discover that loans often coddle dictators and the well-off at the expense of the poor and a country's growth and development. According to these scholars and practitioners, by the 1970s aid was invariably geared toward pushing a free-trade development model that encouraged either (1) expansion of traditional primary-product exports (cementing a colonial division of labor) or (2) entry into labor-intensive, low value-added manufacturing exports such as apparel and electronics (creating what academics termed a "new international division of labor"[10]). In the latter case, the critics claimed, what donor money and concomitant advice promoted was not anything like the structuralist version of industrialization in less developed countries (LCDs), but rather "enclaves" of exploitative, import-dependent manufactured exports that gave the lion's share of the profits to TNCs for repatriation to their home countries. Furthermore, the exposés continued, aid consisted seldom of grants but typically of loans whose repayment would burden the vulnerable populations.

Part of this critique built on structuralist analysis. In looking at who benefits and who loses within countries, however, these critiques went beyond a NIEO focus and, indeed, foreshadowed the focus of today's citizen backlash on specific sectors (labor and environment, or women and indigenous communities, for example) *within* North and South.

Interestingly enough, women researchers and authors dominated the initial 1970s exposés and critiques that were published in the North; their books' titles summarize their theses.[11] From Europe came Teresa Hayter's *Aid as Imperialism* and Susan George's *How the Other Half Dies*. In 1974, Cheryl Payer wrote one of the first critiques of the IMF in her path-breaking work: *The Debt Trap*. Through detailed case studies, Payer outlined the devastating impact of IMF policies on poorer nations, locking them into a development model based on debt that subsequently forced them into more borrowing, more faulty development, and more debt.

The first extensive country case study of World Bank lending was that of the Philippines (a World Bank "country of concentration" and one of its top ten loan recipients at that point in time).[12] Over the late 1970s to early 1980s, Philippine scholar and activist Walden Bello (now a leading figure in the global backlash) and a group of his colleagues (including myself) amassed a wealth of evidence to provide a detailed case study of how World Bank aid bolstered dictator Ferdinand Marcos while restructuring the Philippine economy to serve the interests of global corporations and the global market. While research in the Philippines was crucial to this documentation, much of the evidence came from "confidential" documents supplied by increasingly disillusioned World Bank employees.

When the exposés began to appear in the North, the audience and the number of protesters were still small. It was the impact of this World Bank lending on indigenous communities around the world that brought environmental issues into the critique and Northern environmentalists into the protests. Reading 2.7 concerns one of the very first large-scale infrastructure projects to jump from being protested by indigenous, local inhabitants to garnering international attention and protest: the Chico dam project in the northern Philippines. The reading excerpts testimony that local indigenous leader Wada Taw-il (pseudonym) gave in 1980 in Antwerp, Belgium. His testimony was offered on behalf of indigenous communities in the Cordillera mountain region in the northern Philippines whose ancestral land was to be inundated by the Chico dam project. The project was partially funded in the initial stages by the World Bank.

In fact, five years earlier in 1975, some of the affected indigenous communities had written to World Bank president Robert McNamara, beseeching him to stop the funding: "We, the Bontocs and the Kalingas affected by the Chico River Basin Development Project, object most strongly to any assistance from the World Bank . . . to the Philippine government for this project. The reason is simple: the project would wipe us out as a people! At least ten Kalinga settlements and six Bontoc settlements will be devastated as a result of this dam project."[13]

This letter and Wada Taw-il's testimony (Reading 2.7) were significant; this was before the days when a World Bank president received such complaints regularly. For the local inhabitants the protests described in Wada Taw-il's testimony were somewhat successful (the World Bank eventually pulled out of further funding), but extremely risky given the excesses of the Marcos dictatorship. As Wada Taw-il explains, several local inhabitants were killed, including the community's revered spokesperson Macli-ing Dulag.

The major legacy of Chico, foreign-funded dam projects in India, and other infrastructure projects affecting indigenous communities and involving large-scale resettlement of local populations was the awakening of Northern environmental groups to the connections between the aid money and environmental degradation. This led to the campaigns launched by major U.S.-based environmental groups, starting in the early to mid-1980s, to reform the World Bank. Over the course of the 1980s, development and human rights advocates joined in—at times building on Hayter, Payer, Bello, and other broader political economic critics of the 1970s but often not even knowing of them. So too in the last decades of the century, would religious and other activists take on the IMF and World Bank in campaigns on Third World debt around the world. As will be seen in Parts III through V, by the 1990s, the resistance had grown to encompass more issues—building from development to include environment and justice, from aid to include trade and investment, from the World Bank to the IMF and then to include the World Trade Organization.

To capture this dynamic, I end with a more contemporary piece by Canadian Jacques Gélinas (Reading 2.8) to complement Acheson's period piece (Reading 2.4). Through Gélinas's critical eye, the excerpt provides more detail on the three institutions that managed the world economy from their birth through more recent decades. He captures the essence of the reality of how these institutions work as well as why their activities have, since the 1970s, garnered such resistance.

In Brief

As we move in subsequent sections of this book to contemporary proposals of the global citizen backlash, we will continually encounter concerns regarding these public and private institutions—the international economic and financial institutions and the private transnational corporations (including transnational banks). But, overall, the history of public and private institutions brings us to questions of the development models they push with their focus on unfettered trade and investment flows. As we shall see as we move into the rest of the book, the questions asked of these institutions in the twenty-first century move beyond those of North-versus-South so prevalent in the NIEO debates of the 1970s. Are the public institutions that govern the world economy equipped to deal with "sustainable development"? With environmental issues? With democracy and grassroots participation? And even with the basic economic problems that characterize today's world economy—a world apart from the economic problems that plagued a post-

Depression world economy? And, so too, these questions need to be applied to the thousands of transnational corporations that dominate today's world economy—and their investment, capital mobility, technology, and overall corporate practices.

But, as we move into the current period, we must not forget the threads that link what is new and innovative with what has been said or tried before. NIEO and UNCTAD proposals and the Nestlé campaigners were in essence trying to *reshape* the rules of the world economy. So too the 1970s had its *rollback* proponents, including Teresa Hayter protesting the "imperialist" aspects of foreign aid and Wada Taw-il's moving call against the building of dams.

This overall historical sweep is also meant to remind us that, just as individuals built the public institutions, so too presumably can individuals rebuild these institutions or construct other ones. Indeed, Dean Acheson (Reading 2.4) begins his book with an epithet from a thirteenth-century king of Spain that is equally fitting today: "Had I been present at the creation, I would have given some useful hints for the better ordering of the universe." That better ordering is the subject of the rest of the present book, as we turn to initiatives by the citizen backlash. Indeed, we are, in many ways, present at the re-creation of the world economy and the public and private institutions that manage it.

Notes

1. Quoted in "The Uruguay Round: Gunboat Diplomacy by Another Name," editorial, *The Ecologist* 20, no. 6 (November/December 1990): 202.

2. David Jackson (professor of African history, City College, City University of New York), "Walter Rodney Remembered (1942–1980)," *Trinidad Guardian*, 13 June 2000. This can be found on www.walterrodney.org. On returning to his native Guyana, Rodney was assassinated in 1980.

3. Eduardo Galeano, *Open Veins of Latin America: Five Centuries of the Pillage of a Continent* (New York: Monthly Review Press, 1973), 12.

4. This began in "1642, when a Spanish edict required each 'indio' [a Spanish colonial term for any Christian of "pure" Malay-Filipino descent] to plant 100–200 coconut trees to provide caulk and rigging for the colonizers' galleons." James Boyce, *Of Coconuts and Kings: The Political Economy of an Export Crop*, Working Paper Series, Working Paper 1991–13, Department of Economics, University of Massachusetts, Amherst, Mass., 1991, 4–5.

5. Richard J. Barnet and Ronald Müller, *Global Reach: The Power of Multinational Corporations* (New York: Simon and Schuster, 1974).

6. Jerome Levinson to Robin Broad, email correspondence, 10 September 2001. Levinson thought the verb I had originally used—"disbanded"—was somewhat too tame.

7. Quoted in Lance Compa and Tashia Hinchliffe-Darricarrere, "Enforcing International Labor Rights through Corporate Codes of Conduct," *Columbia Journal of Transnational Law* 33, 663 (1995): 670. See pages 670–71 for a summary of the OECD and ILO Codes.

8. See Robin Broad and John Cavanagh, "The Corporate Accountability Movement: Lessons and Opportunities," a study for the World Wildlife Federation's Project on International Financial Flows and the Environment, 30 July 1997; and Kathryn Sikkink, "Codes of Conduct for Transnational Corporations: The Case of the WHO/UNICEF Code," *International Organization* 40 (Autumn 1986): 815–40.

9. See Barend A. de Vries, *Remaking the World Bank* (Cabin John, Md.: Seven Locks Press, 1987), 13–14; and Robin Broad, *Unequal Alliance* (Berkeley: University of California Press, 1993), chapters 2 and 3.

10. On the new international division of labor, work by members of then–West Germany's Max Planck Institute stands as a classic: Folker Fröbel, Jürgen Heinrichs, and Otto Kreye, *The New International Division of Labor: Structural Unemployment in Industrialized Countries and Industrialization in Developing Countries*, trans. Pete Burgess (Cambridge, UK: Cambridge University Press, 1980; trans. of original edition, Hamburg: Rowohlt Taschenbuch, 1977).

11. For bibliographic details about these books, turn to For Further Reading at the end of Part II.

12. The quote is from Michael Gould, then the World Bank's Philippine division chief, in the confidential World Bank document: World Bank, "Philippines—Country Program Paper" (Washington, D.C., 26 March 1976), 17.

13. The Bontoc and Kalinga Delegates to the Vochong Conference on Development, letter to Robert S. McNamara, President, World Bank, 12 May 1975, reprinted in *Mortgaging the Future: The World Bank and IMF in the Philippines*, ed. Vivencio R. Jose (Quezon City: Foundation for Nationalist Studies, 1982), 167.

2.1

How Europe Underdeveloped Africa

Walter Rodney

It has been shown that, using comparative standards, Africa today is underdeveloped in relation to Western Europe and a few other parts of the world; and that the present position has been arrived at, not by the separate evolution of Africa on the one hand and Europe on the other, but through exploitation. As is well known, Africa has had prolonged and extensive contact with Europe, and one has to bear in mind that contact between different societies changes their respective rates of development. To set the record straight, four operations are required:

1. Reconstruction of the nature of development in Africa before the coming of Europeans.
2. Reconstruction of the nature of development which took place in Europe before expansion abroad.
3. Analysis of Africa's contribution to Europe's present "developed" state.
4. Analysis of Europe's contribution to Africa's present "under-developed" state.

The second task has already been extensively carried out in European literature, and only passing references need be made; but the others are all deserving of further attention.

[. . .]

How Europe Became the Dominant Section of a World-Wide Trade System

. . . . Western Europe and Africa had a relationship which insured the transfer of wealth from Africa to Europe. The transfer was possible only after trade became truly international; and that takes one back to the late fifteenth century when Africa and Europe were drawn into common relations for the first time—along with Asia and the Americas. The developed and underdeveloped parts of the present capitalist section of the world have been in continuous contact for four and a half centuries. The contention here is that over that period Africa helped to develop Western Europe in the same proportion as Western Europe helped to underdevelop Africa.

The first significant thing about the internationalization of trade in the fifteenth century was that Europeans took the initiative and went to other parts of the world. No Chinese boats reached Europe, and if any African canoes reached the Americas (as is sometimes maintained) they did not establish two-way links. What was called international trade was nothing

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Walter Rodney, excerpt from *How Europe Underdeveloped Africa*, rev. ed. (Washington, D.C., 1982), 33 and 75–79.

but the extension overseas of European interests. The strategy behind international trade and the production that supported it was firmly in European hands, and specifically in the hands of the sea-going nations from the North Sea to the Mediterranean. They owned and directed the great majority of the world's sea-going vessels, and they controlled the financing of the trade between four continents. Africans had little clue as to the tri-continental links between Africa, Europe, and the Americas. Europe had a monopoly of knowledge about the international exchange system seen as a whole, for Western Europe was the only sector capable of viewing the system as a whole.

Europeans used the superiority of their ships and cannon to gain control of all the world's waterways, starting with the western Mediterranean and the Atlantic coast of North Africa. From 1415, when the Portuguese captured Ceuta, near Gibraltar, they maintained the offensive against the Maghreb. Within the next sixty years, they seized ports such as Arzila, El-Ksar-es-Seghir, and Tangier, and fortified them. By the second half of the fifteenth century, the Portuguese controlled the Atlantic coast of Morocco and used its economic and strategic advantages to prepare for further navigations which eventually carried their ships round the Cape of Good Hope in 1495. After reaching the Indian Ocean, the Portuguese sought with some success to replace Arabs as the merchants who tied East Africa to India and the rest of Asia. In the seventeenth and eighteenth centuries, the Portuguese carried most of the East African ivory which was marketed in India; while Indian cloth and beads were sold in East and West Africa by the Portuguese, Dutch, English, and French. The same applied to cowry shells from the East Indies. Therefore, by control of the seas, Europe took the first steps towards transforming the several parts of Africa and Asia into economic satellites.

When the Portuguese and the Spanish were still in command of a major sector of world trade in the first half of the seventeenth century, they engaged in buying cotton cloth in India to exchange for slaves in Africa to mine gold in Central and South America. Part of the gold in the Americas would then be used to purchase spices and silks from the Far East. The concept of metropole and dependency automatically came into existence when parts of Africa were caught up in the web of international commerce. On the one hand, there were the European countries who decided on the role to be played by the African economy; and on the other hand, Africa formed an extension to the European capitalist market. As far as foreign trade was concerned, Africa was dependent on what Europeans were prepared to buy and sell.

[. . .]

From the beginning, Europe assumed the power to make decisions within the international trading system. An excellent illustration of that is the fact that the so-called international law which governed the conduct of nations on the high seas was nothing else but European law. Africans did not participate in its making, and in many instances, African people were simply the victims, for the law recognized them only as transportable merchandise. If the African slave was thrown overboard at sea, the only legal problem that arose was whether or not the slave ship could claim compensation from the insurers! Above all, European decision-making power was exercised in selecting what Africa should export—in accordance with European needs.

The ships of the Portuguese gave the search for gold the highest priority, partly on the basis of well-known information that West African gold reached Europe across the Sahara and partly on the basis of guesswork. The Portuguese were successful in obtaining gold in parts of West Africa and in eastern Central Africa; and it was the Gold Coast which attracted the greatest attention from Europeans in the sixteenth and seventeenth centuries. The number of forts built there was proof to that effect, and the nations involved included the Scandinavians and the Prussians (Germans) apart from other colonial stalwarts like the British, Dutch, and Portuguese.

