

**The Corporate Consensus:**

# G8

and its role in  
**CORPORATE  
GLOBALIZATION**



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# The Corporate Consensus: The G8 and its role in corporate globalization

The corporate consensus of the G8 - the G7 plus Russia - will be in full command of the annual gathering of the world's most powerful political leaders. The G8 meeting occurs at a time of heightened global insecurity and increasing inequality, to which the G8 leaders have responded by advancing repression of political dissent and by clinging to policies that favour market "solutions" to nearly every challenge before us. Those advocating policies that favour the interests of people and the protection of the planet are struggling to be heard as never before.

It is crucial, then, to clearly understand where the G8 fits in the broad struggle against corporate globalization.

**-How exactly does the G8 maintain control of the World Trade Organization (WTO) through the "Quad Group"?  
-What power does the G7/G8 hold over the International Monetary Fund (IMF), the World Bank and private organizations like the Trilateral Commission and the World Economic Forum?**

All of these organizations, agencies and forums have key roles in what activists around the world call corporate globalization.

This assessment of the G7/G8 will begin with a very brief overview of the origins of the G7 by examining the historic political and economic context of its beginnings 27 years ago. It is crucial then to illuminate the key

aspects of the new elite consensus - particularly free trade's impact on democracy through corporate-dominated bodies such as the World Trade Organization. We will then look at the G8's current role and the likely topics it will be focussing on at the meetings in Kananaskis, including the move to make the WTO the framework for global sustainable development, and the way in which Africa is being set up for renewed corporate colonialism through the New Partnership for Africa's Development (NEPAD).

## The G7 and G8

There is nothing very mysterious or puzzling about the G8. It is, quite transparently, a self-appointed club of the leaders of the world's most powerful countries. They assign themselves this lofty status without reference to other organizations, with no basis for membership except economic power.

While the G7 hype is intended to put a very positive spin on the meetings - responsible governments trying to come to terms with intractable global problems - the reality is somewhat different. While it is true that the meetings do deal with a broad range of issues, the key aspect of their deliberations is economic. The G7's most significant impact on the world is the consensus - or sometimes the lack of it - that it develops on the shape and direction of the global economy. All of these governments are, of course, obliged to look after their own interests in these meetings, and when it comes to the global economy that means,

inevitably, the interests of "their" biggest economic players, their transnational corporations. They must also look to their domestic players, such as farmers, who wield power during elections.

The G7 was founded in 1975 by US President Gerald Ford in the face of a double whammy against the global economy: the oil crisis in which middle-east countries increased oil prices tenfold in response to the Israeli-Arab war, and the collapse of the world monetary system of fixed exchange rates. Intended to be a one-time meeting, it continued the next year (Canada was added in this second year, to give the United States a stronger voice vis a vis the Europeans) and has met every year since. The G8, which includes Russia, was established in 1998 and is actually a parallel organization which deals with political rather than economic issues.

In Kananaskis, the G8 will almost certainly talk about the global recession and the WTO's agenda coming out of its November, 2001, Ministerial meeting in Doha, Qatar. There has been talk about inviting selected Third World countries to participate in part of the G8 summit as observers, particularly African countries. The meeting will also cover the so-called war on terrorism (which will still be going on regardless of the specific results) and increased military preparedness, internal co-operation on so-called security measures, and the sharing of information about anti-





globalization activists. The events of September 11th have, wrongly, handed the forces of corporate globalization an enormous advantage and huge opportunities to attack their critics.

**The chronology is clear: the corporations and their complicit governments globalized the attack on working people. We countered with a growing global movement and now they are countering our movement using the excuse of the war on terrorism to restrict our political freedoms.**

It is convenient that a world recession is raging, because this will increase the potential for social unrest and provide the excuse for greater policing and repression.

But let's go back briefly to the post-war period, a unique time in Canadian history characterized by what has been called the "social contract". That contract, not unlike a union contract, was forced on corporations by the struggle of ordinary citizens, union members and farmers who struggled massively through the 1930's. The more visionary amongst the corporate leaders realized that if they didn't allow for change, there might well be revolution. As a result, the world's and Canada's most powerful corporate leaders decided that democracy would be accepted as a normal and legitimate cost of doing business.

So, grudgingly, corporations accepted the legalization of unions, the advent of labour standards and safe working conditions, workers' compensation, unemployment insurance and other measures empowering labour. They saw the benefit to themselves of public education and public medicare and various regulatory regimes.

