

**ASIA-PACIFIC WORKING GROUP
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QUESTIONS AND ANSWERS

In the 1980s and 1990s there was comparison between Asia and Latin America. In Latin America they actually did go through all the structural adjustments that were demanded on them. There was not the same type of structural adjustment in Asia where there was the continued investment in social development, especially in the education sector. There were internal links that continued within the national economies in Asia that were all disrupted in the Americas where the outside control was coming in very strongly. What happened to this social development approach, to that social investment that was so different between the regions back then?

The World Bank and neoclassical economists said the reason that Asia was exceptional was that it made all these investments in education and said this is what the state should be doing. The state shouldn't be interfering in the market or engaging in industrial policy and it shouldn't have tariff walls. Educational levels in the northeast Asian countries were high but this is not the reason they were successful. They were successful because they actually intervened in the market; they built up industry by protecting it. For example, the Korean car industry would not have come into being if they had let Japanese and American cars in. These came in only under restricted conditions.

This was the big difference between Latin America and Asia, not the so called social investments. In Latin America from the late 1980s there were 20 years of neoliberalism where any kind of state intervention in the economy was kept to a minimum. The Asian economies aggressively manipulated and used the market and put controls on the market. They knew that if you let those imports in they were going to kill you and they looked the other way when companies were making clones of IBM and Apple because this was viewed as a learning process and considered smart piracy. Of course in Asia it is not called piracy it is called technological diffusion. These were smart states that did not let doctrine get in the way of actual development.

This was the very real difference in the 1980s and 1990s between Latin America and Asia. Latin America was forced to swallow to hook line and sinker the IMF/World Bank prescriptions. Naomi Klein's book shows how this happened in Chile, Argentina and other parts of Latin America, but this is something that did not happen in Asia until 1997-1998.

What was the nature of the US and the IFIs putting pressure on the Southeast Asian countries – what did that look like?

It was in the form of trade negotiations, a constant pressure and implied threat of retaliation. For example, the US used Super 301 through which they could impose bilateral trade measures if the countries did not bring down unfair trade tariffs. The WTO even said that these kind of bilateral measures could no longer be invoked since members, including the US were to follow the set of multilateral rules, but the US kept it on the books. Anti-dumping suits against Korean products were judged in US courts and imposed penalties on the Southeast Asian products. A whole list of bilateral things were invoked and for some countries it was the threat of losing bilateral aid, so there were many orchestrated measures, some of which were successful some which were not.

TRIPS, the cornerstone of the WTO, are the Americanization of global patent laws, to make them up to the US standard and they have been successful in getting countries to ratify the TRIPS agreement according to the rules of the WTO. It has been a multi-pronged effort and the TRIPS have been one mechanism by which enforcement has been made.

Thoughts with regard to the G8 and whether we are going to see a growth in the G8 membership as a result of the dysfunction of the WTO and how that might affect what we are seeing in the pan Asian region?

The G8 has become more and more dysfunctional, it meets, but the original idea that it would be the coordinating body of the big countries that form policies on climate change, on Africa etc. is weak. The height of that ambitious effort was probably at Gleneagles in 2005 and this year at Rostock but practically hardly anything came through with Gleneagles. This year climate change was key and Angela Merkel has been serious to get some consensus, but has run against US politics. My sense is that the institutional development of the G8 has essentially halted.

You see the environmental movement as a hope for moving into emerging societies that are under limited democratic space, do you see a 'we' emerging in the region, are we seeing a strong collective environmental movement emerging in the region or is it just the same scenario with is a strong environmental movement in the Philippines?

The way that environmental movements emerge in different countries is very interesting. In some countries it was tied up to human rights and opposition to big dictators like the Philippines and Indonesia. In places like Taiwan and Korea it had to do with opposition to the massive poisoning of farmlands and was tied up to the protests of the agricultural people. Some environmental movements have been spontaneous and some have been able to coordinate themselves at the national level.

There have been ebbs and flows like in the Philippines during the Marcos dictatorship the environmental movement was very strong, then it lost its energy and hasn't come back. In India you have had all these different environmental struggles against GMOs, TRIPS and the Bhopal incident. There has been very varied and tremendous environmental consciousness in India, but again it ebbs and flows. It hasn't quite been able to get itself coherently together as a really functioning national movement.

What you have throughout Asia is a great number of environmental actions and movements that have not been able to achieve national or regional coherence, but have a lot of energy at the grass roots.

Where political and environmental issues come together, states feel threatened by it. The Chinese state is very threatened by this intersection of the environmental and social movements. Indonesia in the late 1980s was a place where the environment was non-political and then the state didn't realize that the environment became a mechanism for political organizing and when they finally tried to clamp down it was too late.

There is a lot of environmental consciousness among the masses in Asia and very little among the elites. The key is to translate that spontaneous environmentalism into national and regional movements. We look at the North and see the same pattern of ebbs and flows. There was a strong environmental movement in the US but it has been a retreat in the last 10 to 15 years, and we see the same pattern in Canada. There is a great deal of environmental consciousness but a lack of organized capacity to work in a coordinated way both in the North and in the South. This is what we have and we have to push organizing ourselves at regional and global level. The elites won't do it for us and I pose this more as a challenge than saying that this is going to happen.