Europeans were anxious to acquire gold in Africa because there was a pressing need for gold coin within the growing capitalist money economy. Since gold was limited to very small areas of Africa, as far as Europeans were then aware, the principal export was human beings. Only in a very few places at given times was the export of another commodity of equal or greater importance. For instance, in the Senegal there was gum, in Sierra Leone camwood, and in Mozambique ivory. However, even after taking those things into account, one can say that Europe allocated to Africa the role of supplier of human captives to be used as slaves in various parts of the world.

When Europeans reached the Americas, they recognized its enormous potential in gold and silver and tropical produce. But that potential could not be made a reality without adequate labor supplies. The indigenous Indian population could not withstand new European diseases such as smallpox, nor could they bear the organized toil of slave plantations and slave mines, having barely emerged from the hunting stage. That is why in islands like Cuba and Hispaniola, the local Indian population was virtually wiped out by the white invaders. At the same time, Europe itself had a very small population and could not afford to release the labor required to tap the wealth of the Americas. Therefore, they turned to the nearest continent, Africa, which incidentally had a population accustomed to settled agriculture and disciplined labor in many spheres. Those were the objective conditions lying behind the start of the European slave trade, and those are the reasons why the capitalist class in Europe used their control of international trade to insure that Africa specialized in exporting captives.

[. . .]

The fact that Europe was the first part of the world to move from feudalism towards capitalism gave Europeans a headstart over humanity elsewhere in the scientific understanding of the universe, the making of tools, and the efficient organization of labor. *European technical superiority did not apply to all aspects of production, but the advantage which they possessed in a few key areas proved decisive.* For example, African canoes on the river Nile and the Senegal coast were of a high standard, but the relevant sphere of operations was the ocean, where European ships could take command. West Africans had developed metal casting to a fine artistic perfection in many parts of Nigeria, but when it came to the meeting with Europe, beautiful bronzes were far less relevant than the crudest cannon. African wooden utensils were sometimes works of great beauty, but Europe produced pots and pans that had many practical advantages. Literacy, organizational experience, and the capacity to produce on an ever expanding scale also counted in the European favor.

European manufactures in the early years of trade with Africa were often of poor quality, but they were of new varieties and were found attractive. Estaban Montejo, an African who ran away from a Cuban slave plantation in the nineteenth century, recalled that his people were enticed into slavery by the color red. He said:

> It was the scarlet which did for the Africans; both the kings and the rest surrendered without a struggle. When the kings saw that the whites were taking out these scarlet handkerchiefs as if they were waving, they told the blacks, "Go on then, go and get a scarlet handkerchief" and the blacks were so excited by the scarlet they ran down to the ships like sheep and there they were captured.

That version by one of the victims of slavery is very poetic. What it means is that some African rulers found European goods sufficiently desirable to hand over captives which they had taken in warfare. Soon, war began to be fought between one community and another for the sole purpose of getting prisoners for sale to Europeans, and even inside a given community a ruler might be tempted to exploit his own subjects and capture them for sale. A chain reaction was started by European demand for slaves (and only slaves) and by their offer of consumer goods—this process being connected with divisions within African society.

2.2

Why Can't People Feed Themselves?

Frances Moore Lappé and Joseph Collins

In the very first speech I, Frances, ever gave after writing *Diet for a Small Planet*, I tried to take my audience along the path that I had taken in attempting to understand why so many are hungry in this world. Here is the gist of that talk that was, in truth, a turning point in my life:

> When I started I saw a world divided into two parts: a *minority* of nations that had "taken off" through their agricultural and industrial revolutions to reach a level of unparalleled material abundance and a *majority* that remained behind in a primitive, traditional, undeveloped state. This lagging behind of the majority of the world's peoples must be due, I thought, to some internal deficiency or even to several of them. It seemed obvious that the underdeveloped countries must be deficient in natural resources—particularly good land and climate—and in cultural development, including modern attitudes conducive to work and progress.
>
> But when looking for the historical roots of the predicament, I learned that my picture of these two separate worlds was quite false. My "two separate worlds" were really just different sides of the same coin. One side was on top largely because the other side was on the bottom. Could this be true? How were these separate worlds related?
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> Colonialism appeared to me to be the link. Colonialism destroyed the cultural patterns of production and exchange by which traditional societies in "underdeveloped" countries previously had met the needs of the people. Many precolonial social structures, while dominated by exploitative elites, had evolved a system of mutual obligations among the classes that helped to ensure at least a minimal diet for all. A friend of mine once said, "Precolonial village existence in subsistence agriculture was a limited life indeed, but it's certainly not Calcutta." The misery of starvation in the streets of Calcutta can only be understood as the endpoint of a long historical process—one that has destroyed a traditional social system.
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> "Underdeveloped," instead of being an adjective that evokes the picture of a static society, became for me a verb (to "underdevelop") meaning the process by which the minority of the world has transformed—indeed often robbed and degraded—the majority.

That was 1972. I clearly recall my thoughts on my return home. I had stated publicly for the first time a world view that had taken me years of study to grasp. The sense of relief was tremendous. For me the breakthrough lay in realizing that today's "hunger crisis" could not be described in static, descriptive terms. Hunger and underdevelopment must always be thought of as a *process*.

Frances Moore Lappé and Joseph Collins, "Why Can't People Feed Themselves?" in *Food First: Beyond the Myth of Food Scarcity* (Boston: Houghton Mifflin Company, 1977), 75–85.

To answer the question "why hunger?" it is counterproductive to simply *describe* the conditions in an underdeveloped country today. For these conditions, whether they be the degree of malnutrition, the levels of agricultural production, or even the country's ecological endowment, are not static facts—they are not "givens." They are rather the *results* of an ongoing historical process. As we dug ever deeper into that historical process for the preparation of this book, we began to discover the existence of scarcity-creating mechanisms that we had only vaguely intuited before.

We have gotten great satisfaction from probing into the past since we recognized it is the only way to approach a solution to hunger today. We have come to see that it is the *force* creating the condition, not the condition itself, that must be the target of change. Otherwise we might change the condition today, only to find tomorrow that it has been recreated—with a vengeance.

Asking the question "Why can't people feed themselves?" carries a sense of bewilderment that there are so many people in the world not able to feed themselves adequately. What astonished us, however, is that there are not *more* people in the world who are hungry—considering the weight of the centuries of effort by the few to undermine the capacity of the majority to feed themselves. No, we are not crying "conspiracy!" If these forces were entirely conspiratorial, they would be easier to detect and many more people would by now have risen up to resist. We are talking about something more subtle and insidious; a heritage of a colonial order in which people with the advantage of considerable power sought their own self-interest, often arrogantly believing they were acting in the interest of the people whose lives they were destroying.

The Colonial Mind

The colonizer viewed agriculture in the subjugated lands as primitive and backward. Yet such a view contrasts sharply with documents from the colonial period now coming to light. For example, A. J. Voelker, a British agricultural scientist assigned to India during the 1890s, wrote

> Nowhere would one find better instances of keeping land scrupulously clean from weeds, of ingenuity in device of water-raising appliances, of knowledge of soils and their capabilities, as well as of the exact time to sow and reap, as one would find in Indian agriculture. It is wonderful, too, how much is known of rotation, the system of "mixed crops" and of fallowing. . . . I, at least, have never seen a more perfect picture of cultivation."[1]

None the less, viewing the agriculture of the vanquished as primitive and backward reinforced the colonizer's rationale for destroying it. To the colonizers of Africa, Asia, and Latin America, agriculture became merely a means to extract wealth—much as gold from a mine—on behalf of the colonizing power. Agriculture was no longer seen as a source of food for the local population, nor even as their livelihood. Indeed the English economist John Stuart Mill reasoned that colonies should not be thought of as civilizations or countries at all but as "agricultural establishments" whose sole purpose was to supply the "larger community to which they belong." The colonized society's agriculture was only a subdivision of the agricultural system of the metropolitan country. As Mill acknowledged, "Our West India colonies, for example, cannot be regarded as countries. . . . The West Indies are the place where England *finds it convenient* to carry on the production of sugar, coffee and a few other tropical commodities."[2]

Prior to European intervention, Africans practiced a diversified agriculture that included the introduction of new food plants of Asian or American origin. But colonial rule simplified this diversified production to single cash crops—often to the exclusion of staple foods—and in the process sowed the seeds of famine.[3] Rice farming once had been common in Gambia. But with colonial rule so much of the best land was taken over by peanuts (grown for the European market) that rice had to be imported to counter the mounting prospect of famine. Northern Ghana, once famous for its yams and other foodstuffs, was forced to concentrate solely on cocoa. Most of the Gold Coast, too, became dependent on cocoa. Liberia was turned into a virtual plantation subsidiary of Firestone Tire and Rubber. Food production in Dahomey and southeast Nigeria was all but abandoned in favor of palm oil; Tanganyika (now Tanzania) was forced to focus on sisal and Uganda on cotton.

The same happened in Indochina. About the time of the American Civil War the French decided that the Mekong Delta in Vietnam would be ideal for producing rice for export. Through a production system based on enriching the large landowners, Vietnam became the world's third largest exporter of rice by the 1930s; yet many landless Vietnamese went hungry.[4]

Rather than helping the peasants, colonialism's public works programs only reinforced export crop production. British irrigation works built in nineteenth-century India did help increase production, but the expansion was for spring export crops at the expense of millets and legumes grown in the fall as the basic local food crops.

Because people living on the land do not easily go against their natural and adaptive drive to grow food for themselves, colonial powers had to force the production of cash crops. The first strategy was to use physical or economic force to get the local population to grow cash crops instead of food on their own plots and then turn them over to the colonizer for export. The second strategy was the direct takeover of the land by large-scale plantations growing crops for export.

Forced Peasant Production

As Walter Rodney recounts in *How Europe Underdeveloped Africa*, cash crops were often grown literally under threat of guns and whips.[5] One visitor to the Sahel commented in 1928: "Cotton is an artificial crop and one the value of which is not entirely clearly to the natives . . ." He wryly noted the "enforced enthusiasm with which the natives . . . have thrown themselves into . . . planting cotton."[6] The forced cultivation of cotton was a major grievance leading to the Maji Maji wars in Tanzania (then Tanganyika) and behind the nationalist revolt in Angola as late as 1960.[7]

Although raw force was used, taxation was the preferred colonial technique to force Africans to grow cash crops. The colonial administrations simply levied taxes on cattle, land, houses, and even the people themselves. Since the tax had to be paid in the coin of the realm, the peasants had either to grow crops to sell or to work on the plantations or in the mines of the Europeans.[8] Taxation was both an effective tool to "stimulate" cash cropping and a source of revenue that the colonial bureaucracy needed to enforce the system. To expand their production of export crops to pay the mounting taxes, peasant producers were forced to neglect the farming of food crops. In 1830, the Dutch administration in Java made the peasants an offer they could not refuse; if they would grow government-owned export crops on one fifth of their land, the Dutch would remit their land taxes.[9] If they refused and thus could not pay the taxes, they lost their land.

Marketing boards emerged in Africa in the 1930s as another technique for getting the profit from cash crop production by native producers into the hands of the colonial government and international firms. Purchases by the marketing boards were well below the world market price. Peanuts bought by the boards from peasant cultivators in West Africa were sold in Britain for more than *seven times* what the peasants received.[10]

The marketing board concept was born with the "cocoa hold-up" in the Gold Coast in 1937. Small cocoa farmers refused to sell to the large cocoa concerns like United Africa Company (a subsidiary of the Anglo-Dutch firm, Unilever—which we know as Lever Brothers) and Cadbury until they got a higher price. When the British government stepped in and agreed to buy the cocoa directly in place of the big business concerns, the smallholders must have thought they had scored at least a minor victory. But had they really? The following year the British formally set up the West African Cocoa Control Board. Theoretically, its purpose was to pay the peasants a reasonable price for their crops. In practice, however the board, as sole purchaser, was able to hold down the prices paid the peasants for their crops when the world prices were rising. Rodney sums up the real "victory":

> None of the benefits went to Africans, but rather to the British government itself and to the private companies . . . Big companies like the United Africa Company and John Holt were given . . . quotas to fulfill on behalf of the boards. As agents of the government, they were no longer exposed to direct attack, and their profits were secure.[11]

These marketing boards, set up for most export crops, were actually controlled by the companies. The chairman of the Cocoa Board was none other than John Cadbury of Cadbury Brothers (ever had a Cadbury chocolate bar?) who was part of a buying pool exploiting West African cocoa farmers.

The marketing boards funneled part of the profits from the exploitation of peasant producers indirectly into the royal treasury. While the Cocoa Board sold to the British Food Ministry at low prices, the ministry upped the price for British manufacturers, thus netting a profit as high as 11 million pounds in some years.[12]

These marketing boards of Africa were only the institutionalized rendition of what is the essence of colonialism—the extraction of wealth. While profits continued to accrue to foreign interests and local elites, prices received by those actually growing the commodities remained low.

Plantations

A second approach was direct takeover of the land either by the colonizing government or by private foreign interests. Previously self-provisioning farmers were forced to cultivate the plantation fields through either enslavement or economic coercion.

After the conquest of the Kandyan Kingdom (in present day Sri Lanka), in 1815, the British designated all the vast central part of the island as crown land. When it was determined that coffee, a profitable export crop, could be grown there, the Kandyan lands were sold off to British investors and planters at a mere five shillings per acre, the government even defraying the cost of surveying and road building.[13]

Java is also a prime example of a colonial government seizing territory and then putting it into private foreign hands. In 1870, the Dutch declared all uncultivated land—called waste land—property of the state for lease to Dutch plantation enterprises. In addition, the Agrarian Land Law of 1870 authorized foreign companies to lease village-owned land. The peasants, in chronic need of ready cash for taxes and foreign consumer goods, were only too willing to lease their land to the foreign companies for very modest sums and under terms dictated by the firms. Where land was still held communally, the village headman was tempted by high cash commissions offered by plantation companies. He would lease the village land even more cheaply than would the individual peasant or, as was frequently the case, sell out the entire village to the company.[14]

The introduction of the plantation meant the divorce of agriculture from nourishment, as the notion of food value was lost to the overriding claim of "market value" in international trade. Crops such as sugar, tobacco, and coffee were selected, not on the basis of how well they feed people, but for their high price value relative to their weight and bulk so that profit margins could be maintained even after the costs of shipping to Europe.

