



Better World Economics

*Quaker Peace & Social Witness
Economic Issues Newsletter*

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Edited by Suzanne Ismail

Vote for Trade Justice!

This summer QPSW will be taking part in the launch of the next stage of the Trade Justice Movement's campaign for fairer trade rules. Almost a year after the 'failure' of the World Trade Organisation (WTO) Cancun meeting, the movement wants to put trade justice high on the political agenda in advance of forthcoming international discussions on poverty reduction and a possible UK general election.

The next eighteen months will be an important time, providing a number of opportunities for campaigners, particularly those in the UK, to encourage international political will to make a fairer trading system a reality. A major United Nations conference will see international attention focus on the extent to which poverty reduction goals are being met. This will almost certainly include consideration of how trade rules impact on poverty. The UK government will be a key player, particularly as during 2005 it will take on the roles of both president of the EU and chair of the G8. As such the UK will have a unique opportunity to influence international trade agendas in the light of the UN aim to halve poverty by 2015.

The 'Vote for Trade Justice' campaign wants to show decision makers the extent of public concern about unfair trade rules, and to encourage the UK government to use its influence to press for a fairer system. In what could be a general election year in the UK, it is hoped that all of the major political parties will take the message on board.

Campaigners will be asked to draw attention to

the issues and to collect 'votes' or pledges for trade justice. These will be collected centrally and presented to the government with a challenge for action. The relative success of the Jubilee 2000 coalition in bringing about a change in political thinking on developing country debt shows the power of mass campaigning to influence governments' policies. It is hoped that 'Vote for Trade Justice' will be just as successful, if not more.

The G8 is the name given to the world's powerful economies —Canada, France, Germany, Italy, Japan, Russia, the UK and US. Leaders and ministers of the G8 meet periodically to discuss issues of mutual interest. Although it is an informal group, its discussions heavily influence international agreements. The chair of the G8 is particularly influential as it sets the agenda for discussion.

The next G8 summit will be on 6-8 July 2005 at the Gleneagles golfing and hotel complex in Perthshire.

How to get involved

The major event in the movement's calendar for 2004 will be 'the ballot on the beach' in Brighton on Sunday 26th September - the opening day of the Labour Party conference. We hope that thousands of people will take part in a procession along the seafront in front of the centre where the conference will take place.

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'Vote for Trade Justice' continued

QPSW will be taking part in the event, and hopes to organise a silent vigil for Friends and others who may like to join us.

Brighton Meeting House will host a fair trade café for those in need of sustenance and a rest. There will be other events and activities around the city, including an ecumenical church service.

Of course we realise that not everyone will be able to come to Brighton, but there are plenty of other ways that Friends can take part in the campaign – from filling in a

'vote for trade justice' ballot slip to organising an event to discuss the issues with your local MP.

An information and ideas sheet is included in this mailing. Extra copies are available from QPSW or from www.quaker.org.uk.

For occasional updates on the campaign subscribe to QPSW's Trade Justice e-mail list. E-mail: tradejustice@quaker.org.uk



Welcome to the new newsletter

If you have received Economic Issues Programme information for some time, you will notice a big difference to this mailing. After almost four years of sending out two different 'occasional' newsletters we are consolidating what we send—hopefully to meet your needs better, and make more effective use of our resources.

We intend to produce *Better World Economics* three times a year, replacing both *Economic Issues Update* and the *QUNEC Newsletter*. We may send separate lengthier briefings on particularly important topics if that seems useful, probably not more than two or three a year.

This newsletter will contain updates on how the international economy relates to peace and social justice, and background on Quaker work in this field. As in the *QUNEC Newsletter*, there will be space for Friends and meetings to contribute. In this edition we have an article by Oxford Friends on their work related to trade justice.

These changes are the result of thinking by staff and the Economic Issues Group (that oversees this work in QPSW), and in response to comments by many of you in our survey earlier this year. Thanks to all of you who helped us with ideas, comment,

criticisms, and offers of help. All were appreciated.

One of the clearest findings was the desire for shorter 'overview' style information on a range of economic justice issues (almost 70% of respondents said 'important or very important'). Many of you wanted ideas for action related to those issues (over 50% of respondents rated this 'important/very important'). There was also strong demand for background information on Quaker work for economic justice. We hope this newsletter will help to meet those needs.

