

First regional workshop of the CADTM international network in South Asia: Debt and International Financial Institutions

Colombo (Sri Lanka), 15th-17th January 2008

Wednesday 30 January 2008, by [COMANNE Denise](#) (Date first published: 17 January 2008).

CADTM's first South Asian regional workshop was held from Tuesday, 15th January to Thursday, 17th January 2008. 52 delegates from Sri Lanka, India, Pakistan, Bangladesh and Nepal convened near Colombo, Sri Lanka for three days. [1] CADTM Belgium also participated in the workshop.

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Sessions on awareness building (on current economic and political situations, analysis of the World Bank's evolution, and current state of global alternatives...) combined with very accurate presentations on the impacts of indebtedness and of the policies of the International Financial Institutions in various regions of the represented countries. Water privatisation, hydraulic projects of World Bank in Nepal, forced eviction of indigenous people for an "ecological" project financed by the World Bank in India, mineral exploration in the State of Orissa by leading trans-national companies including a French corporation, etc. The social situations were also well focused: the situation of Sri Lankan fisher folks affected by the civil war, tsunami and the country's debt; resistance of the overexploited Tamil workers in tea plantations; the struggles of the Sri Lankan trade unions and peasants; the struggles in Pakistan against dictatorship and neo-liberal policies.

Task forces were constituted and they worked on issues of privatisation, debt, cognisable solutions and means of devising a common agenda to reach at these solutions; following which, the necessity of a bigger convergence of action among the various contemporary political & social movements led to the constitution of a Forum for South Asian Solidarity which decided to be affiliated to the CADTM international network as a South Asian network.

The workshop took place in Sri Lanka because this is the region's only country along with Nepal, where citizens of South Asian countries (Pakistan, India, Bangladesh, Nepal, Afghanistan and Bhutan) can enter without hindrance. As a matter of fact, in 2007, during CADTM's first regional workshop in South Asia in Kerala from 11th -13th March, the Pakistani delegates could not participate since the Indian authorities had refused their visa. While the Indian presence was very significant due to the participation of delegates coming from 6 different regions, that workshop witnessed as well the noteworthy presence of Linus Jayatilake from Sri Lanka. However, there were no other delegates from any other countries of South Asia. It must be noted that since 1993, CADTM Belgium has often been inviting delegates from Sri Lankan trade unions and other social movements to

participate in its international conferences. It gives us great pleasure that all the delegates could take time off their various activities to participate in this workshop of January 2008.

The workshop started off with a deliberation from Linus Jayatilake (from the Sri Lankan trade union CIWU) and Sushovan Dhar (from VAK-CADTM, India). Later, Ajit Muricken (director of VAK-CADTM, India) presented the various publications of VAK, containing information on the diverse themes discussed during the workshop. Mr. Muricken conducted all the sessions of the workshop.

Eric Toussaint (CADTM, Belgium) started with a deliberation on the World Bank's historical evolution. The talk incorporated five periods: 1944-1962, 1962-1968, 1968-1982, 1982-1996 and 1996-2008.

The general impact of the World Bank and the IMF is totally negative. A concept of creating alternatives to these institutions is taking shape. Seven countries of Latin America have launched a Bank of the South. It is quite possible that this new institution would not be a real alternative to the World Bank but the decision somewhat weakens the Bretton Woods institutions. It is necessary to reinvent a completely new international financial structure. Moreover, it is necessary to try and win lawsuits against these institutions insofar as they are responsible for human rights violations.

Subsequent to the first speech, there was a debate on the following issues:

- The respective functions of the World Bank and the IMF, their collaboration and also their competition.
- The abolition of institutions is not an end in itself. It is imperative to supplement it with a global alternative. In this context, the word "socialism" should be redefined for making it an alternative to capitalism.
- Among the alternatives, it is necessary to take into account the development of popular power centres by means of forming constituent assemblies and new constitutions whose agenda is the revocation of mandates.
- As for the problem of the trans-nationals, it is necessary to take into account the trans-nationals of the South (Tata, Petrobas, Petronas...)
- As for the reform of the UN, it is for the Security Council to take action.
- Agricultural problems: green revolution, exports, opening of markets, agro-fuels.
- The evolution of CADTM. The formation of an international facilitation committee for facilitating the "debt" campaigns which are globally active against the IFIs along with Jubilee South, Eurodad and Jubilee USA.
- The people voted "democratically" but their vote has often been misappropriated by dictatorships. When the regimes were democratised, the changes were not visible. Therefore the people expressed themselves in the streets (Bolivia, Ecuador, Venezuela...)
- Difference between mass mobilisation and lobbying.
- Bolivia wants to quit ICSID which renders the Bank illegitimate. The firm attitudes of the governments do not involve reprisals: IFIs do not have an agency to force the governments. If they have had so much of power, it is because they could count on the connivance among the governments of the South. The blows dealt to the IFIs, for not presenting ideas to other

governments; do not receive any “publicity”.

