

CETIM NEXT PUBLICATION

Terre et liberté!

A la conquête de la souveraineté alimentaire

[Land and Liberty! In Pursuit of the Conquest of Food Sovereignty]

Paul Nicholson, with the contributions of Xavier Montagut and Javiera Rulli

Why is it that today more than a billion persons still suffer from hunger and malnutrition? Why do 80% of them live in rural areas? And why are two thirds of them women and 50% of them small-holder farmers? For a long time, the families of small-holders were incensed at this situation, which is not inevitable. They understood its origin: the orientation of the economic policies imposed upon the entire world, the development of industrial and production-oriented agriculture regardless of its environmental destruction that drove them from their lands, depriving them of their millennia-long role. Through uniting within La Via Campesina, small farmers organizations have propagated throughout the entire world the food sovereignty "action concept". However, food sovereignty goes well beyond the agricultural milieu of small farmers. It carries within itself, starting with basic agricultural and food questions, the foundation necessary to build another society, another way of working and of conceiving of life in society. Food sovereignty is part of a dynamic process, a process that is conquered and cannot be decreed. Like many other basic concepts, food sovereignty is commanding the attention of more and more people and organizations, but it risks also becoming denatured in both its definition and its scope.

The time is ripe for making known widely the character and political scope of food sovereignty and for giving to its supporters the opportunity to advance this idea among small farmers, social movements and trade unions, citizen and consumer movements, etc. Thus, the purpose of this book is to clarify the political and strategic scope of the food sovereignty "action concept". It is the basis of another social model of production, of transformation and of consumption, and it lays down the principles of social and ecological agriculture in the North as well as in the South.

This book is built on a key article consisting of an interview conducted by **Paul Nicholson**, who played a major role within La Via Campesina. Through his

clear and simple prose, the reader will grasp the magnitude of the concept of food sovereignty and what it implies: creating a transforming axis for the mainstream economic and social model.

An article by **Xavier Montagut**, a specialist in international trade, clarifies the stakes and the scope of fair trade as seen from the angle of food sovereignty. Finally, we are publishing extracts of a study by **Javiera Rulli**, a biologist, who explores the conditions of international cooperation that make it possible to contribute to the reinforcement of rural communities and to develop their autonomy in the face of "mainstream forces" (agribusiness, among others) and thus to take part in the conquest of food sovereignty.

Available only in French. Price: CHF 12,50 / 10,50 €, 192 pages, ISBN: 978-2-88053-088-4, PubliCetim n°36, June 2012. It can be ordered of CETIM.

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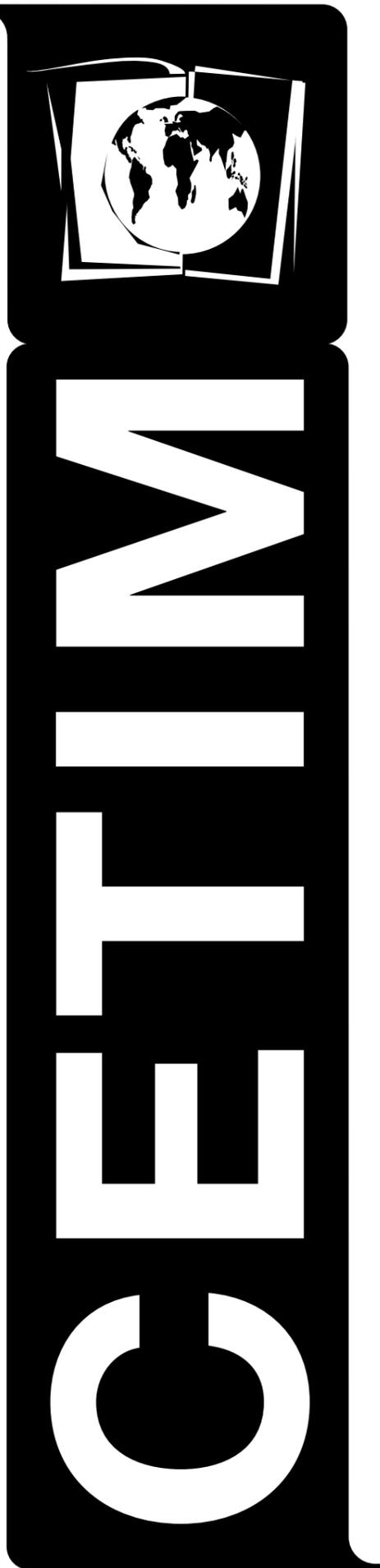
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EDITORIAL

The year 2011 was a turbulent one in international events. It was marked by a new series of economic, social, food, ecological crises...