The survey also showed us the enormous range of our readers' activities and interests. Many of you are working towards a more just national and international economy through campaigns such as Trade Justice, green issues, and government transparency. You are doing this through Quaker Meetings, ecumenical and other groups like the United Nations Association. Many of you are using 'alternative' economic systems such as LETS schemes and credit unions; some are 'active shareholders' while many more actively seek out lifestyle choices that promote a more economically just and sustainable world. We hope you will continue to tell us about your activities and that some of you might want to share your work through the newsletter.

We hope that you find *Better World Economics* useful. Please let us hear any comments that you have on this first edition, or suggestions or ideas for the future.

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Religious investors study mining

QPSW has an ongoing partnership with the Ecumenical Council for Corporate Responsibility (ECCR), and staff member Suzanne Ismail is currently undertaking research on one of the UK's largest mining companies—BHP Billiton. The aim is to help better inform religious investors about companies that they may hold investments in, and where shares are held, encourage them to play an active role in holding 'their' company to account.

The mining sector is hugely controversial in many respects - from the sustainability of mining itself to the locations in which many companies operate and the related impacts on workers, the environment and local communities. This is particularly the case with BHP Billiton, which claims to be 'the world's largest integrated mining company'. The company has operations in over 20 countries and its activities include oil and gas production, aluminium smelting, nickel and cobalt processing. It also has a vast array of mining interests, extracting metals and minerals such as silver, copper, diamonds, lead and iron ore.

BHP Billiton clearly has put a huge amount of effort into developing corporate responsibility statements in order to promote an image of a good corporate citizen. It also spends millions of pounds every year on 'community investment' projects which include anti-malaria projects in Brazil, HIV/AIDS treatment in Southern Africa and conservation programmes in Australia. However, while the company's latest Health, Safety, Environment and Community report boasts pages of impressive

For every company that it looks at, ECCR writes an in-depth report on its findings. It is hoped that by developing a greater understanding of the issues raised by the company's activities, it will be able to inform investors and others better. In particular ECCR tries to encourage organisations and individuals who have investments in companies, to use the leverage those investments bring to draw attention to areas of concern and to encourage the uptake of higher standards.

tables showing management standards and targets, the company has still attracted a host of criticisms from unions, environmentalists, indigenous peoples and community groups.

The company has been accused for example of anti-union activities in Australia, Mozambique and Colombia, and of causing pollution at a number of sites. This particularly concerns its former Ok Tedi mine in Papua New Guinea, which caused untold damage to the Ok Tedi and Fly rivers and so to the lifestyles and livelihoods of the local communities. Projects earmarked for future development, such as exploring for diamonds in the Central Kalahari Game Reserve, the traditional land of the Botswana Gana and Gwi Bushmen, mean such controversies surrounding the company's operations are likely to continue for some time.

It is not unusual at ECCR board meetings to hear the phrase that the 'Church is the oldest transnational corporation around'. Wherever possible the group tries to factor this notion into its research strategy, making use of the Church and other networks to find out how people directly impacted by mining view the company. For example, last summer ECCR met with a Colombian trade unionist to hear concerns about mining companies' influence over the state and treatment of union leaders. ECCR is currently working with partners in Southern Africa and Australia to develop a greater understanding of the problems communities face as mines close, and about community consultation mechanisms the company uses in these regions.

Each report provides investors—both large and small—with a list of potential questions that they could use to engage with 'their' company. For larger investors, such as denominational finance boards, this might be through arranging meetings with company executives. Investors with smaller holdings may prefer to write to a company or to ask questions of the board at company Annual General Meetings, whilst those who have investments through pension funds or other 'pooled' investments may wish to use information such as that provided by ECCR and others to ask questions about the ethical policies attached to such funds.

ECCR has worked on companies including GlaxoSmithKline, Shell, BP and AstraZeneca. For more information contact Suzanne Ismail or see www.eccr.org.uk

For more information on ethical investment in relation to pension funds and charities see www.just-pensions.org.uk

Access to Safe Water in Nicaragua

Access to clean water for two million Nicaraguans is hindered by partial privatisation and restructuring of the Nicaraguan water system at the behest of the IMF, World Bank and Inter-American Development Bank, and exacerbated by a heavy government debt burden. This is the finding of a report commissioned by QPSW and American Friends Service Committee (AFSC) in Nicaragua, and written by Nicaraguan economist Nestor Avendano.

As a direct result of a series of reforms to 'modernise' the country's over-stretched water system, Nicaraguans have seen considerable hikes in water prices. The report argues these have forced many poor Nicaraguans to get water from untreated sources, or to forgo basics such as food, medical care or education to pay the higher bills.