- A country can not form an alternative on its own, but it can try to start building it and forming a strong coalition and collaboration with other pro-progress governments. That is what has happened with the initiative of the ALBA (Bolivarian Alternative for the Americas) in Latin America.

- The “Make poverty history” campaign is very soft (charitable).

Tissa Balasuriya (Centre for Society and Religion, Sri Lanka)

After initiating a “role play” where North-South differences were focused, Father Tissa Balasuriya traced back its history, in the context of the plunder, the genocide, the monopolisation of the land and wealth - an initiative which started in 1492 at the time of the brutal European aggression against the populations of what were later called Americas, and also the West Indies. He insisted on the entire relativity of the current concept of terrorism compared to this context. He pointed out the flight of technologies (weaving in India by the British), the slavery blessed by the theologists themselves, the racism which was at the base of the division of wealth and markets. It is now necessary to inverse the notion of indebtedness and demand compensation. The religions should take note of these social questions.

Eric Toussaint (CADTM, Belgium)

The day’s second deliberation revolved around the current international crisis.

Currently, the epicentre of the crisis is situated in the industrialised North while, in 1982, it was found in the Third World countries.

The US underwent bankruptcies and mass non-payments in the real estate sector. The outcome of a debt was coupled with insolvency. Over-indebted North-American households have suffered from the crisis, particularly by means of house purchases. However, the real estate market fell and two million families had to give up their houses because they could not refund their mortgage any more.

All that put the massive number of debt instruments created during the last few years in a crisis situation. [2] The Washington government did just the opposite of what the IMF and the World Bank recommended to the governments of Asian countries during the financial crisis of 1997-1998. It lowered the interest rates in order to avoid more bankruptcies whereas the Indonesian, Philippine, Thai and Korean governments, pressurised by the IMF and the World Bank, had increased the interest rates, causing a massive recession.

What consequences does the current US crisis have for the Third World? At first glance, it looks beneficial: for example, the Mumbai stock exchange has soared to new heights. In fact, the money which was no longer secure in the North flew into the South. But the danger is that this flow goes out quickly in the other direction in the event of a change of economic situation. [3] Therefore, instability and danger is foretold for the currencies and the economies of the South.

Simultaneously, the raw materials are highly priced (since 2004-05). The foreign exchange reserves of the developing countries are 4,500 billion dollars whereas those of the most industrialised countries represent only 1/3rd of this sum (the US: 60 billion; Western Europe: 300 billion; Japan: 1,000 billion). The public external debt of the developing countries amounts to 1,500 billion dollars, which is 1/3rd of their reserves. Thus they are in a powerful position but in spite of that, the debt to private banks and especially financial markets continues. Some of these countries specifically create sovereign funds with these reserves, but the majority lends their currencies to the US by buying US Treasury bills not benefiting from this opportunity to strengthen their financial independence.

However the situation can change very quickly and regenerate dramatic effects for the US and its population.

The good news is the situation created by the Bank of the South. Not the Bank of the South in itself because certain Latin-American governments have applied the genetic code of the World Bank to it. Two projects are ongoing: one to support social objectives, the other to support a continental capitalism integrated on the scale of Latin America. [4] The CADTM with the Latin American social movements have taken a clear position in favour of a Bank of the South which will be an alternative to the World Bank. Two open letters were addressed by hundreds of social movements to even Latin American presidents who launched the Bank of the South. [5]

Second day of the workshop (Wednesday, 16th January 2008)

Sushovan Dhar (VAK, India)

To refresh the discussions he presented a synthesis of the previous day's deliberation by Eric Toussaint and rounded it up with a presentation on the Bank of the South.

Fernando Sharath (Sri Lanka)

He denounced the model of economic growth imposed on Sri Lanka by the major landowners and the large companies which control fishing. The production increases, the prices increase but attempts are carried out to lower the wages of the workers below the level of the basic wage. He pleaded for world free from the control of money.

Linus Jayatilake (Sri Lanka) [6]

He spoke about evictions from land. The failure of IFIs is obvious but the issue is to know what should be done now. He analysed the immense increase in the internal national debt and concluded that it is necessary to launch campaigns for the repudiation of the external national debt.