In Europe, Greece was targeted as a test country, and the repression was on a scale to match what was at stake. Portrayed by the mainstream media as corrupt, its people given over to idleness, Greece waited for other countries "eminently better governed" to settle up its obviously padded bill. There was no finesse in the words of the French, Germans and others, held by their politicians to steadfast allegiance. The proof, if any were needed, was the humiliating two-hour wait imposed on the Greek prime minister, during the G20 summit at Cannes, before the French president and the German Chancellor agreed to receive him. What is one to think of the subjecting of Greece to the guardianship of the European Commission, the ECB and IMF? And what is one to think of the general outcry of opposition in the European capitals upon the announcement of a people's referendum on the austerity plan? That it may have been a political maneuver by a prime minister fallen from grace is quite probable, but the most shocking aspect of it was the automatic refusal of almost all the European capitals to acknowledge that a country in crisis might consult its people regarding questions that will mortgage their own future. And the reaction was scathing, with the appointment of a new Greek government of technicians, former bankers and financiers of the great institutions nonetheless responsible for the current crisis. Austerity measures, "debt restructuring", privatizations were all imposed by force on the Greek people. Just what democracy are we talking about here? What can the people do to recover their sovereignty? Should not the question of the legitimacy of the debt be considered? These questions, the CETIM has asked them and answered them, regularly publishing analyses regarding the debt of the countries of the South as well as regarding the means of resolving these crises and working together with the Committee for the Abolition of Third World Debt-CADTM). Thus it is that we invited Renaud Vivien from the CADTM to intervene during the conference following the most recent session of the General Assembly. His speech, very instructive, launched a rich discussion with the CETIM members. You will find below an article summarizing his intervention.

Financial Crisis and the Legitimacy of the Public Debt in Europe

This article has several purposes. The first is to demonstrate that 1. the debt does not come from an excess of public expenditures but from fiscally and socially unjust policies; 2. it is an instrument for transferring wealth to the capitalist class; and 3. it is an instrument of political domination (through the shrinking of the role of the state and through privatizations) and of legitimation of austerity policies. The second purpose of this article is to denounce the austerity policies, which serve only to bail out the private banks that have made bad investments (in sub-prime-mortgage-backed bonds, in hedge funds etc.). The third purpose, in acknowledging that the crisis has not yet reach its apogee, is to demonstrate to the European peoples and governments that unilateral acts (declaring bankruptcy and refusing to pay off the debt) are possible, as shown by the examples of Argentina and Ecuador (v. pp. 4-5). The fourth purpose is to emphasize the necessity of a citizen audit of the debt and to inform our readers about citizens' audits in several countries.

Sovereign Debt

Sovereign debt constitutes a political issue of the first order because 1. the debt is a key element to justify austerity policies, which are decided in order to effect a reduction of public deficits, as have been the structural adjustment policies imposed on the South for the past thirty years; 2. the amount to be paid back increases every year (in Belgium, for example, the amount of only the interest on the public debt is greater than all of the government's social spending); and 3. it affects the functioning of the democratic system.

In fact, the debt as a subject of discussion is taboo. One simply does not question its repayment. Austerity is imposed on all budget items except debt repayment. Democratically elected heads of government are replaced by technocrats or by former employees of Goldman Sachs,¹ as in Greece and Italy, without the citizens being consulted. These governments do not have as their objective responding to the needs of their people but merely calming the financial markets and keeping a good rating by the bond rating agencies.²

This situation poses serious problems regarding the functioning of the democratic system and the legitimacy of the power that it exercises. What is at stake is whether the citizens will make this matter their own. Thus, the debt must be demystified and made understandable, hence the importance of the

audit of the debt (which will be dealt with at the end of this article). The debt is not a question for only specialists!

How Did the Public Debt Crisis in Europe Arise?