Suppressing Peasant Farming

The stagnation and impoverishment of the peasant food-producing sector was not the mere by-product of benign neglect, that is, the unintended consequence of an overemphasis on export production. Plantations—just like modern "agroindustrial complexes"—needed an abundant and readily available supply of low-wage agricultural workers. Colonial administrations thus devised a variety of tactics, all to undercut self-provisioning agriculture and thus make rural populations dependent on plantation wages. Government services and even the most minimal infrastructure (access to water, roads, seeds, credit, pest and disease control information, and so on) were systematically denied. Plantations usurped most of the good land, either making much of the rural population landless or pushing them onto marginal soils. (Yet the plantations have often held much of their land idle simply to prevent the peasants from using it—even to this day. Del Monte owns 57,000 acres of Guatemala but plants only 9000. The rest lies idle except for a few thousand head of grazing cattle.)[15]

In some cases a colonial administration would go even further to guarantee itself a labor supply. In at least twelve countries in the eastern and southern parts of Africa the exploitation of mineral wealth (gold, diamonds, and copper) and the establishment of cash-crop plantations demanded a continuous supply of low-cost labor. To assure this labor supply, colonial administrations simply expropriated the land of the African communities by violence and drove the people into small reserves.[16] With neither adequate land for their traditional slash-and-burn methods nor access to the means—tools, water, and fertilizer—to make continuous farming of such limited areas viable, the indigenous population could scarcely meet subsistence needs, much less produce surplus to sell in order to cover the colonial taxes. Hundreds of thousands of Africans were forced to become the cheap labor source so "needed" by the colonial plantations. Only by laboring on plantations and in the mines could they hope to pay the colonial taxes.

The tax scheme to produce reserves of cheap plantation and mining labor was particularly effective when the Great Depression hit and the bottom dropped out of cash crop economies. In 1929 the cotton market collapsed, leaving peasant cotton producers, such as those in Upper Volta, unable to pay their colonial taxes. More and more young people, in some years as many as 80,000, were thus forced to migrate to the Gold Coast to compete with each other for low-wage jobs on cocoa plantations.[17]

The forced migration of Africa's most able-bodied workers—stripping village food farming of needed hands—was a recurring feature of colonialism. As late as 1973 the Portuguese "exported" 400,000 Mozambican peasants to work in South Africa in exchange for gold deposited in the Lisbon treasury.

[. . .]

Perhaps the most insidious tactic to "lure" the peasant away from food production—and the one with profound historical consequences—was a policy of keeping the price of imported food low through the removal of tariffs and subsidies. The policy was double-edged: first, peasants were told they need not grow food because they could always buy it cheaply with their plantation wages; second, cheap food imports destroyed the market for domestic food and thereby impoverished local food producers.

[. . .]

Many colonial governments succeeded in establishing dependence on imported foodstuffs. In 1647 an observer in the West Indies wrote to Governor Winthrop of Massachusetts: "Men are so intent upon planting sugar that they had rather buy foode at very deare rates than produce it by labour, so infinite is the profitt of sugar workes. . . ."[20] By 1770, the West Indies were importing most of the continental colonies' exports of dried fish, grain, beans, and vegetables. A dependence on imported food made the West Indian colonies vulnerable to any disruption in supply. This dependence on imported food stuffs spelled disaster when the thirteen continental colonies gained independence and food exports from the continent to the West Indies were interrupted. With no diversified food system to fall back on, 15,000 plantation workers died of famine between 1780 and 1787 in Jamaica alone.[21] The dependence of the West Indies on imported food persists to this day.

Suppressing Peasant Competition

We have talked about the techniques by which indigenous populations were forced to cultivate cash crops. In some countries with large plantations, however, colonial governments found it necessary to *prevent* peasants from independently growing cash crops not out of concern for their welfare, but so that they would not compete with colonial interests growing the same crop. For peasant farmers, given a modicum of opportunity, proved themselves capable of outproducing the large plantations not only in terms of output per unit of land but, more important, in terms of capital cost per unit produced.

In the Dutch East Indies (Indonesia and Dutch New Guinea) colonial policy in the middle of the nineteenth century forbade the sugar refineries to buy sugar cane from indigenous growers and imposed a discriminatory tax on rubber produced by native smallholders.[22] A recent unpublished United Nations study of agricultural development in Africa concluded that large-scale agricultural operations owned and controlled by foreign commercial interests (such as the rubber plantations of Liberia, the sisal estates of Tanganyika [Tanzania], and the coffee estates of Angola) only survived the competition of peasant producers because "the authorities actively supported them by suppressing indigenous rural development."[23]

The suppression of indigenous agricultural development served the interests of the colonizing powers in two ways. Not only did it prevent direct competition from more efficient native producers of the same crops, but it also guaranteed a labor force to work on the foreign-owned estates. Planters and foreign investors were not unaware that peasants who could survive economically by their own production would be under less pressure to sell their labor cheaply to the large estates.

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The answer to the question, then, "Why can't people feed themselves?" must begin with an understanding of how colonialism actively prevented people from doing just that. Colonialism

- forced peasants to replace food crops with cash crops that were then expropriated at very low rates;
- took over the best agricultural land for export crop plantations and then forced the most able-bodied workers to leave the village fields to work as slaves or for very low wages on plantations;
- encouraged a dependence on imported food;
- blocked native peasant cash crop production from competing with cash crops produced by settlers or foreign firms.

Notes

1. Radha Sinha, *Food and Poverty* (New York: Holmes and Meier, 1976), p. 26.
2. John Stuart Mill, *Political Economy*, Book 3, Chapter 25 (emphasis added), 1848.
3. Peter Feldman and David Lawrence, "Social and Economic Implications of the Large-Scale Introduction of New Varieties of Foodgrains," Africa Report, preliminary draft (Geneva: UNRISD, 1975), pp. 107–108.
4. Edgar Owens, *The Right Side of History*, unpublished manuscript, 1976.
5. Walter, Rodney, *How Europe Underdeveloped Africa* (London: Bogle-L'Ouverture Publications, 1972), pp. 171–172.
6. Ferdinand Ossendowski, *Slaves of the Sun* (New York: Dutton, 1928), p. 276.
7. Rodney, *How Europe Underdeveloped Africa*, pp. 171–172.
8. Ibid., p. 181.
9. Clifford Geertz, *Agricultural Involution* (Berkeley and Los Angeles: University of California Press, 1963), pp. 52–53.
10. Rodney, *How Europe Underdeveloped Africa*, p. 185.
11. Ibid., p. 184.
12. Ibid., p. 186.
13. George L. Beckford, *Persistent Poverty: Underdevelopment in Plantation Economies of the Third World* (New York: Oxford University Press, 1972), p. 99.
14. Ibid., p. 99, quoting from Erich Jacoby, *Agrarian Unrest in Southeast Asia* (New York: Asia Publishing House, 1961), p. 66.
15. Pat Flynn and Roger Burbach, North American Congress on Latin America, Berkeley, California, recent investigation.
16. Feldman and Lawrence, "Social and Economic Implications," p. 103.
17. Special Sahelian Office Report, Food and Agriculture Organization, March 28, 1974, pp. 88–89.

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20. Eric Williams, *Capitalism and Slavery* (New York: Putnam, 1966), p. 110.
21. Ibid., p. 121.
22. Gunnar Myrdal, *Asian Drama*, vol. 1 (New York: Pantheon, 1966), pp. 448–449.
23. Feldman and Lawrence, "Social and Economic Implications," p. 189.

2.3

Long before Seattle: Historical Resistance to Economic Globalization

Zahara Heckscher

Trade across borders is at least as ancient as the book of Genesis, which refers to a caravan of camels bearing gum, balm, and myrrh being transported from Gilead to Egypt when Joseph was sold into slavery by his brothers.[1] Throughout the millennia, extensive regional trade took place on all continents, from the Chinese dynasties to the Roman Empire, from the complex society of Great Zimbabwe to the astonishing Aztec markets of Mexico. In the past 500 years, regional trade has become global trade, tightly connected to European colonialism in Africa, Asia and the Pacific, the Middle East, Latin America, and the Caribbean.

Just as the current system of international trade dates back hundreds of years, so does the current resistance to exploitative forms of global trade.[2] Many early expressions of resistance to European commercial and labor practices were individual and small-group acts of non-cooperation or sabotage. In virtually every society the Europeans invaded, people rose up to protest the cruelty of slavery, theft of land, and plunder of resources. Some communities retreated into less accessible territories rather than submit to the devastation of European colonialism. Many captured Africans rebelled or committed suicide rather than become slaves. Native Americans practiced guerrilla warfare in hundreds or even thousands of incidents of armed rebellion. A few Europeans, including Columbus's outspoken contemporary and chronicler, Bartolomé de Las Casas, used their power and privilege to protest the worst abuses of the colonial trade and labor practices.

Eventually, out of these isolated incidents, organized social movements developed in an attempt to control, transform, or abolish perceived injustices of international trade in goods and labor. Most of these movements were local and national, but a few were transnational. These early transnational alliances can be seen as the antecedents to today's international campaigns for global justice. This article will briefly explore five of the most dynamic examples of organized transnational resistance to economic integration between the 1780s and the early 1900s: the Tupac Amaru II uprising in Peru, the anti–slave trade movement, the campaign against colonization of the Congo, the First International Workingmen's Association, and the U.S.-based anti-imperialist movement.

The Tupac Amaru II Uprising

The Tupac Amaru II uprising of 1780–1781 in what is now Peru can be seen as a bridge between local anti-colonial rebellion and transnational social movements against exploitative

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Zahara Heckscher, "Long Before Seattle: Historical Resistance to Economic Globalization" (Washington, D.C., September 2001).

economic integration.[3] The uprising was sparked in part by the free-market reforms imposed by the Spanish government through the colonial regime in the mid-eighteenth century. These changes opened trade between all the Spanish colonies and Spain. They were also designed to increase taxes while ending the extreme abuses of the forced labor and tax collection practices of the colonial administration. The introduction of these reforms benefited some elites, but disrupted trade patterns and flooded the textile market with cheap imports from Britain, devastating local industry and exacerbating economic inequality. The increase in taxes generated widespread resistance. Ultimately, the reforms failed to end the colonial abuses, and alienated a broad range of sectors, from Spanish and mestizo merchants to indigenous people, including José Gabriel Condorcanqui, a *curaca* (traditional leader), trader, and descendant of Tupac Amaru I, the last Inca to rule an Andean state.

Frustrated with the economic reforms and brutality of colonial government, José Gabriel changed his name to Tupac Amaru II and organized an army of 6,000. Like previous rebellions, the uprising was violent, and drew its inspiration in part in looking back to a vision of cultural, spiritual, and economic systems from before the European conquest. Like the social movements that followed it, the uprising was inspired in part by European Enlightenment ideas of self-governance, freedom, and "natural rights." The movement was intercultural, and could even be considered to be international, spreading from Lower Peru to Upper Peru (now Bolivia), and involving Spaniards as well as mestizos, creoles (whites born in the Americas), Afro-Peruvians, and indigenous people of various nationalities. While church officials perpetrated some of the abuses that sparked the rebellion, a handful of priests initially supported Tupac Amaru II. Women played an extremely important leadership role in the rebellion, especially Tupac's wife, Micaela Bastidas Puyucahua, Commissar of War.

The uprising ultimately failed for two reasons. First, it lost the battle of propaganda, when the colonial regime convinced whites and mestizos that the movement was a race war against them, and convinced the Pumacahua clan and their allies to remain loyal to the Spanish side. Then the uprising lost militarily (after Tupac failed to follow his wife's tactical advice); Tupac was captured, then tortured and killed, after being forced to watch the execution of his wife and family. Despite the lack of military success, the uprising is credited by some as contributing to the independence movement that gained power in the coming years and led to Peru's independence in 1821.

The International Movement against the Atlantic Slave Trade

While Tupac mobilized his forces in Peru, a movement against the Atlantic slave trade was gaining strength in Europe and North America.[4] At its peak, from 1787 to 1807, the movement was strongest in the United Kingdom, where numerous sectors of society were mobilized, from the textile workers of Manchester to Methodist Church founder John Wesley, from artisans in small Scottish towns to wealthy businessmen in London, from rural housewives to prime ministers. The movement involved significant collaboration among the British, the Americans, the French, and people of African origin, including black sailors of various nationalities, sons of African royalty sent to Europe to round out their education, and free European and American blacks. Olaudah Equiano and other former slaves from the Americas also played an important role.

Some have argued that the anti–slave trade movement was the first modern social movement, and the innovator of social change methodologies used by virtually every social movement that followed it.[5] Indeed, the tactics used by the campaign would sound surprisingly familiar to the organizers of the Seattle demonstrations against the World Trade Organization: popular theater, speaking tours and rallies, political poetry, pins, letter-writing campaigns, direct lobbying, petitions, electoral politics, and commercial boycotts. International networking was essential to the success of movement. For example, former slaves from the United States went on speaking tours in the United Kingdom, providing firsthand testimonies about the cruelties of the slave trade and bringing thousands of new supporters into the movement. British religious denominations shared their strategies with their counterparts in the United States, which helped to strengthen the movement here.

The movement eventually succeeded beyond the dreams of its originators; not only was the trade banned in the United Kingdom and the United States, but also the English Navy was used to intercept ships off the coast of Africa, search them, and send any Africans found back to Africa. The banning of the slave trade also helped create momentum for the abolition of slavery itself. The movement thus permanently altered the rules of the global economy and set a precedent for social movements promoting the value of human rights above the value of commerce.

European Workers and the First International Workingman's Association

The same radical ideas of justice and equality that spurred the abolition movement also led to an international movement focused on the rights of workers in the globalizing economy of mid-nineteenth-century Europe. In the 1800s, as a result of the industrial revolution, an increasing number of Europeans worked in factories in dire conditions: excessive work hours, low wages, abusive bosses. The global economy brought in new technologies that threatened jobs, and foreign-made goods that threatened domestic production.[6] European labor unions, which had developed out of craftsmen's guilds, began using strikes, work slowdowns, and destruction of machinery to fight for better wages, better work conditions, and protective tariffs. In England in the 1850s, factory owners fought back by importing workers from poorer European countries to replace striking workers, including cigar makers, tailors, and builders.

In response, the European workers developed an international strategy. The more radical unions, along with their intellectual supporters and associations of nonunionized workers, formed the First International Workingman's Association in 1864. The First International successfully intervened in 1866 to prevent the bosses of striking tailors in England from hiring strikebreakers from Belgium, France, and Germany. In 1867, a delegation of striking Parisian bronze workers visited London to seek support for their right to unionize; the International subsequently sent financial support from British unions and contributed to the success of the strike. While the First International lasted only until 1872, it played a key role in the development of national labor unions and working-class consciousness in Europe. In turn, these new unions and new ideas made significant changes not only in labor conditions, but also in national policies, from freedom of speech laws to the extension of voting rights to people who did not own property. Many union activists, recognizing parallels between the exploitation of workers in Europe and the enslavement of Africans in the Americas, also played a role in the eradication of slavery overseas, along with veterans of the anti–slave trade movement. In short, like the current global justice movement, the international workers' movement was a multi-issue movement that included domestic as well as global goals.