Niel Wijethilaka (Sri Lanka)

The trade union movement is very strong in Sri Lanka. It has seen many workers' victories, but a change is also perceptible with the neo-liberal offensive: destruction of systems of education, health, free meals for the poorest. Inflation is high. Laws have destroyed the right to strike, etc. The trade union leaders summoning strikes are now accused of belonging to terrorist groups. Trade union activities have been banned in the sectors of port, railways and teaching. All this while, the Sri Lankan government increases the public debt burden. Whom does this debt serve? It is necessary to establish a political strategy.

Rajan (plantation worker and trade union leader, Sri Lanka)

In 1987, the government issued a law against the plantation workers. These people work in the fields and have been occupying houses for a long time, but despite that they do not have the right to ownership. The situation of plantation workers is precarious: grave housing problem, salary of Rs. 200 per day (i.e. 1.40 euro). A man works for 4 hours a day to earn that Rs.200 but a woman must work 8 hours to earn the same wages. It is necessary to work for 21 days a month for earning the right to be paid a salary. Only bread is available for meal, and since the prices of bread have increased, basic nourishment is also not affordable. There is a transport problem. The workers are extremely indebted, sometimes they have to pay Rs.5, 000 per month for servicing their debt.

The government is trying to control the birth rate. Many agricultural workers do not have documents: even though their family is in the country since more than one century or two centuries, they are not considered as citizens because they are Tamils.

Jude Pernan, (leader of a fisher folks association, Sri Lanka)

The primary problem is related to Tsunami which caused the loss of many human lives in 2004 and led to massive material damage. After that, the government prohibited the fisherfolk from living near the beaches and forced them to move away to 500 metres, which was not convenient for them at all, whereas the tourism industry is authorised to build structures on the beaches.

The fisher folk have very small boats, compared to the giant catamarans. The production from fishing has thus diminished. The Tsunami had wreaked havoc which have not yet been repaired. Moreover, the civil war creates huge problems. "Security" zones have been demarcated, and they are prohibited to fisher folk thereby making it difficult to carry out fishing. This initiative is still underway. Only boats with a 15 CV horsepower were permitted. The fisher folk protested and won- the government permitted them to use boats with 25 CV horsepower. The ethnic strife has also had an extremely negative consequence on the fisher people's lives.

The giant Korean, Japanese and Indonesian boats fish in the Sri Lankan territorial waters. The complaints of fisher folk to the government go unheeded.

The Sri Lankan fisher folk also face problems if they approach the Indian borders- they are arrested and imprisoned. They have also tried to negotiate this problem with the Indian authorities, but till now there has been no success.

Monower Mostafa (Unnayan Onneshan, The Innovators - Centre for research and action on development, Bangladesh)

Please watch the PowerPoint presentation on the website www.cadtm.org

Debt: USD 20,344 million. The debt service represents 13.5% of the budget, almost double the budget for health which is 6.6%. Bangladesh is the 3rd largest debtor of the World Bank (USD 2,326 million). There are 32 bilateral and multilateral creditors, among whom the World Bank is the largest.

Impact: There are more poor people now than at the time of the 1971 Liberation war. 49.8% live under the line of poverty (2,200 calories per day), 19.98% suffer from extreme hunger. The 10% richest people share 40.72% of the resources, the 10% poorest 1.84%. 90 million people do not have access to primary health care. 100 million do not have access to sanitation. 12 million children below 5 years of age are under-nourished.

Jute production: denationalisation was enforced between 1982 and 1995. In 1994, a World Bank grant (USD 247 million) led to the closure of 9 jute-mills out of 29 and also the layoff of 40,000 workers.

Keshab Dahal and Bidur Subedi (Human Rights Alliance, Nepal)

Please watch the PowerPoint presentation on the website www.cadtm.org

In 2003/04, the debt was USD 9405.39 million.

Many hydraulic projects and projects for water privatisation have been launched. Due to corruption,

one particular project (Kaligandaki Hydroelectric Project) has cost \$ 360 million instead of the estimated figure of \$ 250 million, from 1997 to 2002. While Nepal is globally the 2nd richest country in water resources, water is the costliest here. One privatisation project ((Kathmandu Drinking Water) undertaken by the government should have cost \$ 464 million in 1997. In 2007, the concerned minister was removed following public protests.