You had given recommendations at the end of the first talk on how to reorient the market to the domestic market and introduce cooperatives and make more equitable the distribution of resources. Given the trends you gave in the second session, I wonder how you see that being made possible and what role do you see for civil society organizations, especially international development organizations in supporting that movement.

Really major developments over last 10 to 15 years have been the creation of the global justice movement, which has many manifestations including WSF. We have a trans-border global social movement, Our World is Not for Sale is one of the most effective and it transcends North and South at this point. We have a global justice movement with its ebbs and flows and if we are smart we can get the energies of this movement to intervene in national and regional struggles. The idea of having more social forums at national and local levels is a way by which this networking can be built up because what is new is the way you can build a movement with minimal hierarchy and with a lot of energy in terms of networking and yet have the ability to move together.

Seattle and others we have shown how direct democratic methods in which the North and South come together can be quite effective. Seattle was direct democracy in action, the same with Cancun.

My point is that this global justice movement, which is part of the global peace movement, is something we must nurture and cooperate on because and is one of the best weapons we have. The challenge is to get this energy at the international level to translate into support for local struggles.

How do we get the global justice movement to become an environmental movement, because people who are often concerned about development do not translate that into real understanding now in the era of climate change. Many groups concerned with justice have not incorporated the radical character of adjustment, including in the South, under conditions of climate change. There is almost this sense that it will be the North that will do all the adjusting.

Helpful for group to know what these economic and political trends mean for the peace and conflict situation, where we are seeing many large-scale wars in or near the region, what it means for human rights in the region and what it means for poverty.

In the region we have had setbacks in terms of human rights and real movements towards democracy. The first negative blow was in 1999 when Musharraf seized power in Pakistan. We have Thailand, Burma. When elite democracy is unraveling even the minimum protections for human rights come into question. You see this in the Philippines where you have a chilling situation where there is elite democracy, pluralist political parties, yet the military operates with impunity and the central government cannot control the military. Some say that military and the president are working together but my tendency is to think that it is a military that is out of control and they have learned from the Marcos period that you don't leave witnesses, you don't capture people and have Amnesty International ask for their release, you just kill them right off.

As elite democracies unravel more you will find more of these patterns emerging.

What it means is that we must reinvigorate the global justice movement with a strong human rights component that anti-dictatorship movements had in the 1970s and 1980s.

What is the role of India in the economy of the region and how does it relate to China?

We thought in 2004 that the victory of the anti-BJP coalition was going to break the pro-globalization India Shining politics that the BJP ran on. This anti-BJP coalition was propelled by rural votes protesting being left behind by this program.

It was a surprise to find a neoliberal became a prime minister and the continued neoliberal approach of the BJP. My sense is that it is courting an even greater backlash than in the past and this creating a rift between the middle class and lower class, between rural and urban area. The left part of the coalition has tried to moderate the neoliberal push of the Congress party and technocrats, but has not been successful. There is a big controversy that the latest TRIPs rights and amended patent laws where they say it has now been amended and is practically like the American TRIPs. The communist party in West Bengal government which has been moving more neoliberal economic policies and is caught up in a major conflict with people in the Nandigram incident where a number of mass activists were killed. This is becoming a big issue that is straining the ruling coalition in India.

In terms of the US and India, there is cooperation on the nuclear issue, but India is not tying itself to any one actor like the US, but trying to create openings with China like the Shanghai Cooperation Organization. The thrust is to establish themselves as a pole in global politics to confront the EU and the US.

Overall what is emerging is that globalization has reached its high water mark and I contend that it is in retreat at this point in time. At the same time you have these new participants in the world economy – India, China, Brazil, South Africa – that are building strong relationships with one another, but not necessarily moving in a progressive direction. More national capitalist kinds of powers are emerging. Then you have these countries differentiating themselves from rest of Third World, but never really able to do so because their legitimacy is that they are part of the Third World with the smaller countries acting as a sort of a break on their becoming new hegemon.

Finally part of the reason that the globalization project is in trouble is because the coercive capacity to sustain it is tremendously weakened. The situation, and it affects all regions, is the significant weakening of the US, by being bogged down in Iraq. This situation has made possible Chavez's boost in Venezuela. The overall impact of the US weakening has been to open up space for other powers, but also for civil society globally to move.

Regarding the weakening of the US, what is your prediction in terms of the implication of other powers emerging like China and India, in terms of opening spaces for the anti-globalization movement?

When you look at the scope you have drawn globally, the only place that seems to have any experimentation with new models that protect human rights, indigenous rights, the environment, etc. seems to be Latin America. With respect to China's incursion to that region, are any of these models having a different response to China than we are seeing in the Asia-Pacific?

These are related issues. Because of the US debacle in Iraq – that everyone realizes is a damned-if-you-do/damned-if-you-don't situation, even if the Democrats come to power they will be forced to be in Iraq – their credibility and ability to enforce and to deploy force to other areas becomes much more difficult. It is not a question of the US having actually lost power, but it has lost the credibility of that employment of power. Credibility is power, their ability to make people believe that they are going to use force against them has been severely eroded and, as Gramsci said, power in the long run is dependent on legitimacy and credibility.