Access to safe water is a major problem for many Nicaraguans, around 30% of whom do not have access to potable water. The problem is greatest in rural areas, in some of which 80% of the population has no access to piped water. These people must collect water from shallow wells, streams and lakes, often contaminated with pesticides and other wastes including sewage. Even those with piped water

experience problems. Many urban settlements have unauthorised intermittent water connections, and in other areas, shortages and payment disputes between the state water company and the recently privatised electricity company have resulted in services being shut off for hours on end.

Clearly, the country's water system is stretched beyond capacity, and badly needs new infrastructure. This will be costly, and the government cannot afford this while it continues to pay out a high proportion of its revenue in debt repayments. The financial institutions argue that the only solution is reform, aimed at increasing competitiveness and injections of cash and knowhow from the private sector. These started in the mid-90s as a condition for receiving loans, and have focused on 'cost recovery' and 'decentralisation'.



Few rural Nicaraguans have piped water

Safe water as part of the Millennium Development Goals

In 2000, at the United Nations Millennium Summit, 180 governments made a commitment to fight international poverty by signing up to a set of 'Millennium Development Goals'. One of those goals aims to reduce by half the number of people without sustainable or affordable access to safe water and basic sanitation facilities by the year 2015. Other goals include halving the number of people in extreme poverty, the reduction of child and maternal mortality, universal primary school enrolment, and improving the lives of 100 million slum dwellers.

Access to clean water can be considered a key in this as better access will facilitate

improvements in health, and more reliable supplies will cut down significantly on the time people need to devote to collecting water, enabling them to undertake other activities such as schooling.

A recent UN report made clear that on current trends, most countries would not meet these targets for water and sanitation by 2015. In Nicaragua, it is likely that although water system coverage is expected to rise it will still not quite meet the UN target. A question that must be asked is: of those people that are covered by the water system, how many will be able to afford to pay for it?

Nestor Avendano's findings are being used by QPSW and AFSC as a case study on how IMF and World Bank policies impact on highly-indebted poor countries. This evidence is being used to influence policy makers. In May this year, QPSW staff member Robin Robison and Nestor Avendano arranged a series of meetings with officials in the IMF, World Bank and Inter-American Bank to discuss the negative consequences of water reform in such countries.

'Cost recovery' in the Nicaraguan case refers to the notion that instead of subsidising water rates, the government should price water so that consumers pay for operating and maintaining the system, and make contributions toward new investments to network. As a result, the tariff for domestic water rose from the equivalent of US\$0.20 per cubic meter in July 1994 to \$0.40 in 2000 and is currently around \$0.37.

There have been benefits from the reforms such as the extension of the water network—although this is mainly in urban areas. However, this does not address the needs of Nicaraguans who are too poor to pay for the service. According to figures given in the report, water to meet the minimum basic needs of a family of six costs around the equivalent of \$8 per month. As over eighty percent of people have an income of less than \$1 per day, this is a considerable sum, forming a higher proportion of household expenditure than for consumers in many Northern countries, where governments can subsidise water.

The 'decentralisation' component of the reforms refers to moving water and sanitation service provision away from a central monopoly out to the municipalities. In the IMF's view, dividing up a state monopoly this way is supposed to improve efficiency, and governments frequently do this as a prelude to privatisation. In Nicaragua, domestic opposition is slowing the progress of these reforms but parts of the government and the IMF are still trying to push them through.

Currently, two municipalities (Matagalpa and Jinotega) have their water supplied by locally owned private companies. Another two (Leon and Chinangeda) are earmarked for similar reform by the Inter-American Development Bank, which insists that an international company operates the

concessions.

Critics fear the impact of continued parcelling up of water concessions for several reasons. Under the current centralised system, ENACAL, the state water provider, can use revenues from profitable areas, such as Chinangeda and Leon, to subsidise provision in poorer, less profitable ones. It is unlikely that this would happen under a private system. The fear is that private companies could choose to pick the most profitable concessions, leaving the government to provide water to the poorer and more isolated 'loss making' areas.

As the Nicaraguan government and regulatory framework is relatively weak, it is unlikely that there would be sufficiently rigorous control over a privatised sector. So far the government has been unable to persuade the private sector to invest significantly in infrastructure to extend the water system. Much of the investment that has been made has only been possible because of international aid. There are fears that without effective regulation, privatisation will not result in the promised network expansion.