Early Human Rights Activists: Working against Colonization of the Congo

The movement against Belgian King Leopold II's colonization of the Congo provides additional evidence of continuity between the social movements of the nineteenth century and the current global justice movement. From 1890 to 1910, an incredibly cruel form of colonization took root in the Congo; the Belgians used kidnapping and torture to force Africans to gather rubber in the jungle, murdered Africans for sport, and ordered soldiers to chop off the hands of adults and children they had killed to prove that they had used their bullets effectively.[7] The movement against colonization was sparked, in part, by a manager from an English shipping company, who recognized that his company's trade with the Congo was not really free or equal trade. Edmund Morel observed, as he supervised the loading and unloading of ships in Belgium, that a great wealth of ivory and rubber was being imported from the Congo, but only soldiers and guns were being exported in return. Assisted by exposés from two African Americans who had lived in the Congo, and with the support of a gay Irish Republican, Morel led a solidarity movement that eventually included large numbers of activists in England and the United States with supportive events in distant countries such as Australia. Hundreds of Congolese participated by sharing their stories with missionaries and movement activists, risking their lives in order to help activists publicize the atrocities internationally. Tens of thousands more lost their lives when they openly resisted colonial rule.

Morel and his colleagues saw governments as their key targets. While they had limited power to confront the Belgian state directly, they attacked it by pressuring non-Belgian states to sanction King Leopold II, much as today's human rights activists pressure their own governments to apply sanctions to countries that grossly abuse human rights.

New technologies played a large role in the development of the movement. Transportation developments and the telegraph made international communication and cooperation more feasible, the camera was used to document the atrocities, and slide-shows helped spread these images to a wide audience. These developments in information technology played the role the Internet currently plays in informing and mobilizing mass movements of activists. Like today's multinational corporations, the king fought back with his own information campaign: he financed newspapers that carried strategically placed articles on the Congo, distributed brochures and booklets to elite decision makers, and sponsored lobbyists in the United States, England, and Germany. Eventually, however, the activists succeeded in tarnishing the king's reputation, and portraying the injustices of his rule as "crimes against humanity," a term that African American journalist and historian George Washington Williams coined to describe Leopold's lethal role in the Congo.[8]

The movement's success in education did not translate into a complete change in policy, but gradually, some reforms were made, and the worst abuses of the colonial regime began to end with the death of King Leopold II. Morel and other members of the movement can be seen as early human rights activists; they used information as a political tool[9] and appealed to the concept of universal rights in order to exert moral, political, and economic pressure to change a regime that used immoral labor practices in the name of commerce.

The Anti-imperialist Movement: U.S.–Philippine Solidarity

The anti-slave trade, workers, and Congo reform movements directly fueled the dynamic U.S. anti-imperialist movement, which, to a degree, worked in solidarity with the Philippine independence movement.[10] The U.S. government, led by Presidents William McKinley and Teddy Roosevelt, had observed the European nations grabbing territories in Africa, Latin America, and Asia. With no remaining land in North America, and determined to access trade opportunities in China, the United States decided that the Philippines would be a perfect colony. The Filipinos were fighting against brutal Spanish colonizers. The United States sided with the Filipinos only long enough to defeat Spain in 1898—then turned its guns on the local population in 1899.

The transformation of the United States into a colonial power catalyzed a dynamic anti-imperialist movement and generated a fiery debate that divided the country. The movement included elderly activists who had previously been involved in the movement against slavery. It also included many African Americans, who saw the lethal racism in United States treatment of the Filipinos; among other forms of repression, the United States used "reconcentration camps" and "water torture" in the Philippines in an attempt to suppress the independence fighters.[11] Union leaders in the United States, including Samuel Gompers, opposed imperialism because they believed that the poor would bear the cost of empire through higher taxes, loss of life in war, and lower wages due to competition with the exploited labor force of the colonies. Intellectuals such as William James argued that empire was incompatible with the ideals expressed in the Constitution, and was a threat to democracy at home as well as abroad. Congo activist Edmund Morel visited the United States to help strengthen the anti-imperialist movement (and anti-imperialist Mark Twain helped build the U.S. branch of the Congo reform movement).

Most anti-imperialists supported the idea of Filipino self-government as articulated by Emilio Aguinaldo, the leader of the independence movement. The American Anti-imperialist League wrote that "We maintain that governments derive their just powers from the consent of the governed. . . .We earnestly condemn the policy of the present National Administration in the Philippines. It seeks to extinguish the spirit of 1776 in those islands."[12] Collaboration between the U.S. activists and the Aguinaldo movement was difficult because of the logistics of war and communication, but the U.S. anti-imperialists found ways to communicate directly with the Filipino rebels, as shown by secret documents captured by the U.S. Army. Many U.S. citizens, including disillusioned soldiers who had returned from combat in the Philippines, spoke publicly in favor of the Filipinos, although their actions prompted others to label them as traitors and even threaten them physically. Several African American soldiers went even further; they defected from the U.S. Army and joined the Filipino side. Corporal David Fagan, one of the defectors, became an officer in the guerrilla army and helped lead Filipino troops in their war against the U.S. occupation.

In many ways, the anti-imperialist movement failed; the Philippines was granted independence from the United States only in 1946. Since then, the United States has continued to exert "neocolonial" rule, propping up pro-U.S. presidents including dictator Ferdinand Marcos and promoting economic reforms in the interest of U.S. businesses, through the World Bank and other multilateral institutions. The anti-imperialist movement, however, did raise the political cost of empire to the point that the United States ceased trying to gain new territories overseas, preferring to use indirect methods of control. The anti-imperialists also set a precedent of grassroots U.S. support for democracy movements overseas, even when those movements were actively opposed by the U.S. government, a tradition that continued with support for the Spanish Republicans in the 1930s and the Nicaraguan Sandinistas in the 1980s, as well as various liberation movements in Africa from the 1950s to the present.

Today's activists, therefore, as they plan protests against the World Trade Organization, International Monetary Fund, World Bank, and transnational corporations, should not think that they represent the spontaneous generation of a new protest phenomenon. Certainly, some aspects of the current movement are new—such as the use of the Internet for informing and organizing. But the protests, from Seattle to Genoa, from Argentina to South Africa, have deep roots. Changes in technology, innovative protest styles, and analytical advances have been utilized for hundreds of years by organized groups of people seeking to oppose the devastating effects of global trade on local communities in Africa, Asia, Latin America, and beyond. The current protests would not be possible without the precedents set by earlier activists. And we can be confident that future activists will build on the analysis and tactical innovations, as well as the successes and failures, of today's movement for global justice.

Notes

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1. Genesis 37:25–28.

2. While "international" here is somewhat ahistorical since the nation-state did not exist in its current form until relatively recently, I will stretch the terms "international" and "transnational" to include trade and activism among different cultures, kingdoms, and continents as well as among different nations.

3. The principal source on the Tupac Amaru uprising is Peter Flindell Klarén, *Peru: Society and Nationhood in the Andes* (New York: Oxford University Press, 2000). Klarén's definitive analysis includes an insightful bibliographical essay on the uprising and related events. Additional sources include Leon G. Campbell, "Social Structure of the Tupac Amaru Uprising in Cuzco, 1780–81," *Hispanic American Historical Review* vol. 64, no. 61 (1981): 675–693; Leon G. Campbell, "Church and State in Colonial Peru: The Bishop of Cuzco and the Tupac Amaru Rebellion of 1780," *Journal of Church and State* 22, no. 2 (1980): 251–270; and Leon G. Campbell, "Women and the Great Rebellion in Peru 1780–1783," *Americas (Academy of American Franciscan History)* 42, no. 2 (1985): 163–196.

4. The main sources of the anti-slave trade movement examples are Seymour Drescher, "Whose Abolition? Popular Pressure and the Ending of the British Slave Trade," *Past and Present*, no. 143 (May 1944) 136–166; Roger Anstey, *The Atlantic Slave Trade and British Abolition 1760–1810* (N.J.: Humanities Press, 1975); Clare Midgley, *Women against Slavery: The*

British Campaigns, 1780–1840 (London: Routledge, 1992); Olaudah Equiano, *The Interesting Narrative of the Life of Olaudah Equiano, Written by Himself* (Boston: Bedford Books, 1995 [first published 1789]; J. R. Oldfield, *Popular Politics and British Anti-slavery* (Manchester, U.K.: Manchester University Press, 1995); Wylie Sypher, "The African Prince in London," *Journal of the History of Ideas* vol. 2, no. 2 (April 1941): 237–247; Herbert S. Klein, *The Atlantic Slave Trade* (Cambridge, U.K.: Cambridge University Press, 1999).

5. The analysis of the anti–slave trade movement as precursor to today's social movements was informed by Margaret Keck and Kathryn Sikkink, *Activists beyond Borders: Advocacy Networks in International Politics* (Ithaca, N.Y.: Cornell University Press, 1998).

6. It was in this context that Karl Marx wrote the Communist Manifesto. The examples of the European trade union internationalism are from Susan Milner, *The Dilemmas of Internationalism* (New York: Berg, 1990).

7. The source of the Congo reform movement examples and analysis is Adam Hochschild's outstanding history of the colonization of the Congo, *King Leopold's Ghost* (Boston: Houghton Mifflin, 1998).

8. Williams's letter to the U.S. Secretary of State is quoted in Hochschild, *King Leopold's Ghost*, 112.

9. Keck and Sikkink, *Activists beyond Borders*, 18–22.

10. The principal sources of the anti-imperialist movement examples are Daniel B. Schirmer and Stephen Rosskamm Shalom, eds., *The Philippines Reader: A History of Colonialism, Neocolonialism, Dictatorship, and Resistance* (Boston: South End Press, 1987); Philip Foner and Richard Winchester, eds., *The Anti-imperialist Reader (Volume I): A Documentary History of Anti-imperialism in the United States, from the Mexican War to the Election of 1900* (New York: Holmes and Meier, 1984); and Philip Foner, *The Anti-imperialist Reader (Volume II): The Literary Anti-imperialists* (New York: Holmes and Meier, 1986).

11. Glenn A. Mann, "Corporal Daniel J. Evans Describes the 'Water Cure,' 1902" and "War and Disease in the Battle for Batangas," in Thomas G. Paterson and Dennis Merrill, *Major Problems in U.S. Foreign Relations, Volume I* (Boston: Houghton Mifflin, 2000), 387–389, 393–401.

12. "Platform of the American Anti-imperialist League, 1899," in Schirmer and Shalom, *The Philippines Reader*, 29–31.

2.4

Present at the Creation: The Bretton Woods Agreements

Dean Acheson

Agriculture and relief were simple matters compared to international monetary arrangements. The period of gestation of the latter about doubled that of elephants. Conceived in May 1941 in the lend-lease talks with Maynard Keynes, the agreements were brought forth in July 1944. For nearly two years the treasuries of the two countries, with Maynard Keynes leading for the British and Harry Dexter White for us, exchanged drafts and ideas. From time to time State and other agencies participated in a subsidiary way, our interest being directed chiefly to commercial policy and commodity agreements. . . .

By the spring of 1943 the White draft of an international monetary fund, with Keynesian amendments, cleared with Parliament and congressional committees, was distributed for study and further discussion in Washington. Nineteen of the governments sent experts to meet in June and make a report. An Anglo-American group in the autumn added sections on commercial policy, commodity agreements, cartels, and employment. The work of both groups emerged in the spring of 1944 as a "Joint Statement of Technical Experts on the Establishment of an International Monetary Fund." Meanwhile, the Treasury also conferred with congressional committees and then published a draft outline of a proposed International Bank for Reconstruction and Development. In May the State Department issued invitations to forty-odd governments to meet on July 1 at Bretton Woods, New Hampshire, "for the purpose of formulating proposals of a definite character for an international monetary fund and possibly a bank for reconstruction and development."

Henry Morgenthau deserves the same high praise that has been given Mr. Hull regarding the United Nations Charter for the patience and thoroughness with which he prepared with Congress, foreign governments, and the public these intricate and most important agreements. They could not have been put through without his special quality of leadership. The field, especially of the Monetary Fund, was so technical that is necessitated picking a highly qualified lieutenant to do the technical work and backing him to the hilt. The field of monetary arrangements itself evoked very little popular and no congressional interest. Here Morgenthau's capacity for almost obsessive concentration on the matter in hand became of great importance. Harry White, so far as I could observe, served Secretary Morgenthau with complete loyalty and great skill. In later years it was charged that he had Communist sympathies. I have often been so outraged by Harry White's capacity for rudeness in discussion that the charges made against him would have seemed mild compared to expressions I have used, but he could be equally pleasant and amusing, as I well

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Dean Acheson, "The Bretton Woods Agreements," in *Present at the Creation: My Years in the State Department* (New York: W. W. Norton, 1969), 81–84.

remember from an evening when we joined the Keyneses for dinner at the Whites'. I have often differed, sometimes violently, with his policies, but they were usually policies that I knew were strongly favored by his chief. He died suddenly in 1948, and time has mellowed for me the harsher side of his nature. I say to his restless spirit with kindliness, *"Requiescat in pace."*

By the time invitations to the conference went out, I had been left without competitors as State's representative in the enterprise. Bretton Woods had been chosen both for the beneficent climate of the White Mountains and the availability there of a summer hotel of adequate size and condition. However, having been closed for three years, it presented problems of staffing and operation in wartime that had not been fully considered. Having at least recognized them, I did not stay in the hotel myself but in a comfortable inn at nearby Crawford Notch. The transportation problem was solved by appropriate attention to the military police assigned to guard our privacy and well-being.

Henry Morgenthau put me on the delegation despite an argument I had with him over its selection. He wished to include in it the ranking majority and minority members of the Banking and Currency committees of the two houses. However, Senator Charles Tobey of New Hampshire, the ranking Republican on the Senate committee, was reputed to be an extreme isolationist, and Morgenthau wanted to bypass him in favor of the next Republican. To have been pointedly excluded from a conference held in his own state when he was running for re-election would have been an insult Senator Tobey could not have overlooked. The sacred rights of seniority would have ranged his colleagues on his side and an enterprise that needed all the congressional support it could get would have been launched with a bitter partisan row. This, I told Morgenthau, could prove its death warrant; I might be a novice in international monetary arrangements, but I was a professional in senatorial ones. Reluctantly, he backed away from this folly and Tobey became one of the most effective supporters in the Congress of the international bank and fund. He also became a devoted and loyal friend to me.

While we were battling the disorganization during the opening weekend at Bretton Woods, Senator Tobey came to me with a request. The Fourth of July and the need for an address at the conference were hard upon us. So was the Republican primary in New Hampshire, where he faced opposition. If he could make the Independence Day address, he would receive most gratifying publicity throughout the state. With the help of Fred Vinson it was arranged, and our relations were forever cemented.

The evening of our arrival at Bretton Woods, unknown to me, proved to be the five-hundredth anniversary of the concordat between King's College, Cambridge, and New College, Oxford. Maynard Keynes, a devoted Kingsman, had arranged a celebration into which he poured his exuberant enthusiasm. Overcoming the near anarchy in the kitchen and wine cellar, he had organized a dinner for seven or eight representing the two colleges as well as Yale University, with which King's had a special relation, originating when a Kingsman, Charles Seymour, became President of Yale. H. H. Kung, the Chinese Finance Minister, who had recently received an honorary degree from the university, Oscar Cox, and I represented Yale. In private Keynes disrespectfully referred to His Excellency as "the old Mandarin" and in public delighted in asking his views on the most complicated monetary problems. But "H.H.," who had married a sister of Mme. Sun Yat-sen and Mme. Chiang Kai-shek, was quite able to hold his own in any company. He did so that evening, when Keynes was at his most charming and brilliant on the subject of the contribution of universities to civilization.