The deal was simple enough: they would accept all these things so long as the return on their investments remained at reasonable levels. And

they did just that throughout the post-war period through the 1950's and most of the 1960's. Then profits began to decline seriously, just as democracy and the power of ordinary citizens actually reached its peak: movements of women, aboriginals, students, poor people and anti-war activists had joined with strong labour organizations to win real improvements through expanding social programs and the redistribution of wealth.

When the oil crisis hit in 1973 and prices skyrocketed, profits went through the floor and the leading corporate figures decided that the "social contract" was broken. The deal was off, but they never said so publicly or in any democratic, open, forum. Instead, they decided amongst themselves that democracy had to be cut back - downsized, in fact. To accomplish this they created a wide range of corporate organizations, each with slightly different but complementary roles.

In an eighteen-month period, Canadian corporate leaders and corporations formed the organizations that are now all too familiar to us: the Fraser Institute, the National Citizens Coalition and the Business Council on National Issues (the 150 largest corporations in Canada, now called the Canadian Council of Chief Executives). In the US, corporate leaders formed the Business Roundtable. Internationally, global corporate elites created the Trilateral Commission. In fact, every English-speaking developed country went through the same process: corporations were getting "organized", determined to regain the power they had before World War II.

The Trilateral Commission (TLC) was formed as a private forum where men of influence could discuss the future of the world - and help determine it - away from the glare of parliaments and the media. The most powerful CEO's, former government heads and prominent academics met each year and planned the future of capitalism and democracy.

The viability of democracy was not guaranteed. One of the TLC's first publications was "The Crisis in

Democracy." One of its authors, American Samuel Huntington, had this to say about the "crisis" in democracy: "Al Smith once remarked that 'the only cure for the ills of democracy is more democracy'. Our analysis suggests that instead, some of the problems of governance in the US today stem from an excess of democracy." Huntington pined for the days when "Truman had been able to govern the country with the co-operation of a relatively small number of Wall Street lawyers and bankers". Noting that those days were over by the early 1970's, he continued by lamenting the public's questioning of "the legitimacy of hierarchy; coercion, discipline, secrecy and deception - all of which are in some measure the inescapable attributes of the process of government".

The implications of this complaint are not hard to figure out: if there is too much democracy then the solution is to figure out ways to down-size democracy. Huntington stated that a "governable" democracy requires "apathy and non-involvement" on the part of marginalized groups such as "blacks, Indians, white ethnic groups, students, and women" - in short, about 80% of the population.

Looking back to 1975, we see two parallel processes developing to deal with the global economic crisis of declining profits and the role of democratic government. One process was overtly political and relatively transparent - the G7 phenomenon. It served to present the changes in the world economy as the result of legitimate problem-solving by the elected leaders of the world's most powerful economies. The other process was the secretive meetings of the Trilateral Commission (TLC) and other global institutions, such as the World Economic Forum (WEF), based in Davos, Switzerland. The TLC and the WEF, undemocratic and self-appointing forums for big business and political operatives outside the electoral system, were designed to be the venues for discussing the future of the global economy away from the





prying eyes of the public and the media. The G7 meetings then became the cover for the world's most powerful countries to officially co-ordinate political and economic initiatives in the explicit interest of transnational corporations and global capital. Indeed, as these governments move increasingly in the direction of neo-liberal, free-market policies their objectives and aims are becoming indistinguishable from those of corporations.

At no time since the 1920's have the interests of corporations and the actions of governments been more in harmony. What arose out of these two parallel political processes and forums was eventually called the Washington Consensus, an explicit replacement for the post-war social contract. This new elite consensus placed the so-called market at the centre of all economic activity. Capital would reclaim its previously dominant role through privatization, deregulation, massive cuts to social spending, the cessation of income redistribution, and, lastly, trade liberalization or "free trade."

While the actual history of implementing this new elite consensus has been uneven and has moved more quickly in some countries than in others, the process is clear enough. The priorities of the Washington Consensus are then developed in more detail by local think-tanks like the Fraser Institute in Canada. These policies then filter upwards as senior corporate spokesmen, think-tanks, conservative academics and media-owners all communicate these ideas to senior political figures in a process of elite, corporate, consensus-building. This is the role of organizations like the Business Council on National Issues (now the Canadian Council of Chief Executives). This big business organization is unique in Canada as it does not lobby in the traditional sense. It actually prepares fully-developed policies, literally in the form of ready-to-go legislation, and presents it to the federal government. Once these policies, developed through these kinds of corporate processes, are accepted (and most, but not all, are accepted), they are enacted as legislation and given political legitimacy

by the leaders of the G7, who provide the corporate consensus with the seal of democratic authority.