An initial lie consists in saying that the problem of the debt arises from an excess of public expenditures and that countries are living beyond their means. Public expenditures have remained at a relatively stable level since the beginning of the 1990s. In reality, the increase in the public debt of the European Union countries comes from a drop in tax revenues. Since the tax counter-revolution of the 1980s (led by Margaret Thatcher in the United Kingdom and by Ronald Reagan in the United States), fiscal policies highly favorable to the richest and to corporations have been promoted by these governments. In order to finance themselves, states must thus borrow. They are obliged to do it on the private financial markets (banks, pension funds, insurance companies) because the European treaties forbid them to borrow from the European Central Bank (ECB). They are thus at the mercy of the financial markets, which set the interest rates as they see fit. Until the 2007-2009 crisis, the interest rates that the various EU states had to pay were more or less the same. When a government wanted to refinance itself, it could thus do so at a rate little different from what Germany, the model student, could get. However, the 2007-2008 crisis changed all that.

Another lie is that that public debt weakens the banks. The opposite is true. The bailing out of the banks (a dozen in the EU) meant that the public debt of the EU member states skyrocketed. The states thus took over the private debts of the banks without demanding anything in return from them. The situation of Ireland is a good example. Its public debt went from 25% of the GDP in 2007 to 96% in 2010 following the bailout of Ireland's private banks.

WHO ARE WE?

Through its publications and its work with the UN, the CETIM denounces the maldevelopment in general, ecological as much as economic and social, and promotes an exchange of critical views from both Southern and Northern societies. The CETIM is focuses in particular on respect for, implementation and promotion of economic, social and cultural rights, as well as issues related to the right to development.



(Re-)construire les États, nouvelle frontière de l'ingérence

[(Re-)construct countries, the new frontier of interference]
Joint publication

From South Sudan to Cambodia, from Haiti to Afghanistan, through Liberia, Rwanda, Somalia, Lebanon, Iraq, Palestine, Libya, the experts in "state building" are busy with "failed" states, states "in crisis", recently "liberated" or "new born" states.

On the one hand, there is a humanitarian intention: help countries that have been torn asunder to rapidly acquire institutions capable of guaranteeing peace and the respect of the basic rights of their populations. On the other hand, there are economic and geopolitical stakes poorly dissimulated, as well as the ascendance of a security doctrine verging on the obsessive. With the "lawless" areas perceived as the breeding ground of the great threats of the new millennium (terrorism, pandemics, waves of immigration, crime etc.), in the eyes of the international community, endowing them with "sovereign" institutions becomes a legitimate leitmotif.

Along with the ambivalence of the plans come contradictions out in the field. The setting up of institutions "for the well-being of the population" is often the civic face of a military presence experienced as an imposition by those directly concerned. And the institutional engineering set in motion is inspired more by "international standards" than by socio-political dynamics, with the perverse effects in cascade that such an approach implies.

Available only in French. Price: CHF 20 / 13 €, 180 pages, ISBN : 978-2-84950-342-3, Ed. CETRI/Syllepse, March 2012. It can be ordered of CETIM.

CETIM ADVISES YOU THE FOLLOWING READINGS

Responsabilité de protéger et guerres «humanitaires»: le cas de la Libye

[Responsibility to protect and "humanitarian" wars: The case of Libya]

Edited by Daniel Lagot and Nils Andersson, with André Bellon, Rony Brauman, Robert Charvin, Géraud de La Pradelle, Jean-Marie Fardeau, Michel Fournier, Anne-Cécile Robert, Tzvetan Todorov

The United Nations Charter affirms the principle of non-interference in the domestic affairs of a state, including by the United Nations itself. However, several of its resolutions in recent history, in particular during the first decade of the twenty-first century, have put forth the idea that an intervention, armed if necessary, can be carried out in the case of a humanitarian crisis or of serious human rights violations in a country. All the same, numerous questions, which arose again with the war in Libya, remain regarding the law, the way it is enforced and its content.

This book, the result of a conference organized by the Association pour le droit international humanitaire (International Association for International Humanitarian Law – ADIF), presents the analyses of lawyers, representatives of humanitarian organizations and specialists in international relations. While there is a consensus in condemning human rights violations, a majority expresses substantial mistrust of "humanitarian" wars, with differing points of view presented however by the representatives of Amnesty International and Human Rights Watch. The authors hope thus to contribute to collective reflection on these problems.