For nearly four weeks the work of the conference went on all day and often far into the night. Keynes thought that the pressure was "quite unbelievable," though by our standards it did not seem unusual. After attending some night sessions, contrary to his doctor's orders, he suffered a heart attack and forswore them. An effort to keep Keynes's illness quiet proved unsuccessful and led to the usual investigations of who leaked the story to the press. It appeared that on the evening of his attack an alarmed Lady Keynes, looking for someone to fetch a doctor, found a most helpful young man who, of course, turned out to have been a newspaper correspondent.

The chief work and arguments of the conference concerned the International Monetary Fund, where the State Department's interest in maintaining the freedom of trade from legal or monetary restraints was watched over by Pete Collado and Leo Pasvolsky. Under the monetary conditions existing at the end of the war, what Mr. Hull had always opposed as impediments to trade were seen by the Treasury as discriminations against the United States and just as vigorously opposed. My own duties and interest centered in the work of Committee II on the international bank, to which under Keynes's chairmanship I had been assigned and put in charge of drafting the bank's charter. Years later George Woods, then President of the bank, expressed his gratitude for its flexibility and broad powers. As contrasted with the fund, whose charter was largely dictated by monetary experts and narrowly hedged about, the bank management could do anything it wanted to. This restrictiveness of the fund document, mistakenly attributed by Keynes to the lawyers, was what he had in mind when he said in the final plenary session of July 22: "I wish that [the lawyers] had not covered so large a part of our birth certificate with such very detailed provisions for our burial service, hymns and lessons and all."

Keynes did not like lawyers. He thought the United States "a lawyer-ridden land" and believed that "the *Mayflower*, when she sailed from Plymouth, must have been entirely filled with lawyers." However, he paid our little band at Bretton Woods a handsome compliment for approaching his ideal lawyer: "I want him [a lawyer] to tell me how to do what *I* think sensible, and, above all, to devise means by which it will be lawful for me to go on being sensible in unforeseen conditions some years hence.... Too often lawyers are men who turn poetry into prose and prose into jargon. Not so our lawyers here in Bretton Woods. On the contrary, they have turned our jargon into prose and our prose into poetry. And only too often they have had to do our thinking for us."

In our discussions of the bank in Committee II we ran into three substantive issues, which in the end were worked out by private negotiation. The first of these grew out of the competing claims for loans of war-torn and undeveloped areas. Keynes and I favored equitable consideration of both, the criteria being the need for and efficacy of the project rather than the cause of it. White disagreed. The solid weight of the Latin American delegations threw the decision our way. More difficult was the desire of all delegations, led by the Russians closely followed by the Latin Americans, for much lower subscriptions to the capital of the bank than to that of the fund. The reason, of course, was that drawings upon the fund were related to subscriptions and quotas, while borrowings from the bank would be unrelated to ownership of the capital stock. However, a general failure to subscribe would mean either no bank or one financed largely by the United States. Henry Morgenthau put a great effort into getting the Soviet Union to raise its subscription to the bank to the level of its quota in the fund. He was able to announce the achievement of this goal at the final plenary session. It was, however, a short-lived success, since the Soviet Union did not ratify either agreement.

Eddie Miller and I had more enduring success with the American republics. This involved many and long discussions with the principal delegations, followed by meetings with the whole group. One problem was to find a place spacious but private enough for so large and so confidential a meeting. My so-called office was clearly not that, as a more or less enclosed corner of the ballroom, now the plenary-session hall, had been turned over to me. It had once been a bar and still had the curtain that had been pulled across at closing time. Into this small spot of happier memories Miss Evans moved her typewriter and used the sink designed for washing glasses as a filing cabinet. She soon adopted other officeless waifs, including a spaniel, which frequently added its comments to the debates in progress on the other side of the curtain. We found other places to meet with our Latin American friends, who soon succumbed to Eddie's charm and persuasiveness in Spanish, Portuguese, and English.

The third issue was solved by changing our minds. The British had wanted the bank's lending power to be limited to the amount of its capital and surplus, while we had advocated a high ratio of loans to assets. However, our commercial-banker member, Ned Brown, pointed out to us that we would be defeating our own purposes in taking this view. The bank's bonds could not, at least initially, be sold without some guarantee by the United States Government, and our proposed original position would have required an open-ended commitment from the United States. We hastily joined the British in their position.

Toward the end of July the Bretton Woods conference ended amid mutual congratulations and we returned from our White Mountain resort to the muggy heat of a Washington August.

2.5

Multinational Corporations and United States Foreign Policy

Senator Frank Church

The International Telephone and Telegraph Co. and Chile, 1970–71

In May 1972, the Senate Foreign Relations Committee voted to conduct an investigation of assertions that the International Telephone and Telegraph Co. sought to enlist the cooperation of the U.S. Government in preventing Dr. Salvador Allende Gossens from taking office as President of Chile in 1970 and, subsequently, proposed policies to U.S. Government officials designed to bring about Mr. Allende's downfall.

These allegations arose out of the publication of a number of articles by Jack Anderson, the syndicated columnist, and others, based upon purported letters and memoranda written by various executives of ITT.

The committee felt, however, in order to insure a fair and balanced investigation, it was advisable to postpone any hearings until after the U.S. presidential election.

Scope of Study

The committee also voted to look beyond this particular case and undertake a broad examination of the role of multinational corporations, their influence on U.S. foreign policy and their economic impact. This study will take several years to complete. It will be comprehensive in scope, and it will seek to answer, among others, such questions as the following:

Do the activities of the multinational corporations advance the interests of the people of the United States taken as a whole? Are they exporting jobs which might otherwise be kept at home? Do they prefer to invest rather than export abroad because of the demands of the world market, or do our own government's policies skew the options in favor of investing? How do we achieve an increasingly open world economic system, and, at the same time, guarantee our own people that they will be gainfully employed? To what extent have our foreign aid programs been used to service the special needs of American-owned corporations abroad and to what extent should they be? Are investment incentives offered by the Federal Government to induce foreign investment by private capital either necessary or desirable in today's developing world? Finally, we shall seek to determine to what extent there is a coincidence of interest between the multinational corporations and U.S. foreign policy in selected key areas of the world.

In this hearing, we shall seek to ascertain whether the ITT corporation and the Central Intelligence Agency cooperated in an effort to prevent Salvador Allende Gossens from being

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United States Senate, Committee on Foreign Relations, Subcommittee on Multinational Corporations, "Opening Statements by Senator Frank Church," *Multinational Corporations and United States Foreign Policy*, 93rd and 94th Congresses, Part 1 (20 March 1973), Part 4 (30 January 1974), and Part 12 (16 May 1975).

elected President of Chile in 1970; whether the company sought to induce other U.S. corporations to cooperate with it in bringing pressure upon U.S. Government officials to adopt policies which would make life more difficult for Mr. Allende's government; whether the ITT company proposed to U.S. Government officials policies designed to bring pressure on Mr. Allende's government, and, possibly, to lead to Mr. Allende's downfall; whether, as Mr. Allende has alleged, there was a credit embargo imposed on Chile by U.S. banks.

The telephone properties of the ITT company were guaranteed against expropriation by an insurance policy originally issued by the Agency for International Development. This policy is now administered by the Overseas Private Investment Corporation. The Chilean Government has intervened in the properties of the company. In the event the company is entitled to compensation, the potential liability for OPIC, which is federally financed, is an estimated $96.5 million.

The answers to the above questions may have a bearing on whether the company is entitled to be paid compensation under the insurance policy.

The multinational corporation is a relatively new phenomenon. It has only recently become a part of the American public consciousness, despite the fact that American overseas investment has had an explosive growth in the years following World War II. This growth is not limited to Latin America. The American presence abroad is pervasive and geographically widely distributed. It plays a significant role in such diverse areas as Australia, Canada, and the European Economic Community as well as Latin America.

In all of these areas, we can discern a rising tide of nationalism, which increasingly bears upon the role of the multinational corporations, largely U.S.-owned, in the economies and societies of these countries. It may be critical for the survival and viability of these corporations, that there be agreed upon standards of conduct in the countries in which they operate.

[. . .]

Multinational Petroleum Companies and Foreign Policy

. . . We are today opening a public hearing into the relationship of the multinational petroleum companies and U.S. foreign policy and whether, and to what extent this relationship has contributed to the energy crisis with which we are all so familiar. That experience now encompasses long lines at local gas stations, confused and daily changing statements by Government officials as to the dimensions, scope, and characteristics of the crisis; major consuming countries, allied to the United States, strike out on their own "to cut a deal" with the Arab Governments in what, increasingly has all of the characteristics of a mad scramble for the petroleum which comes out of the desert sands of the Middle East. Above all, there is a pervasive suspicion among the American people of oil companies, Government officials and, yes, the U.S. Congress. Indeed, anyone who has had anything to do with the decisions which affect international oil is today suspect in the public mind.

In part, industry and government have no one to blame but themselves. They have enveloped the government-industry relationship with a curtain of secrecy which inevitably has led to the most far-reaching suspicions. The first imperative in any inquiry into the causes of the energy crisis is thus to set aside, finally and definitively, this curtain of secrecy and allow the American people to understand what were the basic decisions which have a bearing on the present crisis, how these decisions were made, what were the alternatives, and what the effects have been. Only then can we rationally begin to formulate policies for the future which will have the requisite amount of public support.

Consequently, we initiate this inquiry with the intention of providing the American people with a comprehensive explanation of those foreign policy decisions, which are critical to an understanding of how we arrived at where we are today with respect to international oil. In so doing, we are dealing with corporate entities which may have many of the characteristics of nations. Of the 15 largest multinational corporations in the world today, 7 are petroleum companies. These seven companies—Exxon, Gulf, Texaco, Mobil, Standard Oil of California [SoCal], Royal Dutch-Shell and BP—British Petroleum—have annual sales which are in excess of the gross national product of such nations as India, Poland, Brazil, Sweden, and the German Republic. The smallest of the American "sisters," SoCal, has assets exceeding $8 billion. Thus, it should surprise no one that, in the course of these hearings, it may well appear, when we speak of corporate and Government relationships, the language will be that which is appropriate to dealings between sovereigns.

[. . .]

Reflection Upon the Extent United States Can Depend on Multinational Corporations

Moreover, we must realistically recognize that what we see in oil today may well be reproduced with respect to other major commodities. These hearings then are not only an examination of the relationship of multinational petroleum companies and U.S. foreign policy, but they also deal with a more far-reaching issue: To what degree this country can and ought to depend upon the multinational corporations to assure us of a secure source of raw materials at reasonable prices? We are today faced with a situation in which the U.S. national security is truly at issue and which calls for a clear perception of where lies the national interest and to what extent that interest coincides or diverges with the interests of private oil companies.

At bottom, that is the central issue that we seek to explore in these hearings.

[. . .]

Political Contributions to Foreign Governments

Gulf Oil Corp.

In the course of the Watergate Committee hearings and the investigation by the Special Prosecutor, it became apparent that major American corporations had made illegal political contributions in the United States. More recently, the Securities Exchange Commission has revealed that several multinational corporations had failed to report to their shareholders millions of dollars of offshore payments in violation of the Securities laws of the United States. The Gulf Oil Corporation, before us today, has admitted making $4.8 million in domestic political contributions and at least $4.3 million in overseas political payments.

The Securities and Exchange Commission is understandably concerned that the disclosure requirements of U.S. laws are complied with. This subcommittee is concerned with the foreign policy consequences of these payments by U.S.-based multinational corporations.

This is not a pleasant or easy subject for the corporations involved or U.S. Government officials to discuss in a public forum. This subcommittee deliberated long and hard as to whether it should pursue this matter, and, if so, in what fashion. It decided by a unanimous vote to initiate this investigation and to do so in open public hearings. For what we are concerned with is not a question of private or public morality. What concerns us here is a major issue of foreign policy for the United States.

No one has put it more succinctly than Gunnar Myrdal in his brilliant book "Asian Drama." Describing what he calls the "soft state," Myrdal writes:

> Generally speaking, the habitual practice of bribery and dishonesty tends to pave the way for an authoritarian regime, whose disclosures of corrupt practices in the preceding government and whose punitive action against offenders provide a basis for its initial acceptance by the articulate strata of the populations. The Communists maintain that corruption is bred by capitalism, and with considerable justification they pride themselves on its eradication under a Communist regime.
>
> The elimination of corrupt practices has also been advanced as the main justification for military takeovers. Should the new regime be unsuccessful in its attempt to eradicate corruption, its failure will prepare the ground for a new putsch of some sort. Thus, it is obvious that the extent of corruption has a direct bearing on the stability of governments.

It follows that, if a substantial number of multinational corporations bribe or attempt to gain influence through huge campaign contributions or agent's fees which find their way into the hands of foreign government officials, these very corporations may, in the long run, be the losers. Eventually, indigenous forces of reform or revolution will turn on these companies and make them the targets of radical measures.

Furthermore, illicit corporate contributions, bribes, and payoffs create unfair conditions for scrupulous competitors. Foreign officials looking for money are unconcerned about the quality of the product or service being offered. The company which slips the most under the table will get the most favored treatment.

Under such circumstances, a company which tries to maintain higher ethical standards finds itself up against the unfair competition of companies that resort to large-scale bribery. Ethical corporations will be squeezed out of many foreign markets and even the unethical firms will find their profits diminished.

Thus, we must know from our witnesses here today what were the circumstances which led them to make these payments. In what country were they made? Were they illegal in the country in which they were made? If the corporation was reluctant, did it bring the matter to the attention of the U.S. Embassy? If not, why not? Does the United States have a foreign assistance program in the country in which the payment was made? Was the company's investment in the country guaranteed, in whole or in part, by our Government's Overseas Private Investment Corporation? Was the U.S. Embassy aware of such payments? If not, why not?

Finally, this subcommittee will consider what legislation, if any, is warranted. Much has been written about codes of conduct governing multinational corporations. Many of the issues—transfer prices, expropriation—are complex and controversial. But there should be no controversy about this issue: if the developing countries are sincere in their desire to define acceptable rules of conduct for multinational corporations, then they should be willing to agree that corporations that do business in their country should be free from extortion. The corporations, if they are serious about wanting the rules of the game defined, should be willing to agree that they will refrain from making questionable payments to obtain competitive advantages. And the administration, if it is genuinely concerned about this problem, ought to take the lead in seeking a consensus around these elementary propositions.

In short, we cannot close our eyes to this problem. It is no longer sufficient to simply sigh and say that is the way business is done. It is time to treat the issue for what it is: a serious foreign policy problem.