### **The G7 enacts the corporate consensus by creating new global institutions or adapting old ones in order to implement its policies.**

The "structural adjustment programs" of the International Monetary Fund (IMF) and the World Bank ensure a steady transfer of capital from poor to rich countries, or more accurately, to the corporations based in those rich countries. But perhaps the most powerful institution actually created by the G7 was the World Trade Organization. But before we turn to the WTO, let's first briefly examine the G7's history, its mechanics and the balance of power within it.

## **The G7 and how it works**

**A**s you would expect, the G7/G8 summits are not simply events where the world's most powerful leaders get together for informal talks. They are politicians, not experts or academics or economists, and the summits are preceded by a great deal of preparation work by their officials. These officials, from the various relevant government departments, prepare the ground for the Prime Ministers and Presidents. They provide briefing papers and position papers on the issues reflecting each country's priorities. The officials and sometimes the relevant ministers also talk to their counterparts in other countries trying to deal with the details of the issues at hand. By the time the summit arrives, the leaders' agenda includes only the larger, more intractable big-picture items.

The period since 1980, effectively the age of the new Washington Consensus, has seen a dramatic increase in disparity between developed and so-called Third World

countries, an enormous flow of capital coming out of the Third World and into the developed world - just the opposite of the promises of free-market reforms. Between 1960 and 1980, most of the countries in Latin America and Africa were either welfare statist or socialist and they pursued policies of public ownership and import-substitution (tariffs) - not free trade and "open" economies.

The new policies of the G7 and its global institutions have reversed that record of growth. Huge debts and the machinations of the IMF and World Bank have created the new, so-called "market democracies". The contrast is stark and irrefutable. Between 1960 and 1980, per capita income in Latin America grew 73% and in Africa, 34%. During the period of economic "liberalization", 1980 to 2000, that growth plummeted to 7% in Latin America and in Africa it went into reverse - minus 23%.

As a result of these obvious failures, though never admitted to nor described as such, the last seven summits have focussed much on Third World "development" and assisting poorer countries with their severe problems, particularly the crushing levels of debt amongst the very poorest countries. But the lack of progress in this area reflects just how much the agenda is determined by the interests of transnational corporations and the world's largest private banks. Dealing with Third World debt means taking money out of the pockets of the private banks based in G7 countries.

The question of improving development for Third World countries through increased access to G7 markets is just as prominent and just as intractable a problem. Back at the 1996 Lyon Summit, then WTO Director General, Renato Ruggiero, proposed that the G7 should give duty and quota-free access to the products of the least developed countries, which make up only 0.5% of world trade. The G7 gave lip-service to this idea, but even this pathetic response to global





inequality was not acted upon. At the 2000 G8 Summit in Okinawa, in response to the WTO's failure in Seattle, more serious commitments were made, which have led to some action.

But almost nothing has been done to address the fundamental structural causes of the enormous inequality, including the debt crisis, of most Third World countries. The summits in fact play a public relations role when it comes to issues of "development" and "debt relief." In effect, even if political leaders are personally interested in these issues they are still subject, at home, to the tremendous power of the corporate lobbyists who defend their turf with ruthless efficiency. This is particularly true in the US where money has so corrupted the political process that corporations literally purchase political decisions favourable to their bottom line.

But since the mid-1980's there has been a merging of the corporate and political elites throughout the G7 countries; the corporate elite clearly now dominates the political elite and therefore the ultimate agenda. This is not a new phenomenon. Indeed, even in the post-war period of the "social contract" the interests of corporations and government were largely the same. What was different was the acceptance, by the elites, of a democratic role for government - an acceptance, in fact, of the presence of other political players in determining the mix of economic and social policies. By the 1990's we had returned to the days when, in Huntington's words, "[President] Truman had been able to govern the country with the co-operation of a relatively small number of Wall Street lawyers and bankers".

The G7 leaders and their corporate backers are still completely committed to the ideology of the Washington Consensus: free trade, privatization, deregulation and the withdrawal of government from policies promoting social and economic equality. As with any true believers, the promoters of this ideology always conclude that if the policies are not working you have to pursue them with even greater

determination. The limited discussion about debt and the lack of development misrepresents these problems as temporary side effects of the policies (at best) or failures to apply the policies vigorously enough (at worst). In fact, of course, these "side effects" are completely predictable and, indeed, are inevitable outcomes of those policies.