Abdul Khaliq (CADTM-Pakistan)

Privatisations started in Pakistan from 1990. From 1991 to 2006, 160 public companies were sold in order to service debt. Benazir Bhutto had started the initiative, Nawaz Sharif took it forward and the dictator Musharaf intensified it. Initially, the State claimed that it sold only lame ducks. Afterwards, the profitable companies were privatised. Therefore, basically a drastic reduction in jobs and profound impacts on the society. A worker earning a salary of Rs. 10,000 is now a beggar at the Lahore Railway station. The informal sector swells and the workers are under-paid. The trade unions have weakened. Whereas their numbers increased in the 1960s and the 1970s, touching the figure of 3,000 in the 1980s, there are only 496 trade unions now.

60% of the budget is earmarked for the army, 30% for debt-servicing and only 10% for social services.

In 1991, some strikes were put up in resistance. In 2005, an anti-privatisation alliance was created. The Supreme Court of Justice annulled the privatisation of the Karachi Steel Mill (it was worth Rs.300 billion and it was sold for 33 billion).

Other privatisation projects involved the Railways and the Pakistani Public Petroleum Oil and Gas Co. Following privatisations, the crisis is evident in the sectors of wheat, electricity and gas.

It is necessary to resist (through movements of peasants and advocates...) but it is necessary to integrate all the sectors in the question of debt.

Anivar Aravind (Kerala, India) [7]

Kerala has a debt of Rs. 42,000 crores (1 crore=1 million). In 2006-07, 25.5% of the State's revenues went into servicing the interest.

MGP 2001 (Modernisation of Government programme): the Left Front (leftwing front led by two communist parties CPI and CPI(M) in the government of 1996-2001 implemented a project (public finances, public companies, roadways...) with the Asian Development Bank without any discussion in the State Assembly. Since 2001, there have been protests at Cochin: a platform was created for permanent agitation, 6 months of picket in front of the offices of the Asian Development Bank, campaigns before the 2006 elections with questionnaires given to the candidates... The cost of the project reached \$316.1 million. The conditionalities for the loan are aimed at facilitating privatisation, undermining democracy (interference in budget, taxes etc), increasing the tariffs. The consultation cost has reached \$ 10.2 millions.

The protests doubled from august 2006 to June 2007. Two hundred organisations signed an open letter to the Chief Minister of Kerala. 6th May 2007 was a black day: the loan was obtained. The campaign lost at the tribunal: the Supreme Court decreed its judgment in favour of the IFIs and that destroyed the campaign.

Roy David (Coorg Organisation for Rural Development, India)

The case of the Nagarhole National Park: since time immemorial, an area of 643 km square in the

park that has been home to an indigenous population. An “environmental” project (slogan “Wild life first”) financed by the World Bank (\$ 68 million) led to the eviction of the inhabitants. It would have been enforced, if required. The World Bank violated its own standards which, in theory, prohibit the projects directed against the natives’ interests. In Bank’s parlance this is known as the “voluntary resettlement”, (voluntary displacement and resettlement), which is absolutely a lie. A kid died when the natives were transferred to another place, a difficult territory where they did not know how to settle down? Protests increased even in the World Bank headquarters, in Washington. The project was cancelled following this struggle for the right to land, and other rights, for Adivasis. In 2007, the government promulgated the “Forest Rights Bill” enacting some rights for Adivasis.

Sanjay K. Rai (India)

Please watch the PowerPoint presentation on the website www.cadtm.org

His speech revolved around the state of Uttar Pradesh (166 million inhabitants).

Theoretically, the projects are implemented for developing diversified and sustainable agriculture, but in reality they promote the agricultural products for exports and jeopardise the food security.

Satish Samuel (India)

His organisation works on the issue of the rights of children, especially those from marginalised families, who face the dangers of child-trafficking and AIDS. The work is carried out not only in India, but in Pakistan, Bangladesh, and also in Sri Lanka where there are additional problems caused by the civil war and Tsunami. The World Bank projects like those for the cultivation of “mulberry” (the tree for silkworms) lead to the destruction of food agriculture and deeply affect all these children’s access to food.

After the deliberations, three task-forces were formed to discuss four issues:

- Privatisation and the degradation of livelihood?
- Perception of debt affecting the living conditions of population in respective countries?
- Common solutions for South Asia?
- Suggestions for alternatives and campaigns?

Third day of the workshop (Thursday, 17th January 2008)

William Stanley (India)

He presented the case of the National Aluminum Company (a French company) in Orissa, India: a textbook example of ecological debt. [8] This project led to the displacement of 353 villages, almost 19,658 families or 83,586 persons.

The campaigns of protesters have succeeded in the withdrawal of the project.