2.6

Declaration on the Establishment of a New International Economic Order

United Nations General Assembly

We, the Members of the United Nations,

Having convened a special session of the General Assembly to study for the first time the problems of raw materials and development, devoted to the consideration of the most important economic problems facing the world community,

Bearing in mind the spirit, purpose and principles of the Charter of the United Nations to promote the economic advancement and social progress of all peoples,

Solemnly proclaim our united determination to work urgently for THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER based on equity, sovereign equality, interdependence, common interest and co-operation among all States, which shall correct inequalities and redress existing injustice, make it possible to eliminate the widening gap between the developed and the developing countries and ensure steadily accelerating economic and social development for present and future generations.

1. The greatest and most significant achievement since the foundation of the United Nations has been the independence from colonial and alien domination of a large number of peoples and nations which has enabled them to become members of the community of free peoples. Technological progress has also been made in all spheres of economic activities in the last three decades, thus providing a solid potential for improving the well-being of all peoples. However, the remaining vestiges of alien domination, colonialism, foreign occupation, racial discrimination, *apartheid* and neo-colonialism in all its forms continue to be the greatest obstacles to the full emancipation and progress of the developing countries. The benefits of technological progress are not shared equitably by all members of the international community. The developing countries which constitute 70 per cent of the world population account for only 30 per cent of the world's income. It is not possible to achieve an even and balanced development of the international community under the existing international economic order. The gap between the developed and the developing countries continues to widen in a system that was established at a time when most of the developing countries did not even exist as independent States and which, by all its elements, perpetuates inequality.
2. The present international economic order is in direct conflict with current develop-

United Nations General Assembly, "Declaration on the Establishment of a New International Economic Order," Sixth Special Session, 1 May 1974, UN General Assembly Resolution 3201.

ments in international political and economic relations. Since 1970, the world economy has experienced a series of grave crises which have had severe repercussions, especially on the developing countries because of their generally greater vulnerability to external economic impulses. The developing world has become a powerful factor that makes its influence felt in all fields of international activity. These irresistible changes in the relationship of forces in the world necessitate the active, full and equal participation of the developing countries in the formulation and application of all decisions that concern the international community.

3. All these changes have thrust into prominence the reality of interdependence of all the members of the world community. Current events have brought into sharp focus the realization that the interests of the developed countries can no longer be isolated from the interests of the developing countries; that there is close interdependence between the prosperity of the developed and the growth and the development of the developing countries, and that the prosperity of the international community as a whole depends upon the prosperity of its constituent parts and international development is a shared and common responsibility of all countries. Thus the political, economic and social well-being of present and future generations depends more than ever on co-operation between all members of the international community on the basis of sovereign equality and the removal of the disequilibrium that exists between them.

4. The new international economic order should be founded on full respect for the following principles:
   (a) Sovereign equality of States, self-determination of all peoples, inadmissibility of the acquisition of territories by force, territorial integrity and non-interference in the internal affairs of other States;
   (b) Broadest co-operation of all the member States of the international community, based on equity, whereby the prevailing disparities in the world may be banished and prosperity secured for all;
   (c) Equal participation of all countries in the solving of world economic problems in the common interest of all countries, bearing in mind the necessity to ensure the accelerated development of all the developing countries. While devoting particular attention to the adoption of special measures in favour of the least developed, land-locked and island developing countries as well as those developing countries most seriously affected by economic crises and natural calamities, without losing sight of the interests of other developing countries;
   (d) Every country has the right to adopt the economic and social system that it deems to be the most appropriate for its own development and not to be subjected to discrimination of any kind as a result;
   (e) Every country has the right to exercise permanent sovereignty over its natural resources and all economic activities. With this principle in mind:
      (i) Every country has the right to exercise effective control over its natural resources and their exploitation with means suitable to its own situation, including the right of nationalization or transfer of ownership to its nationals;
      (ii) The right of all States, territories and peoples under foreign occupation, colonial rule or *apartheid*, to restitution and full compensation for the exploitation and depletion of, and damages to, the natural resources, as well as the exploitation and manipulation of the human resources of those States, territories and peoples;
      (iii) Nationalization is an expression of the sovereign right of every country to safeguard its resources; in this connection, every country has the right to fix the amount of possible compensation and mode of payment, while possible disputes have to be solved in accordance with the domestic laws of every country.

This principle may be applied according to the national interests and laws of each country. It shall in no way affect the right of all States to conclude, in the free exercise of their sovereign will, agreements consonant with the purposes and principles of the United Nations;

(f) Control of the activities of transnational corporations by taking measures in the interest of the national economies of the countries where such transnational corporations operate on the basis of the full sovereignty of those countries;

(g) Right of the developing countries and the peoples of territories under colonial and racial domination and foreign occupation to struggle for their liberation and for the purpose of regaining effective control over their natural resources and economic activities;

(h) Extending of assistance to developing countries, peoples and territories under colonial and alien domination, foreign occupation, racial discrimination, or *apartheid*, or which are subjected to coercion, economic aggression or political pressure and neo-colonialism in all its forms and which have established or are endeavouring to establish effective control over their natural resources and economic activities that have been or are still under foreign control;

(i) Establishment of a just and equitable relationship between the prices of raw materials, primary products, manufactured and semi-manufactured goods exported by developing countries and the prices of raw materials, primary commodities, manufactures, capital goods and equipment imported by them with the aim of improving their terms of trade which have continued to deteriorate;

(j) Extension of active assistance to developing countries by the whole international community;

(k) Establishment of a new international monetary system one of whose main objectives is the promotion of development of the developing countries;

(l) Improving the competitiveness of natural materials facing competition from synthetic substitutes;

(m) Preferential and non-reciprocal treatment for developing countries in all fields of international economic co-operation, wherever possible;

(n) Securing favourable conditions for the transfer of financial resources to developing countries;

(o) To promote the transfer of technology and the creation of indigenous technology for the benefit of the developing countries in forms and in accordance with procedures which are suited to their economies;

(p) Necessity for all States to put an end to the waste of natural resources, including food products;

(q) The need for developing countries to concentrate all their resources for the cause of development;

(r) Strengthening—through individual and collective actions—of mutual economic, trade, financial and technical co-operation among the developing countries on a preferential basis;

(s) Establishment and strengthening by developing countries of producers associations in respect of major primary commodities of importance to the world economy.

5. The unanimous adoption of the International Development Strategy for the Second United Nations Development Decade was an important step in the promotion of international economic co-operation on a just and equitable basis. The accelerated implementation of obligations and commitments assumed by the international community within the framework of the Strategy, particularly those concerning imperative development needs of developing countries, would contribute significantly to the fulfillment of the aims and objectives of the present Declaration.

6. The United Nations is the only universal organization capable of dealing with problems of international economic co-operation in a comprehensive manner and ensuring equally the interests of all countries. It must have an even greater

role in the establishment of a new international economic order. The Charter of Economic Rights and Duties of States, for the preparation of which this Declaration will provide an additional source of inspiration, will constitute a significant contribution in this respect. All the member States of the United Nations are therefore called upon to exert maximum efforts with a view to securing the implementation of this Declaration which is one of the principal guarantees for the creation of better conditions for the present and future generations to live in peace and well-being worthy of human dignity.

7. This declaration on the Establishment of a New International Economic Order shall be one of the most important bases of economic relations between all peoples and all nations.

2.7

We Are to Be Sacrificed: Indigenous Peoples and Dams

Wada Taw-il

I am Wada Taw-il, an Igorot from the Cordillera of Northern Luzon in the Philippines. I have come as a representative of my people and as a witness against the systematic atrocities of exploitation and oppression inflicted upon us as a people.

Including our Muslim brothers and sisters, we number around six and a half million people, or 16 to 18 percent of the total Philippine population. We are composed of more than 60 distinct groups. We are the Igorots of the Mountain Provinces of Kalinga-Apayao, Bontoc, Benguet and Ifugao; the Tinggians of Abra; the Manobos, Subanon, Bilaan, Bagobo, Ata, T'boli, Tagakaolo, Higaonon, Tiruray, Mandaya, Mansaka of the South; the Mangyans of Mindoro; the Gaddangs, Ikalahans and Dumagats of Nueva Vizcaya; the Ibanag of Cagayan Valley; the Negritoes of Zambales, and others.

Our lands are in the remote interiors throughout the length of the Philippine archipelago. We are dependent on our lands in many ways. As farmers, the land is the basis of our survival. We are skilled in our farming practices and have few other options for successful livelihood. We cannot compete in the cities or labor markets as equals.

The land means much to us! Our history is bound to our lands. Fields handed down through generations are both economic assets and a statement of tribal history—a link with past ancestors. The forests and fields have spiritual significance for us, as the homes of powerful natural forces that are to be respected and cherished. They are also the resting place and homes of our ancestors.

The development and improvement of our lands are the fruits of the collective efforts of deceased ancestors. We, the living, have the grave responsibility to care for the land and the dead. Allowing the submersion or destruction of our land means a breaking of this awesome responsibility, an act of desecration against grave-sites and homes of the spirits. But what is more frightening is that it means our death as a people.

We have developed our own extensive and complex system of political organization, including the peace pact—which we have used as an effective deterrent against intruders. From the coming of the Spaniards to the eventual takeover of the Americans, we resisted all forms of foreign invasion.

[. . .]

Today . . . we believe that our culture, beliefs, traditions, indeed our very survival and existence as a people are threatened. We believe that the government is pursuing policies that can only be described as genocidal. . . .

One of the most far reaching and damaging parts of [Marcos] government policy which

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Wada Taw-il, "We Are to Be Sacrificed: Indigenous Peoples and Dams," in *Philippines: Repression and Resistance—Permanent Peoples' Tribunal Session on the Philippines* (Utrecht, Netherlands: Philippine-European Solidarity Center–Komite ng Sambayanang Pilipino [PESC-KSP], 1980), 184–91.

affects minorities is its energy program. The government has existing plans to build more than 40 major dams. Almost all of these dams are to be built on lands at present occupied by national minorities. The dams will submerge our best farmland, the settlements, graveyards and sacred sites of many peoples. It is estimated that more than one and a half million minority Filipinos and another half million poor farmers will be impoverished and dislocated by these dams.

These dams would not only displace communities of people, but would destroy the whole tribal economy of some peoples. The government has now passed special regulations empowering the National Power Corporation to restrict or even prevent farming within the watershed of dams, and to forcibly expel anyone breaking these rules. These rules would deny the people the means of basic subsistence that has been theirs for centuries. In my home—the Cordillera—the government has immediate plans for eight dams and further proposals for at least seven more. Already the Ifugao people who number more than 100,000 and live in the watershed of the Magat Dam are being prevented from clearing new mountain farms. They are forced instead to plant trees on their old clearings. This will being hunger to the Ifugao. But at the very time that the ordinary people are being prevented from continuing their farming practices, new logging concessions are given within the watershed. Local officials, including the governor and assemblyman of Ifugao, now have commercial logging concessions within the area. So, control over the cutting of trees is only imposed on the poor farmers but not on the rich concessionaire.

The energy program for the next ten years was planned to cost more than $14.5 billion but recently Marcos made an announcement that this program must be implemented in only five years. So our situation has become even more critical.

The proposed energy supply increase is not to meet local needs but is planned as an incentive to foreign investment. The whole program is heavily financed and backed by the World Bank, Asian Development Bank and USAID. Most of the Bank money is being spent on construction and equipment paid straight out to foreign heavy engineering contractors. In the Cordillera, on the Ambuklao dam, it was Guy Atkinson and Co of the USA; on the Magat Dam it is Voest Alpine and Brown Boveri from Europe; on the Chico, it is Lahmeyer of Germany.

The government makes propaganda that these dams are a sign of progress and prosperity for the nation and will improve the quality of life, especially for the rural poor. But we in the Cordillera ask, "Whom does it really help?" We know it does not help us and we are the most neglected sector of the rural poor. We gain no share in the benefits of these dams, while our livelihood and culture are to be destroyed. We are to be sacrificed. Even Marcos says this.

In 1956 the Ambuklao Ibaloy were moved off their land. There was no adequate compensation, no place for relocation. After 25 years when the dam is already choking to death with silt the people still have no land. When they were on their land, they were promised relocation but when the dam was built and they were no longer a threat, there was no relocation.

The government says that dams will bring electricity and irrigation to the lowland peasants but these people still live in poverty. They cannot afford the high costs of electrical appliances or even irrigation pumps and rentals. The benefit is only to rich landlords in the Cagayan Valley, men like Defense Minister Enrile, Local Government and Community Development Minister Rono, President Marcos and a handful of others, all of whom have large tracts of land in the Cagayan Valley that will be irrigated by the Chico and Magat dams.

The dam program that has been worked out for the Philippines by the World Bank has come to be priority only under martial law conditions. When the Chico was first considered for damming in the 1960s the project was indefinitely shelved because of the social costs involved. But by 1973 under martial law when the people had no voice, it was no longer thought necessary to even ask for the people's opinion or even inform them. In Kalinga and Bontoc, we first learned of the project when survey teams invaded the valley. The people angered by such deceit, ejected the teams.

In July 1974 the survey teams came back with a military escort and abused the people, especially in Cagaluan, Kalinga, where three boys were lined up and soldiers used submachine guns to shoot coconuts off their heads.

We tried petitions and legal appeals to the government and the World Bank, thinking that no one would knowingly destroy the culture and livelihood of the 80,000 people of the Chico. But Marcos avoided meeting our delegations. He made excuses and one delegation that went to Manila to plead for their land was turned away because the President was too busy they said "with the preparations of the *Miss Universe* contest"!

Only when it was clear that the people would fight for their land and would have support in Manila and elsewhere did Marcos take notice. The people adopted the tradition of our peace pact which is strong among us to call for unity in the defense of our lands.

It was at this point that the attempts to trick and deceive and divide us really began. Marcos' Minister Melchor announced the suspension of all work in the Chico Valley and the indefinite postponement of Chico II dam in the heart of the mountains. But it is clear now that this was a conscious trick. There has been no attempt to bring the issue of Chico II up for further discussion but plans for its construction have gone ahead. Construction is now scheduled to begin within 3 years.

At the time of Minister Melchor's announcement the government had fears that the Chico would become another minority problem which could spark off an all out war like that of the Muslims in the south. Marcos has an agency, the PANAMIN (Presidential Assistance on National Minorities), to deal with its minority problem but like the government it does not represent the people but the big business that seeks to exploit their lands. Who the PANAMIN serves is very clear by looking at the people who control it. These people are some of the biggest capitalists in the Philippines like Elizalde, Ayala, Soriano & Cabarrus, and working for them are both serving and retired military officers including those who have been trained in Vietnam in counter-insurgency programs.