This has opened up a more complex global situation where there is now more space freed up for number of different actors. One is China, who clearly has been a winner over the last 10 years of the US debacle. China has been smart not to get engaged in international interventionist activities and has cleverly used its involvement of the US, such as saying it is with the US in war on terror, to diplomatically increase its quotient of power in global affairs.

It has opened up space for people like Chavez and the experiments in Latin America. It is hard to conceive that these experiments, these discussions, these movements challenging US hegemony in different parts of the world could have been possible without the US involvement in Iraq.

It is ironic in the sense that part of the reason the US went into Iraq was to teach any challengers that you cannot get away with challenging the US. Instead, what it has in fact taught the world is that you can challenge the US and fight it to a stalemate, if not win.

This weakness of the US has opened up space for governments like China that have complex non-ambiguous impacts on the global environment and global economy, part positive and a large part negative.

When talking about China we have to look at the internal situation, because if you look at China as just a global actor you have the assumption of an all powerful communist party that just keeps going and going and going and in 2050 it will be the largest economy in the world.

The internal situation in China is not that easy. There is now so much resentment against a growth that has been so lopsided, which has benefited a certain middle class and the coastal areas and left the rest of the country in the dust. It has resulted in tremendous suffering from the peasantry and tremendous complaints, localized, sometimes nationalized complaints against the party becoming a new mandarin.

The Achilles' heel of China is its domestic arrangements. It remains to be seen whether it will be able to translate or pacify this domestic malcontent into supporting the nationalist venture of the new China that needs to have its place in the sun. There are limitations to that kind of nationalism. They want to pacify the country by channeling the resentment outside, but there are strong limitations to that kind of strategy.

There is a new left in China that has been saying this is a disastrous way to go and they are calling for the need move away from an export-oriented policy to a domestic-oriented policy, to give the countryside a break and remember what happens if you forget the peasants. These are hotly debated issues within China at this moment and for my organization, Focus, we are trying to engage with Chinese civil society organizations, trying to form links so that we can participate in the redefinition of where China will go. To look at it as an arena for engagement, rather than just classify China as an imperialist force.

It is unrealistic to say this model is going to change soon and there are certain things at play. China cannot move in one way without paying attention to history. It has a history of socialism in the 1970s that was in solidarity with movements and that is an ideological construct that has run out of its control.

We see African civil society criticizing China heavily, using what China was in the 1970s against it saying you came here in solidarity then and now you just want to use our resources and you cannot behave that way. You find these interventions and China becoming very defensive that they are being talked about as the new imperialists.

Chinese civil society and African NGOs say they are trying to help China by saying they cannot follow the same kind of dirty path that the US and the Europeans have fallen into. You have a responsibility to have another relationship with the world. They are saying you can do it and the way to do this is to criticize you at every turn if we think you are going down the same path.

China's traditional relationship has now become a weapon against it and this is how many movements and groups in the Third World are responding to China.

What are the politics and dialogue in regard to the special economic zone in South China where four countries Japan, Hong Kong Taiwan and Korea are active?

The special economic zones were the experimental zones where the Chinese united foreign capital to cheap labor and followed their export-oriented policy, which continues to guide China. It is a model prescribed to China by the World Bank and is model that is coming into question at this point.

Even the Chinese are aware that there is too much productive capacity in the world at this point and one of the main impacts of China being integrated into international capitalist economy is that it has increased this massive crisis of over production. If you talk to Chinese industries they will say that yes for a few years you can make money hand over fist but then reach a point where there is no more profitability because supply exceeds demand.

Even China is worried that the world market is no longer that profitable precisely because of global over capacity. What is the choice then, the response is to look inward and see if the domestic market can be the main stimulus for development. This is where the debate is in China. This strategy is creating tremendous problems and we see China reduced to lending to the US that lends to its banks that lend to the middle class consumers to keep up demand for Chinese imports. There is a real problem and they know they will be in serious trouble if the US consumer stops spending. Then they will be forced to think of alternative ways.

The crisis of the Chinese economy is probably closer than we think. What happens if that old pattern of growth hits the wall? If more and more protests form? If the Chinese communist party has not developed the institutions for democratic change? There is always the collapse scenario. I don't think it will happen, but people are saying you have to entertain the possibility because the cross pressures on the Chinese model are just great.

Thoughts on building an international civil society:

That is a challenge whereby you can work for instance with certain governments, and not just with civil society organizations, because what we are seeing is that for instance with the Chavez and Morales governments are governments you can work with. We are entering a period whereby parties, civil society and government alliances are going to begin to emerge that can be the fulcrum for real change. I would not hesitate to work with Chavez for instance, he has got a good base, he means it and some people may not be comfortable with the use of oil for solidarity activities, but if we can use it for that rather than it going to other uses... The complexities of the alliances that are possible at this point in time, the possibility for government-NGO-party alliances is very exciting.