Furthermore, the report highlights that there is rarely enough transparency in the process of awarding water concessions to private companies to ensure real public accountability. This was seen to be the case in Matagalpa and Jinotega, where the new private water companies are owned and run by senior officials in the old companies that they were to replace, and where prices have risen at an even higher rate than those cited above. Critics fear that given these weaknesses, further privatisation is highly inappropriate for a country like Nicaragua, and is most unlikely to result in a positive outcome for the poor.

What can I do?

1. Use some of this information to write to your MP expressing concern over some of the inappropriate conditions attached to IMF and World Bank loans.
2. Raise awareness locally, by writing to your local paper or discussing the issues with others in your meeting.
3. Find out more: copies of the full report are available from QPSW: contact Robin Robison or Suzanne Ismail, tel. 020 7663 1039, email robinr@quaker.org.uk

Making trade work for poor farmers

While fairer rules are desperately needed if poor countries are to be able to get more of the benefits from international trade, South African researchers, supported by Quaker Peace & Social Witness and the Ethical Trading Initiative have been looking at an aspect to trade justice that is often forgotten: the ability of the poorest farmers to participate in markets in the first place.

South Africa is technically a middle-income country with a relatively healthy agricultural sector, but the legacy of apartheid means that huge social and economic divisions still exist. Despite government policies aimed at bridging these divides, small-scale Black farmers face a host of problems in trying to make a living - even where 'market' conditions for their products are favourable.

Two such commodities are vegetables and Rooibus tea, both of which have relatively low 'start up costs' and the markets for which are growing. Theoretically, growing these products should provide farmers with a relatively good income, but in reality this is not necessarily the case.

The Surplus People's Project, based in Cape Town, originally formed during apartheid to campaign for the rights of people who had been pushed off their land by the State. Despite reforms, the majority of the population still do not have access to land, 70% of which is owned by white farmers. Most Black rural South Africans live in poverty and are dependent on finding employment as labourers on white owned farms.

With the help of organisations like SPP this situation is gradually changing. SPP gives legal assistance to those who have had disputes with land owners and also works to help those who do have access to land become more self-sufficient by making a commercial success of farming.

See www.spp.org.za



Farm workers like these face a host of barriers to earning an independent living

The majority of emerging vegetable farmers currently operate at a subsistence level and struggle to access more formal markets. Most farmers can either sell produce directly to consumers, to a local vegetable broker, or if they have transport, take it to a municipal market: but the price that they receive from these sources is likely to be relatively low. Moreover, as South Africa becomes a more urban society, the relative importance of these markets is declining. A key factor is the increasing power of supermarkets, both local and international, which increasingly source vegetables directly from producers—generally larger, more intensive farms.

Supermarkets often demand that farms undertake measures such as growing particular varieties, staggered planting, and 'just in time deliveries' by temperature controlled transportation systems in order to meet predicted demands. Not only does this increase costs and procedures for producers, but it constitutes an additional barrier for emerging farmers without links to supermarkets, who find themselves having to 'second guess' what the market demands.

A similar story exists when looking at the production of Rooibus tea. Although there are established producers, many barriers prevent emerging farmers accessing these markets. At one end of the supply chain we see that farmers often face relatively high transportation costs in taking their tea to the 'tea courts' where it is processed and sold on. The distance between courts is often large, and so farmers often cannot choose where they sell their crop, hav-

ing to take the first price that is offered to them.

A major barrier to selling rooibus internationally (Germany the Netherlands and the UK are the largest markets) is the stringent food safety and labeling requirements which must be met in order to sell to markets like the EU and US. These require tea marketing agencies, and in turn the producers themselves, to provide information on geographical origin, process, and people involved in producing every batch of tea. This is not only onerous for small farmers but likely to result in delays finalising transactions and payments, which many could not afford.

The report concludes that despite the barriers, there are opportunities for emerging farmers, partic-

ularly in the production of high-quality vegetables where small scale farming is potentially more suitable. It should also be possible to find ways to tap into existing distribution channels for Rooibus tea.

It is hoped that by identifying these barriers and opportunities, local NGOs, such as QPSW's partner Surplus People's Project (SPP) will be able to develop support mechanisms to help farmers take advantage of the opportunities and to sell more of their products in future.