PANAMIN was established without even one representative of a national minority as a member. It does not represent or serve the interests of the minority people. Under martial law it has become the government's instrument of repression against minorities. The documents we present show that the PANAMIN, like the state it serves, has had to resort increasingly to armed oppression; and that now, the major item of the PANAMIN Budget is for its own security not for minority development.

[. . .]

We approached World Bank representatives in Manila who repeated the promise of Robert McNamara that the World Bank would not fund the Chico project in the face of opposition from the people; but they lied and they have continued to fund the project despite our opposition. They have also funded other projects like that on the Magat river and elsewhere.

The people's fight for their rights against the Marcos government has taught them many bitter lessons. The resistance of the Kalinga gives hope to other people in the Philippines, thus the government has to send its troops into the province to silence us.

There have been many and horrible abuses against my people. Many of these abuses are documented and show that contrary to the government's assertion that military abuse is rare and incidental, in fact it is common and systematic. None of the soldiers identified to have committed the severest abuses of murder, torture, arson and rape have ever been made to pay.

[. . .]

In April 1980, Macli-ing Dulag, the spokesman of the Kalingas was murdered by the 44th Infantry Battalion. Macli-ing was a powerful opposition spokesman and the best known of our leaders. He was shot down inside his own house in the night by men since identified and admitted by the government to be members of the 44th Infantry Battalion under the leadership of Lieutenant Adalem. On the same night in the same village an attempt was also made on the life of Pedro Dungoc, another of the Kalinga opposition spokesmen.

Macli-ing was well known to the government for his opposition. His village had hosted two major Peace Pact celebrations called to discuss the dam problem and unite the people and strengthen them in their opposition. He had been offered bribes by Elizalde which he refused.

His murder was a further proof to us that we could not expect justice within the present system where even our most respected spokesmen are just gunned down like animals. The people all know that we must be prepared to defend our land if we are to survive.

2.8

The Pillars of the System

Jacques B. Gélinas

The Bretton Woods Agreement

In the early 1940s, as the guns of war were thundering in Europe, the Allies—mainly the USA and the UK—began designing a new international economic order encompassing currency control, foreign investment, free trade and unimpeded access to raw materials.

Coming out of the war unscathed, overcapitalized and controlling over half the world's industrial production and 80 per cent of all gold reserves, the US took the lead in this process. In July 1944, it convened an international conference, attended by the Allied nations, including the USSR,[1] at Bretton Woods, a New Hampshire resort, to redefine the rules of the post-war trade and monetary game. The leading lights of capitalist economics attended, including the famous British economist John Maynard Keynes and the Undersecretary to the US Treasury, Harry Dexter White. Keynes's proposal involved the creation of an international currency, the *bancor*, administered by a central international bank. That system would have produced a more stable and fair world economy by automatically recycling trade surpluses to finance trade deficits, but it did not suit the United States' interests, and the latter had sufficient clout to secure approval for its own plan. Recognized as an international currency, the dollar was proclaimed 'as good as gold'. In short, the conference was invited to ratify the crowning of Washington as the world economy's new capital, replacing London after a reign of over two centuries. *Ipso facto*, the US Federal Reserve Board became the world currency issuer.[2]

Underlying all the discussions was an unswerving belief in the universal principle of free trade and free competition upon which the United States had resolved to found the new economic order. This principle gave absolute priority to the market for the allocation of resources and distribution of wealth. Power having spoken, the economists and other experts readily followed suit in celebrating the virtues of the market.

From Bretton Woods sprang the three pillars, as they were then called, of the new international economic edifice: the International Monetary Fund (IMF), the International Bank for Reconstruction and Development, or the World Bank, and, in 1947, the General Agreement on Tariffs and Trade, better known as the GATT.

The International Monetary Fund

The IMF was given the mandate of instituting an international monetary order based on currency

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Jacques B. Gélinas, "The Pillars of the System," in *Freedom from Debt: The Reappropriation of Development through Financial Self-Reliance,* trans. Arnold Bennett and Raymond Robitaille (London: Zed, 1998), 46–58.

stability. All currencies were declared exchangeable at fixed rates against the dollar, which itself was indexed to gold at the fixed rate of $35 an ounce. Together with the central banks, the IMF's job was to guarantee this stability. Its specific role was to defend currency parity against market pressures by providing support, primarily through short- and medium-term loans, to economies afflicted by a budget deficit or temporary financial instability.

In August 1971, the United States suspended the convertibility of the dollar, that is, the possibility of trading it for gold at a fixed rate. By that very fact, the IMF lost its *raison d'être* because the replacement of fixed rates with generalized currency floating made its currency stabilization role insignificant. Instead of disappearing, however, the IMF found a new calling: restructuring the economies of the underdeveloped countries, whose debt levels were beginning to cause concern.

Today, the IMF is riding high with 181 members—almost every country in the world—and 2000 employees at its headquarters, not far from the Capitol in Washington, DC. In the early 1990s, it saw its role confirmed as the international monetary system's main pillar, when it required its members to boost their shares substantially so that it could enhance its role in refinancing the debt-ridden countries. The G7 approved the expansion of the IMF's lending capabilities, bringing the Fund's capital to $200 billion. At its recent meetings, the G7 agreed to double this amount in order to set up a new Emergency Financing Mechanism to support countries confronted with a 'Mexico-type crisis'.[3] In so doing, the industrialized countries acknowledged the IMF's role as the pillar of the debt system. Perceiving the absurdity of the process, some renowned economists have suggested that the IMF 'give up this role, since it can never be strong enough to support a mountain of debt'.[4] The IMF will never act on this suggestion since no handsomely paid and well-maintained bureaucracy has ever undermined itself or even reformed on its own initiative.

IMF policies are decided upon by the member countries, whose voting rights, and shares, are proportional to the size of their GDP. The OECD group holds about 60 per cent of the voting rights, the G7 countries 45 per cent and the United States alone 17 per cent. Third World countries thus have a negligible influence on IMF decisions.

The IMF is more authoritarian and more powerful than its sister institution, the World Bank. It is also more secretive. It does not have to bother about development, the environment and social parameters. It pretends to abide by strict monetary rules which are noble, absolute and immutable. This is why the IMF transcends all these terrestrial problems. Its experts are never at fault. The satirist hardly exaggerated when he had one of these experts reply to criticism: 'That's fine in practice, but it doesn't work in theory.'

The World Bank Group

As indicated by its official name, the International Bank for Reconstruction and Development, the World Bank's mission initially involved two aspects: reconstruction of war-ravaged European countries and development financing. It began lending in 1946, first concentrating on rebuilding Europe, but the USA undercut it in 1948 by launching the Marshall Plan.

Seeing its primary role significantly reduced from the start, the Bank adjusted its aim and focused on the underdeveloped world. From 1948 on, it opened its coffers to the Latin American countries, starting with Chile, Mexico and Brazil. Its objectives have steadily evolved in this direction. The media often attribute a humanitarian role to the World Bank, but in fact its stated goals are: (1) to finance development by lending money while seeking maximum profits as circumstances dictate; (2) 'to promote private foreign investments'; (3) 'to promote the long-range balanced growth of international trade'.[5] It has regularly reported profits over the past decade, accumulating over $16 billion in reserves, with its present rate of profit at around $1 billion a year.

Be that as it may, aid from the Bank translates into loans, at low or regular interest, only on the basis of the customer's capacity to repay and under strict conditions, with freedom of trade and investment topping the list. As one international aid specialist explains: 'the Bank is in the *business* of lending money for development. If it stops doing that, then it ceases to have a role. Conversely, the more lending it does the more important its role becomes. This creates a pressure within the institution to make loans big and to make them quickly.'[6] In the past few years, the pace of lending, instead of declining due to the over-indebtedness of many countries, has tended to accelerate. Since 1991, total loans granted each year have fluctuated between $20 and $24 billion. Approximately 25 per cent of these loans go to the forty-six least developed countries (LDCs).

The IBRD does not tolerate any delay in repayment and never allows its customers to reschedule their debts. This apparent contradiction seeks to maintain the principle prevailing in the 'serious' financial world that once a debt is contracted, it constitutes a sacred commitment that no individual and, above all, no government can elude. Deviating from this principle would encourage bad borrowers. (Some cynical observers with an opposing view have suggested that it would be only logical for over-indebted countries to refuse to repay their debts in order to discourage the bad lenders who extended credit under such lax conditions.)

In addition to the IBRD itself, the World Bank Group includes the International Finance Corporation (IFC), the International Development Association (IDA) and the Multilateral Investment Guarantee Agency (MIGA).

Created in 1956, the IFC's purpose is to encourage holders of local and foreign capital to invest in the private sector in underdeveloped countries. It has helped a large number of multinational corporations establish themselves in underdeveloped countries.

Founded in 1960, the IDA specializes in the granting of long-term loans, at very preferential rates. These loans are often new money to pay back old debts, sometimes to the IBRD itself.

The MIGA, the latest addition to the World Bank Group, was established in 1988 to offer private investors technical assistance and insurance against losses incurred because of non-commercial risks.

With its 181 members, 11,000 employees, offices in sixty-five countries and fifteen headquarters buildings covering 3 million square feet in Washington, DC, the World Bank is indisputably the biggest IFI. It is the flagship of the entire foreign aid business. According to a non-written convention, the president of the World Bank is a US citizen designated by the President of the United States. He is assisted by twenty-four full-time board members, eighteen vice-presidents, four managers and sixty department directors. These decision-makers are among the best paid in the world, with salaries that are always well into six figures and all kinds of perks. Women are practically absent from this very macho club of improvised bankers; they can easily be counted on the fingers of one hand and hold the least important management positions. Occasionally, a woman may be appointed to one of the eighteen vice-presidencies.

Regional development banks—the Inter-American Development Bank (1959), the African Development Bank (1964), the Asian Development Bank (1965) and the Caribbean Development Bank—support the World Bank's mission by faithfully following its policies. Between them, they lend around $11 billion annually.

The GATT/World Trade Organization

The birth of the GATT proved to be more difficult, since the United States wanted to consolidate the principle of absolute freedom in international trade in this third pillar. The first version of an international trade agreement, put forward by the United Nations and signed in Havana on 24 March 1948, went against this orientation by calling for the introduction of a legal principle: 'the obligation to take into account the unequal development of different States.'[7] This draft established a criterion of positive discrimination in favour of the weakest countries, so contrary to the US non-discrimination doctrine, under which the transnational Del Monte of California is supposed to compete fairly, on a level playing field, with a communal *ejido*[8] of Chiapas peasants.

The US Congress therefore aborted the Havana Charter creating the International Trade Organization (ITO), and instead approved the General Agreement on Tariffs and Trade (GATT), a provisional protocol signed in Geneva in 1947.

From the day it was established, the GATT has always fought systematically and bitterly to liberalize trade throughout the world. It finally succeeded on 15 April 1994 with the signing of the Marrakesh Agreement which embodied the results of the Uruguay Round trade negotiations. The Third World countries agreed, even though they had been excluded from the wheeling and dealing between the USA and Europe. As the representative of Mauritius in Marrakesh stoically declared at the session's end: 'We lost everything, but we will put our head on the block with dignity.'[9]

Following the Marrakesh decisions, the GATT was replaced by the World Trade Organization on 1 January 1995. The WTO already has 120 member countries and 30 more have applied for membership. Its orientation does not correspond in any way to that of the Havana Charter. The WTO's mission is to enforce all the agreements arising from the successive GATT negotiations. Its Charter contains no social, ecological or cultural clause that could help establish equitable terms of trade between industrialized and weak economies. The Marrakesh Conference only recommended the creation of a Committee for Trade and Environment that would report to the Ministers' biannual meeting. At the Ministers' first meeting in Singapore in December 1996, the environment was hardly mentioned. The Committee tabled its report which 'proved to be so lacking in substance that the environmental organizations present called for the Committee's dissolution. . . . The subjects of interest to the South, were practically swept under the carpet'.[10]

The Third World's commercial downfall is even more evident if one considers that the strongest countries respect the principles of free trade only when they benefit from them. In the textile and clothing sector, for example, where underdeveloped countries have a comparative advantage, the industrialized countries maintain high tariff barriers. A 1992 UNCTAD study revealed that in these two fields 'the industrialized countries, in violating principles of free trade, are costing the developing countries an estimated $50 billion a year—nearly equal to the total flow of foreign assistance'.[11] Overall, unequal trade currently costs the underdeveloped countries about $500 billion per year.

Structural Adjustment

Towards the end of the 1970s, thanks to a situation that they themselves had helped to create, the Bretton Woods institutions, clearly deviating from their original role, decided that it fell within their competence completely to reshape the Third World economies in order to 'adjust' them to the requirements of the global market. Most of the underdeveloped countries, having benefited from a virtually unlimited supply of capital, were now heavily in debt. Trapped by credit-based development, they had no other choice, if they wished to continue down the same road and obtain new loans, than to submit themselves to the 'conditionalities' of the Bank and the Fund.

These conditions were presented in a kind of package deal known as Structural Adjustment Programmes (SAP). Robert McNamara,[12] the World Bank's earnest president from 1968 to 1981, inaugurated in 1979 the 'structural adjustment' era and established its ideological foundations.

The structural adjustment policy is based on one indisputable observation: Third World economies are not adapted to the world economy as it exists today. Since it is out of the question for the world economy to adjust to the economic structures of underdeveloped countries, it is necessary to proceed in the opposite direction: adjust these outmoded structures to the international system whether the interested parties like it or not. According to the IMF and Bank experts, adjustment leads to development but begins with debt repayment: *first things first*. In their view, everything holds together: to be able to repay their debts, the Third World countries must restructure their economy, sector by sector. As one observer remarked: the SAPs are a foreign-controlled coup in slow motion. In other words: a remote-controlled unilateral adjustment.

Carrying out these reforms has become the main task of the Bretton Woods institutions, now vested by the international financial community with the trusteeship of the underdeveloped countries. The Bank and the IMF base their actions on common documents, concocted in Washington and secretly negotiated with the credit-seeking governments. These 'confidential' protocols, called 'Policy Framework Papers', serve as economic and social policies for in-depth structural reforms.

The adjustment policy is implemented through two kinds of loans. First, the structural adjustment loans (SALs) that have three specific objectives: (1) to cushion the debt crisis by cutting the deficit and spending; (2) to increase exports by converting the country's natural resources into exportable goods, in a context of globalization . . . and debt repayment; (3) to help multinational corporations establish themselves in closed economies considered to be too inward-looking.

Second, the sectoral adjustment loans (SECALs) are mainly intended to support the transformation of a given sector. They are very flexible. Governments can use part of the money received as they wish, provided that the desired adjustments—price deregulation, currency devaluation, elimination of the minimum wage, and so on—are duly implemented. Thus, the World Bank plays a key role in government decision-making and helps docile politicians to get rich quickly.