Eric Toussaint (CADTM, Belgium)

After a detailed presentation of the composition and the functioning of the CADTM international network, he showed a CD Rom of the Global Development Finance (GDF) published every year by the World Bank and the possibilities of statistical computations it offers to activists.

Then he quickly went over a series of activities against the global debt, carried out by the CADTM international network on a priority basis. Audit of debts is one of CADTM’s priorities (a sample of the

manual of debt audit prepared jointly by the CETIM and CADTM was given to each participant of the workshop). He pointed out the case of the audit of Ecuador's debt, a very recent incident, along with the foundation of a Commission for the complete auditing of the internal and external debt (CAIC) incorporating State representatives, local and international members of the "debt" campaign, but not a single banker. Moreover, the Ecuadorian constituent Assembly could have included a clause in the Constitution that the debt servicing can never exceed the sums allocated to education and health in the national budget. He also noted that the President Rafael Correa has already planned to repudiate certain debts, especially those from the World Bank. He also mentioned the case of CAD, Mali which audits certain sectors of debt and plans to collaborate with Ecuador for making a progress in the question of the debt. In the Democratic Republic of Congo, an initiative for auditing has already been launched.

He also highlighted another case where Bolivia had quit the CIRDI (the agency for settlements of the disputes on the investments within the World Bank) and Italia Telecom is threatening the government using the same agency.

The CADTM's agenda includes the struggle for women's emancipation. It is active in the movement for another world and will participate in the activities of 26th January 2008 organised by the World Social Forum. It is a member of the group for facilitating the global debt campaigns. The next meeting: the G8 in Japan in July and the People's Forum in Mali at the same time, the programmes against the annual meeting of IFIs in October and the international meeting of the Network in December 2008.

His deliberation was marked by a series of interventions, especially on the cooperation to be established in South Asia, from the participants.

Once the delegates watched "America, America", an excellent short video clip taking a satirical and humorous look on the American imperialism, the reports of the task forces were presented. These included: analysis of privatisation as an instrument of political domination against the people's interests, analysis of the ideological bases of privatisation, the necessity for a common agenda and a network of allies in South Asia, the struggle against the erosion of democracy, campaigns and case studies.

The common experience in South Asia is that privatisation promotes reduction in employment, evictions and migrations, growth of the informal sector, increase in the workload for women, deterioration in the working conditions, increase of costs for goods and services. The debt leads to reduction in the social services, loss of dignity and social power, violation of human rights, displacements, erosion of democracy, increased control of IFIs and trans-nationals on the local resources.

It is thus necessary to demand the repudiation of the debt as well as compensations; it is necessary to plead for an ecological development, the creation of a Bank of the South favourable to the interests of the poor and independent of the companies.

The methods: mass mobilisation, raising consciousness about the alternatives at a global level; independent research on IFIs and the impact of their policies; reinforcement of the alternatives based on benevolent practices.

At the end of three days of the workshop, a Forum for South Asian Solidarity was formed. This will be affiliated to the CADTM and an action plan will follow.

Moreover, the participants of the workshop decided to support Father Tissa's proposal for preparing

a written manual on the people who have been able to free themselves from the historical debt leading to the emancipation of the people in the 21st century. An editorial board was set up, with the significant presence of Father Tissa, Ajit Muricken and Eric Toussaint. They will try to spread the editorial board to other countries and continents.

P.S.

* Report by Denise Comanne. Translated by Sushovan Dhar.

Footnotes

[1] All the participants were lodged by the CSR (Centre for Society and Religion), Asokarama Mawatha Farm and Training Centre, in the Andiambalama village. This centre was founded by Father Tissa Balasuriya, liberation theologian of international repute.

[2] See Eric Toussaint “ Exploding the myths of the private debt and real-estate in the North “ on the website www.cadtm.org

[3] See Eric Toussaint “ Differences between the crisis of 1982 and that of 2007-08 “ on the website www.cadtm.org

[4] See Eric Toussaint *The Bank of the South and the new international crisis*. CADTM-Syllepse, Liège-Paris, 2008, chapter 3

[5] See the texts of these letters on the website www.cadtm.org and in the book by Eric Toussaint, *The Bank of the South*, chapter 4

[6] Linus Jayatilake, leader of the trade union CIWU, had participated in March 2007 in the CADTM workshop held in Kerala.

[7] Anivar Aravind participated in March 2007 in the CADTM workshop held in Kerala.

[8] Please see William Stanley and Sanjay Khatua, *Ecological Debt : A Case of Orissa, India*, IRDWSI/Wida, India, 56pp.