For more information on QPSW's work in this area, or for a copy of the full 76 page report, contact Robin Robison tel: 020 7663 1039, e-mail robinr@quaker.org.uk

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Oxford Friends' action on trade

During the last three years a small group of us have been involved in various initiatives on economic justice. This developed out of Jubilee 2000 Debt campaigning, Oxford Quaker Centre's longstanding promotion of Fair Trade and the formation of the Trade Justice Movement. In each case we have been inspired by a powerful symbol: the J2000 Chain showing the slavery of debt and the power of combined action for change; the new Fairtrade Mark, pointing to sustainability through partnership; and the Trade Justice Movement Scales with a human figure at the centre, challenging us to help tip the balance of world trade to work for the poorest countries and the environment.

Making the links

Our action has been both within Oxford PM and as part of the Oxford Coalitions for Fair Trade and Trade Justice. Although these coalitions have separate aims, we constantly stress the links. Our leaflet 'Oxford Quakers for Fair Trade & Trade Justice' uses the slogan *Double Action for a Fairer World*. We point out that just as trade has a huge part to play in the war on poverty, so campaigning for fairer trade rules is even more important than buying fair trade products. (The latter helps

poor country producers directly but remains a drop in the ocean when, according to the World Bank, trade reform could take 300 million people out of poverty.) As a subgroup of Oxford PM's 'Group on Sustainable Living' we also stress the links between environmental concern and trade justice.

Oxford Fairtrade Coalition (OFTC)

OFTC is a small group of individuals (linked with churches, small businesses, NGOs and others), which has worked to promote fair-trade purchasing and to help Oxford qualify as a 'Fairtrade City'. This status was granted by the Fairtrade Foundation in March 2004 taking the total number of Fairtrade Towns above 50. Criteria include the adoption of FT policies and practice by the local council and a proportion of institutions such as churches and schools, as well as the availability of FT products in a proportion of local outlets. In December 2003 Oxford PM adopted a formal Fair Trade Policy Statement. A Guide to outlets for FT products has been produced, including Oxford Quaker Centre, which, in its tiny space, sells more than 60 different food items and a unique selection of craft goods. OFTC's task is to help Oxford to implement more fully its 'FT City' status, especially by spreading awareness of the range of FT goods available and encouraging people to ask for FT products in supermarkets, shops, cafés, restaurants and pubs.

Oxford Trade Justice Coalition

OTJC is a large network of individuals who joined the TJM's mass lobby of MPs in June 2003. We also campaigned around the Cancun Meeting of the World Trade Organisation and have since organised a rally, a series of public meetings plus lobbying, letter-writing and petitions. Preparations are in hand for the next big push in 2005.

Implementing our Fairtrade Policy

Our policy has three main elements: (1) spreading awareness of Fair Trade and Trade Justice issues; (2) moving ahead with Fair Trade purchasing; (3) active campaigning. We now invite all the users of our kitchen to 'help us make this a Fair Trade Kitchen' by using FT goods as far as possible. We continue educating ourselves through displays, talks and books and regularly use our 'pen power' as lobbyists and letter-writers. Other PMs within Witney MM are now considering whether to join us in having a formal FT Policy.

Joint Church action

While involved with Oxfam, WDM and Jubilee Debt campaigning, we have gained particular inspiration from Christian Aid whose 'Trade for Life' Action Pledge campaign played a key role in getting us moving. The words of that pledge, signed by many Friends, still challenge us to keep up combined action. 'I promise to act with others to change the rules that govern international trade, so that they work to eradicate poverty, protect the environment and ensure equal access to life in all its fullness.'

When we handed over hundreds of Pledge Cards to the Rt. Hon. Andrew Smith MP at Oxford Town Hall in May 2002, he stressed the key role of the churches in helping to push forward government action on trade justice. Outside Oxford, some PMs are

Articles appearing in this section reflect the work of individual Friends or groups working for economic justice. Views expressed do not necessarily reflect those of Britain Yearly Meeting or of QPSW.

Would you share your work with others?

In this section we hope to be able to highlight individual friend's and groups' projects related to economic justice as a way of sharing resources and generating ideas. If you are involved in something that you would like to share with others, please contact Suzanne.

already involved in joint action for Trade Justice through Churches Together. Within Oxford this still needs to get mobilised. Involvement of our children and Young Friends has also been minimal so far, despite the inspiration of Oxford Brookes as the world's first 'Fairtrade University'. It will be interesting to share ideas with other PMs and MMs.

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For more information:

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Oxford Fairtrade Coalition: www.fairfox.org.uk
Fairtrade Foundation: guidelines for FT Towns, Schools etc. www.fairtrade.org.uk

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