Generally formulated in obscure jargon, the IMF and Bank requirements come down to two points: export more, spend less. In real terms, the SAPs signatory countries commit themselves to the following measures:

- *the elimination of customs barriers* to do away with locally produced goods and services made unprofitable by international competition; thus, if Egyptian peasants cannot produce cereal crops more cheaply than Canadian farmers, they will have to abandon their farms and move to the shantytowns of Cairo, as candidates for food aid
- *incentives to export* in order to obtain the currency needed to discharge the debt and balance the budget; this means reorienting the economy to modernize the export product sectors, such as coffee, cocoa, bananas, sugar and peanuts; this restructuring often brings new investment for which the Bank readily provides credit, adding to the debt burden
- all-round *deregulation of prices* (especially agricultural products), wages, interest rates and exchange rates, and *liberalization of legislation* (especially laws controlling foreign investment and profit transfers)
- *privatization*, because the economy must be organized by the market's 'invisible hand' and not by politicians and bureaucrats
- *public spending cuts*, which are tantamount to forcing governments to trim the more easily reduced items of the budget, namely the 'unproductive' social services: education, health and housing.

Women under the SAP Yoke

These policies have proven to be disastrous for ordinary citizens, particularly in the LDCs, but also in countries with apparently less fragile economies such as Venezuela, Mexico and Brazil, where riots and even revolts have erupted in protest against the IMF-dictated measures. International experts admit that immediate results are often disappointing. This is not because the theory is wrong, they explain, but because it is not applied strictly enough.

By imposing the production and consumption standards of advanced capitalism on poor countries, Structural Adjustment Programmes are widening the gap between the rich, connected to the import-export sectors, and the popular classes, driven down by the merciless laws of competition and the debt service through lost purchasing power, wage cuts and rural exodus.

Women are at the bottom of this foreign-controlled production line. They suffer the consequences of the big lending institutions' anti-social and even anti-economic policies. According to very sound estimates, women already perform 75 per cent of subsistence labour in Third World countries.[13] Their situation is worsened by male migration to plantations. The industrial priorities of development, which mainly concern men, make life more difficult for women because they must continue to handle domestic tasks, health care and children's education. Ayesha Iman, a Nigerian social-researcher, summed up the situation in a terse remark: 'SAP is really sapping us.' (Nigeria has been implementing the SAPs since 1986). She explains:

> SAPs advocate the transfer of costs from the public sector to the private market-ruled sector. This means effectively from paid to unpaid sectors and from the state to households—in other words to women. Thus, for example, the reduction in health services means that the sick must be cared for (attended, cleaned up after, cooked and served meals and medicine) by mothers, sisters and aunts, rather than by paid workers in hospitals. Higher food prices have meant a switch to cheaper or unprocessed foods which require longer preparation time before consumption—work which has also fallen to women. Extra hours of work are thus added to women's working day, with consequent extra fatigue and health stress. [. . .]
>
> SAPs have failed in Africa even on the IMF and World Bank's own narrow terms of economic and budgetary performance. They have resulted in the increased physical vulnerability of people (especially of children, the poor and women) to malnutrition, fatigue and disease. These horrific physical effects of struc-

tural adjustment have led the UN Economic Commission for Africa to express its fear of the 'real danger of a systemic break-down'.[14]

Despite these disastrous results observed throughout the Third World—or rather because of what is considered in high places as an exemplary performance—these three pillars of the world economy recently received recognition at the highest levels for their mission to integrate the underdeveloped economies into the global market. In 1996, for the first time ever, the top executives of the World Bank (James Wolfensohn), the IMF (Michel Camdessus) and the WTO (Renato Ruggiero) were officially invited to participate in the discussions at the annual G7 meeting in Lyons, France. At the summit, the three protagonists of the adjustment of the Third World received an official blessing from the 'political bureau' of the developed world and were given the green light to carry on regardless with their neoliberal policies.

Notes

1. Forty-four countries participated in the Bretton Woods Conference, twenty-seven of them from the 'underdeveloped areas'. There were 169 official delegates, all men except Miss Mabel Newcomer, a professor of economics. The USSR also participated but finally chose not to join the Bretton Woods institutions. The Eastern European countries followed its lead.

2. See Terence R. Hopkins, Immanuel Wallerstein et al., *The Age of Transition: Trajectory of the World-System 1945–2025* (London and New Jersey: Zed Books, 1996), pp. 210–11.

3. In reference to the second great financial crisis that shook Mexico, in December 1994/January 1995. A drain out of Mexico of speculative capital forced the United States, the IMF and the Bank of International Settlements (BIS) to run to the rescue of the Salinas de Gortari government with a $50-billion stand-by credit financed with public funds—and guaranteed with Mexican oil—a real gift from the taxpayers to a handful of rich speculators. This was, according to Michel Camdessus, Director of the IMF, 'the first great crisis of our new world of global markets'. (See H.-P. Martin and H. Schumann, *The Global Trap*, p. 93.) After Mexico came Thailand where the IMF was given the opportunity, in July 1997, to use its brand-new Emergency Financing Mechanism with a credit of $17 billion and renewed 'conditionalities'.

4. P. Fabra, 'FMI: la dangereuse métaphore du pilier', *Le Monde*, 15 May 1990.

5. World Bank, *Articles of Agreement* (as amended effective 16 February 1989), art. 1.

6. Graham Hancock, *Lords of Poverty: The Free-wheeling Lifestyles, Power, Prestige and Corruption of this Multi-million Dollar Business* (London: Macmillan, 1989), p. 143.

7. Camara Ismaël, *Comprendre le GATT* (Sainte-Foy, Québec: Le Griffon d'Argile, 1990), pp. 3–4.

8. Traditional community agricultural system of Mexico's indigenous peoples.

9. Quoted by P. Leymarie, 'La Banque mondiale en Afrique. Moins d'État pour une "bonne politique"', *Le Monde diplomatique*, September 1994.

10. Rainer Falk, 'Multilateral Forum or Rich Men's Club?', *Development and Cooperation* [C+D], Berlin, March–April 1997.

11. UNDP, *Human Development Report 1994*, p. 66.

12. This is the very man who, as US Defense Secretary from 1961 to 1968, applied the principle of 'cost-effectiveness' in the conduct of the Vietnam War. In his memoirs, he confesses that the war, in which 4 million Vietnamese and 58,000 Americans died, was a serious mistake. 'We were wrong, terribly wrong', he writes in *In Retrospect* (p. xvi). The US knew nothing, he admits, of Vietnamese history, culture and nationalism. In 1968, when he became the president of the World Bank, he apparently still had not learned anything; he set out with the same zeal to wage war on poverty, riding on the same principle: *cost-effectiveness*.

13. See 'closing the Gender Gap in Development', in *The State of the World 1993, A Worldwatch Institute Report. Toward a Sustainable Society*.

14. A. Iman, 'SAP is really sapping us', in *New Internationalist*, July 1994.

For Further Reading

A concise few pages of further readings for more information on more than a 500-year period is a daunting task. Needless to say, what follows is anything but comprehensive.

Numerous books chronicle **colonial transformations**. On Latin America, for example, there is Eduardo Galeano's *Open Veins of Latin America: Five Centuries of the Pillage of a Continent* (New York: Monthly Review Press, 1973) quoted in the introduction to this part. Country-specific case studies include Renato Constantino's *History of the Filipino People* (New York: Monthly Review Press, 1975). For a compelling firsthand account of colonial exploitation in the Indonesian coffee trade, hunker down with Multatuli (pseudonym of Eduard Douwes Dekkar), *Max Havelaar or the Coffee Auctions of the Dutch Trading Company* (New York: Penguin, 1987), translated by Roy Edwards, which was first published in 1860 (or watch the movie *Max Havelaar*). Historian Richard Tucker has written insightful environmentally focused looks at colonialism, including his chapter-length trip through "Five Hundred Years of Tropical Forest Exploitation" in *Lessons of the Rainforest* edited by Suzanne Head and Robert Heizman (San Francisco: Sierra Club, 1990). See also his *Insatiable Appetite: The United States and Ecological Globalization of the Tropical World* (Berkeley: University of California Press, 2000).

The sources listed above also touch on resistance, at least briefly. A good complement is recent literature on **transnational NGO movements**, which typically includes a historical chapter. The book to start with is the already seminal *Activists beyond Borders: Advocacy Networks in International Politics* by Margaret Keck and Kathryn Sikkink (Ithaca, N.Y.: Cornell University Press, 1998).

In terms of the **history of economic integration**, an intriguing recent addition argues that the current period of so-called globalization is not the most economically integrated period in history. See the first chapter of Paul Streeten's *Globalisation: Opportunity or Threat?* (Copenhagen: Copenhagen Business School Press, 2001).

"Structuralist" literature is vast and especially so if you also move into the subsequent **"dependency"** literature, which builds on structuralism but argues that trade with developed countries is so inherently anti-development that a more permanent "delinking" is necessary. Much of what Raul Prebisch wrote was published in the *CEPAL Review*, the publication of the UN Economic Commission for Latin America and the Caribbean (www.eclac.org) and UNCTAD (www.unctad.org). Prebisch's seminal work is *The Economic Development of Latin America and Its Principle Problems* (New York: UN Department of Economic Affairs, 1950). Other key structuralist writing includes Hans Singer's "The Distribution of Gains between Investing and Borrowing Countries," *American Economic Review* 40 (1950): 473–85; and Celso Furtado's *Development and Underdevelopment: A Structural View of the Problems of Developed and Underdeveloped Countries*, published by the University of California Press in 1967. For more on import-substitution industrialization to build up domestic manufacturing, see Albert Hirschman's *The Strategy of Economic Development* (New Haven, Conn.: Yale University Press, 1959). To move more into dependency theorists, start with André Gunder Frank, "The Development of Underdevelopment," *Monthly Review* (September 1966): 111–23. See also Immanuel Wallerstein, *The Modern World System* (New York: Academic Press, 1974); and Paul Baran, *The Political Economy of Growth* (Harmondsworth, UK: Penguin Books, 1957).

For more detail on the **NIEO** demands, see Group of 77 (G-77) documents, such as Group of 77, Third Ministerial Meeting, "Manila Declaration and Program of Action," which was drafted in Manila between 26 January and 7 February 1975 as the G-77 document for UNCTAD IV (which was held in Nairobi, 5–31 May 1976). An excellent source for such UN documents is a series published by OCEANA Publications called *The Third World without Superpowers*. The NIEO declaration (Reading 2.6) and its attached "programme of action," for instance, can be found in Karl P. Savant and Joachim W. Müller, *The Third World without Superpowers*, 2nd series, vol. 20: *The Collected Documents of the Group of 77* (New York: OCEANA Publications, 1995), 337–54. On the 1970s UN and other external codes of conduct, see Lance Compa and Tashia Hinchliffe-Darricarrere, "Enforcing International Labor Rights through Corporate Codes of Conduct," *Columbia Journal of Transnational Law* 33, 663 (1995): 665–71; and the work of Harris Gleckman (former chief of the UNCTC's Environmental Unit), including Gleckman and Riva Krut, *Business Regulation and Competition Policy: The Case for International Action*, published in 1994 by Christian Aid, World Development Movement, and other London-based NGOs.

The literature on **TNCs** is now also vast. But this was not the case when Barnet and Müller wrote the path-breaking *Global Reach*. (See Part I, note 5.) Around that same time from UNCTAD came the pioneering work of Frederic F. Clairmont, such as *The Marketing and Distribution System for Bananas* (Geneva: UNCTAD, 1973). For the companion to *Global Reach* and a look at TNCs at the end of the twentieth century, see Richard J. Barnet and John Cavanagh, *Global Dreams: Imperial Corporations and the New World Order* (New York: Simon & Schuster, 1994). Other important books that look at TNCs' global ventures include Mark Green and Robert Massie Jr., *The Big Business Reader* (New York: Pilgrim Press, 1980); and more recently William Greider, *One World Ready or Not* (New York: Simon &

Schuster, 1997); David Korten, *When Corporations Rule the World* (West Hartford, Conn.: Kumarian, 1995); and, on corporations and the global labor force, Richard C. Longworth, *Global Squeeze: The Coming Crisis for First-World Nations* (New York: Contemporary Books, 1998). On the impact of corporate-led globalization on American workers, read Barbara Ehrenreich's *New York Times* bestseller: *Nickel and Dimed: On (Not) Getting By in America* (New York: Holt, 2001).

Moving on to the **World Bank and IMF**, the full citations for the books mentioned in my text are the following: Teresa Hayter, *Aid as Imperialism* (Middlesex, England: Penguin Books, 1971); Cheryl Payer, *The Debt Trap: The IMF and the Third World* (New York: Monthly Review Press, 1974; Middlesex, England: Penguin Books, 1974); and Susan George, *How the Other Half Dies* (Montclair, N.J.: Allanheld, Osmun & Co., 1977). The Philippine case study was turned into two books: Walden Bello et al., *Development Debacle: The World Bank in the Philippines* (San Francisco: Institute for Food and Development Policy, 1982), and Robin Broad, *Unequal Alliance: The World Bank, the International Monetary Fund, and the Philippines* (Berkeley: University of California Press, 1983). Chapter 2 of that last book includes historical references on the Bank and Fund in the 1940s onward. For an original source, consult the prolific Keynes: Donald Moggridge, ed., *The Collected Writings of John Maynard Keynes*, vol. 26: *Activities 1941–1946, Shaping the Post-war World: Bretton Woods and Reparations* (Cambridge, UK: Macmillan and Cambridge University Press, 1979).

Beginning in 1986, NGOs held an **annual NGO meeting** to coincide with the annual autumn Bank and Fund meetings and to focus on developmental and environmental critiques. In the beginning, these were coordinated at least partially by the Environmental Defense Fund, Friends of the Earth, National Wildlife Federation, Development Group for Alternative Policies, and the Bank Information Center. See Bank Information Center, ed., *Funding Ecological and Social Destruction: The World Bank and the International Monetary Fund* (Washington, D.C., September 1989) for the global NGO submissions to the September 1989 International NGO Forum on World Bank and IMF Lending, held in Washington, D.C., and plenary resolutions from the earlier fora.

Also published in 1989, *An NGO Guide to Trade and Finance in the Multilateral System* (Ross Hammond and Michael McCoy, eds.) by the UN Non-Governmental Liaison Service provides an excellent "reference guide" that juxtaposes information on the public institutions with NGO views before trade, investment, and finance became a central campaign issue.

The classic **environmental critique** of the World Bank as well as the story of the campaigns to change it is by Bruce Rich, who was one of the environmentalists who launched the Washington end of those campaigns: *Mortgaging the Earth: The World Bank, Environmental Impoverishment, and the Crisis of Development* (Boston: Beacon, 1994). A more academic companion by Robert Wade—written as part of an authorized but independent history of the Bank with access to Bank papers, files, and personnel—does a good job of detailing that history: "Greening the Bank: The Struggle over the Environment, 1970–1995" in *The World Bank: Its First Half Century* vol. 2: *Perspectives*, edited by Davesh Kapur and John P. Lewis (Washington, D.C.: Brookings Institution, 1998).