Available only in French. Price: 16,50 €, 155 pages, ISBN : 978-2-296-56022-2, Ed. L'Harmattan, 2012. It can be ordered of L'Harmattan website.

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What is an Illegitimate Debt, and What is an Audit?

Illegitimate debts are debts that have not benefited the population of the country that has incurred the debt.

The audit of the debt is a tool that makes it possible to analyze in detail the various borrowings. This is, in some ways, like claiming a right of inventory that is exercised by opening up the government account books. The audit is a democratic requirement and corresponds to the citizens' right to information.

An answer must be given to such questions as the following. What happened to the money from such and such a borrowing? Under what conditions was the debt contracted? How much has been paid out in interest and at what rate? How much has been paid back? Who borrowed and in whose name? Did the person borrowing have the authority to do so? Who lent and in whose name? What was the borrowed money intended for and what was it actually spent on? Were there options open to the government other than indebtedness?

What is now hidden must be made public, such as the identity of the creditors. Who is benefiting from the debt? This begs the question: is it legitimate to ask everybody to repay this debt?

The audit makes it possible to determine the illegitimacy of a debt and the legitimacy of a request for canceling it or of a decision to repudiate it. It is not a simple technical exercise for it can result in political acts, as happened in Ecuador in 2007-2008 (see below). First, payments must be suspended and the interest frozen. The audit can then be carried out by the executive branch, the legislative or the judicial.³

At this point, one can affirm that much of the public debt of the European countries is illegitimate, for it derives from a socially unjust general policy. Right now, given the neo-liberal orientation of their governments, it is simpler to set up a citizens' audit of the debt.

What is a Citizens' Audit?

It consists of associating the maximum of organizations – trade unions, associative and political organizations, as well as citizens in local audit groups – with the work of dissecting the causes of public indebtedness. The challenge is simply the vitality of democracy. It is also a matter of laying the groundwork, from the outset, for building the balance of power necessary to assure success in this undertaking and in others, by linkage. Building social mobilization is the guarantee of success! Even a government favorable to the cancellation of the illegitimate and/or odious debt cannot do without social mobilization to impose it on its creditors.

Today, citizens' audits of the debt have been launched in France (more than 100 audit committees), in Ireland, in Portugal, in Greece and elsewhere. In Germany, ATTAC has been carrying on a campaign for the audit of the debt and the cancellation of Greece's illegitimate debt. What is needed is a broad, united front against the debt!

Finally, auditing public debts in the rich countries, or those considered such, in order to determine the illegitimate or odious part to be canceled, should not make us forget the debt that our countries (and the banks and other financial bodies) hold on the countries of the South.

This debt keeps the countries of the South in a de facto neo-colonial relationship and makes it possible, among other things, to continue to pillage the raw materials of these countries. We might note that the debt of all the developing countries is less than the Italian public debt alone (Euros 1,650 million as opposed to Euros 1,953 million)!

Two Concrete Examples: from Argentina's Suspension of Payments...

After 25 years of neo-liberal policies (1976 -2001), and a succession of austerity plans imposed by the IMF, a people's rebellion erupted in December 2001 and led to the fall of the government. The new authorities unilaterally decreed the suspension of the public debt repayment in the form of securities sold on the financial markets for the sum of US\$ 90 billion. Today, this remains the biggest payment suspension in history. After three years of payment suspension during which the government set up an economic recovery program and refused to follow the recommendations of the IMF, Argentina imposed on its creditors a 65% reduction of its debt.

Starting at the end of December 2001, Argentina also suspended the repayment of its bilateral debt (in the amount of US\$ 6.5 billion) to countries such as Spain, France, Germany, Italy, the United Kingdom... all members of the Club of Paris. This suspension of payments lasted ten years, and Argentina is doing very well. Between 2003 and 2012, its average annual growth rate was 8%.

The Argentine example shows that refusing to submit to the creditors and to the IMF to repay a debt is, for the most part, illegitimate and can cure the economic woes of a country and improve the living conditions of its population.



... To Ecuador's Audit

In November 2008, the new government of Ecuador, relying on the report of the Audit Commission of the public debt (CAIC), decided to suspend the repayment of the debt made up of securities coming due in 2012 and 2030. In the end, the government of this little country came out the winner of a confrontation with the North American banks holding this debt. It bought back for less than one billion dollars the securities worth US\$ 3.2 billion. The Ecuadorian treasury thus saved US\$ 2.2 million on its stock of debt, to which must be added US\$ 300 million in interest for the period 2008-2030.

In all, Ecuador in this way saved over US\$ 7 billion. That made it possible to free up money that allowed the government to increase its expenditures for health care, education, social welfare and the development of communication infrastructure.

¹ One of the most powerful of the United States banks.

² A bond rating agency is an institution whose job it is to rate the financial creditworthiness of public collectivities and business enterprises. As it is hired and paid by those who wield power over the entities to be rated, its neutrality is highly questionable, as the Enron scandal showed, among others.

³ The CETIM, with the CADTM, has published a manual on the audit of the debt of the countries of the Third World, which has been very well received: http://www.cetim.ch/en/publications_ouvrages/140/let-s-launch-an-enquiry-into-the-debt-a-manual-on-how-to-organise-audits-on-third-world-debts



"Revolution... But... from where does it get in?"
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So, you would like to become more involved in CETIM's activities? Nothing could be simpler. You can support CETIM in various different ways:

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- **by making a donation or a bequest.** It is possible to make a donation at any time, either in support of CETIM's actions in general, or to support a specific area of action. CETIM is recognised as a non-profit-making organisation in the public interest. All donations and bequests which it receives are tax-deductible for residents in Switzerland.

- **by becoming an intern.** For those who are looking for work experience in the field of human rights, or for activists in social movements wishing to increase their understanding of the workings of human rights bodies within the United Nations, we do accept interns. The internship periods coincide with the sessions of the U.N. Human Rights Council (March-April, June and September) and those of the Advisory Committee (February and August).

- **by taking part in the conferences, debates and campaigns** that we organise, or by publicising them in your own organisations.

- **by buying or distributing our books.**

If you would like to know more about our conferences or publications, you can either visit our website www.cetim.ch, follow us on Facebook, or contact us by email at contact@cetim.ch to join our mailing list.

Regarding the current situation of Greece, we reproduce below a Committee for the Abolition of Third World Debt-CADTM press release that sheds light on the manipulations carried out by the financial centers within the framework of the restructuring of this country's debt.

The CADTM Denounces the Disinformation Campaign on the Greek Debt and the Bailout Plan for the Private Creditors

More than 85% of private creditors (banks, insurance companies, pension funds, etc.) agreed to take part in the restructuring of the Greek debt by cancelling EUR 107 billion. On paper it looks as though they are forfeiting 53.5% of their claims. However, contrary to appearances, the CADTM can state with certainty that this operation is essentially good news for the banks in Greece and in Europe (primarily in France and Germany), not for the Greek people to whom it promises further deterioration of their living standards.

Creditors and the Greek government have in fact set up a complex package: private creditors swap their Greek bonds for new bonds at lower face value. So for a bond that was initially worth 100 euros, creditors receive a security at a face value of 46.5 euros. Far from losing, however, private creditors exchange securities that were sold at 15 to 30 euros on the secondary market against much safer securities.

In addition, the Troika is granting a new loan of 130 billion on condition that the amount be used to repay the debt and support the banks. While all the major media repeat the official anthem that the Greek debt has been reduced by 107 billion, they forget to take into account the new loan of 130 billion granted by the Troika. At the end of the day private creditors are the lucky ones and are being replaced by international official creditors (ECB, eurozone States, IMF) that will force the Greek government to take even harsher antisocial measures.

While in case of dispute 85% of the old bonds fell under Greek jurisdiction, all the new bonds will be subject to English law. The creditors' aim is to curtail Greece's ability to default or cancel the debt.

For the CADTM, this new plan is a hoax: while claiming to rescue Greece it actually saves the day for private creditors though they are largely responsible for the Greek debt. Banks used part of the public

bail-out money they received in 2008-2009 to speculate on the Greek debt and made huge profits before pushing Greece into the predicament it is now in.

The CADTM denounces all loans from the Troika to Greece since May 2010 as odious and therefore void, since they amount to a permanent violation of economic, social, civic and political rights of Greek citizens.

The CADTM commends the courage and determination of the Greek people fighting the inhuman austerity policies imposed by the Troika. The creditors' AAA (Austerity, Austerity, Austerity) must make way for the peoples' AAA: Audit, Alternative, Abrogation.

For the CADTM the solution will only come from a radically different approach. In Greece as in other countries subjected to the Troika, it is time to stop repaying the debt and to abandon anti-social measures. To fight the disinformation campaign on the Greek crisis we must continue to push for a citizens' audit of the public debt with a view to abrogating its odious or illegitimate part. The CADTM fully supports the Campaign for auditing the Greek debt and the audit committees established in several other European countries. The CADTM calls for more actions of solidarity with the Greek people and for a wide European social front against austerity policies. *Brussels, 10 March 2012*

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In conclusion, the debt crisis is first of all a private debt crisis. Without government aid, many banks would have failed between 2008 and 2009.

What Did the Banks Do with the Public Money?

Instead of increasing their loans to businesses and households as a way of supporting economic activity, the private banks used the capital injected by the governments to buy shares of the European public debt. The banks thus not only triggered an increase of the public debt because of their mismanagement (investments in sub-prime-mortgage-backed securities, high risk investments), but they continued the same behavior without the slightest compunction. The case of Greece is emblematic because, whereas this country was in the throes of the economic crisis, the banks were offering the Greek government at the end of 2009 loans at less than 1%...

The banks took no real risks by lending to the governments, for they knew that should a problem arise regarding repayment, the European institutions (European Commission and the Europe Central Bank-ECB) as well as the International Monetary Fund (IMF) would come to their rescue. Moreover, they realized substantial profits borrowing from the ECB at the rate of 1% and lending the money to governments at significantly higher rates: 2% to Germany, 6% to Italy and Spain. As for Greece, borrowing at 1% at the end of 2009, and six months later at 5%, the government is now paying 15%!

Austerity and Neo-liberal Policies

In these circumstances, with its back to the wall, the government of Greece has no other choice but to borrow for the short term from the Troika (European Commission, ECB, IMF), which has been lending at 4%. The Troika took advantage of the emergency situation to condition its help on, among other things, the fulfilling of the following requirements: tax increases (especially the VAT), privatizations (public services, retirement funds etc.), decreases in non-profit-generating expenses (social expenditures, laying off of civil servants etc.).

Everywhere in the EU, to varying degrees, the same policies were – or will be – implemented. By “choosing” to repay their debts, whatever the price for their people, the governments are not only continuing the economic crisis but also generating a social and health crisis – as in Greece, where the budget cuts of certain health sectors (social welfare assistance, treatment of certain illnesses), can reach 80%. Today, Greek pharmaceutical companies are refusing to deliver to hospitals for fear of not being paid.

The public debts have thus served as a lever to impose neo-liberal policies and privatizations on the weakened EU member states. The austerity policies directly attack wages (especially minimum wages), retirement pensions, public services, aide to poor families, unemployment compensation etc. Some half million public service jobs will be eliminated overall in the EU between 2011 and 2013. Under the claim of reassuring the financial markets, the policies have only one objective: sell off at bargain prices the public sectors to European and United States transnational corporations.

Refusing the Diktat of the Markets

Faced with this situation, one must attack the root of the problem, for the debt, as we have tried to demonstrate, is first and foremost an instrument for transferring wealth from the poorest to the richest. Its increase is thus due to a fiscally and socially unjust policies since it is the lowest income earners that are repaying the debt (through income taxes, the VAT, and other indirect taxes) whereas the rich win twice, first through tax exemptions and then by collecting interest on the debt. In fact, the governments are giving tax breaks to the rich, who hold most of the debt of the EU member states!

Faced with the pressure from the EU, Greece has no other choice than to refuse the diktat of the markets and the Troika by suspending its payments on the debt and launching an audit in order to repudiate the debt by establishing its illegitimacy. Given the weakness and the dishonest compromises of the governments with the financial milieu, the question of the legitimacy of the sovereign debt can be raised by the peoples of Europe. An audit of the EU member state debt is necessary.



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