## The G7 and the World Trade Organization

**A**t the 1981 Summit held in Ottawa, the G7 leaders formed what would become a key organization in the development of global trade policy and agencies. It was called the Trade Ministers Quadrilateral, now known simply as the Quad. It consisted of all the G7 trade ministers and it was their job to work on trade issues for their leaders to discuss at the summits. It defined the G7's position on trade and still does. The origins of the Quad have been largely forgotten but it should be no surprise that the key defining group of the global trade structure would have been created by the G7.

Through the Quad, which includes the currently sitting President of the European Union, the G7 played a key role in the Uruguay Round of the GATT negotiations, the trade talks that led to the formation of the WTO in 1995. Based on the work of the Quad, the 1986 Tokyo Summit of the G7 gave powerful political impetus to the new Uruguay Round of the GATT negotiations. In fact, the G7 leaders set the key elements of their trade agenda for the next 15 years at that meeting, stating that the new round should address the issues of trade in services, trade related aspects of intellectual property rights and foreign direct investment. These issues parallel the major agenda items pursued by the leaders of the G8 since the WTO was formed in 1995.

**The G7 played a key role in the creation of the WTO in the last six to eight months of the Uruguay Round, when, at their 1993 Summit, they agreed to push the Round to a successful conclusion - that is, to the creation of the WTO.**

Talks had stalled and might have failed without the direct political pressure from the G7 members on other countries of the GATT.

It is important to keep the corporate connection clear in this history. The biggest push for the WTO and the services agreement came from the US and its giant financial services corporations. David Hartridge, the WTO's former Director of Trade in Services, wrote, "...without the enormous pressure generated by the American financial services sector, particularly companies like American Express and CitiCorp, there would have been no services agreement and therefore, perhaps, no Uruguay Round and no WTO".

While there are several key aspects to the global capitalist agenda - privatization, deregulation, free trade and the down-sizing of democratic governance - the creation of the World Trade Organization was perhaps the most significant, single initiative of the G7.

**The WTO is in effect the first real expression of global governance in the sense that it has the powers of a formal, legal state.**

It has the same "legal personality" as a nation-state or the United Nations. It has a legislative branch, the actual decision-making mechanisms for its 144 members; an administrative branch, its 500-plus staff in Geneva who administer the 17 agreements of the WTO and advise governments and trade panels on the meaning of these





agreements; and, perhaps most importantly, a judicial branch which enforces the agreements by establishing dispute-settlement panels and implements penalties for countries violating the agreements.

It is worth noting just how dramatically different the WTO is from the institution which immediately preceded it: the General Agreement on Tariffs and Trade (GATT). This voluntary trade association was formed in 1947 at the same time as the IMF and the World Bank. GATT was a reflection of the failure to establish the International Trade Organization, intended to establish managed and fair trade amongst the countries of the world. It would have been the final of three Bretton Woods institutions, intended to provide global economic security and a measure of equality.

Since the GATT, in contrast to the WTO, had no enforcement powers at its disposal, its "rulings" on disputed measures only had the power of moral suasion. For most of its existence, the GATT dealt almost exclusively with trade in its narrowest sense - the disputes regarding "trade barriers" were about tariffs and duties. But the WTO has fundamentally changed the definition of trade and trade barriers to the point where they are almost unrecognizable.

**Indeed, modern trade agreements are not really about trade at all, but about freeing up capital to go where it wants, when it wants and with the fewest possible restrictions when it gets there.**

The WTO, following the example set by the North American Free Trade Agreement (NAFTA), establishes a whole series of government "measures" - laws, regulations, practices - that are considered "non-tariff barriers" to trade and therefore in violation of the WTO's agreements. WTO rulings and associated penalties against such measures are so punitive that few countries can afford to maintain the laws it rules against.

The Quad continued to define the G7's position on trade leading up to the 1999 Seattle WTO meeting. It pushed for the proposed Millennium Round to be broad-based and aggressive: it was to cover areas such as public services, agriculture, investment, competition, and electronic commerce.

However, the failure of the Seattle negotiations proves that the G7 is not all-powerful. Those negotiations failed in large part because Third World countries would not acquiesce to the pressure applied by the Quad countries, that is, by the G7. Even though the Quad in effect sets the agenda for the WTO rounds they are having ever-greater trouble doing so. The continued exclusion from G7 country markets have made some very large Third World countries such as Brazil, India, Pakistan and others less and less willing to go along. The G7 is simply not as powerful as it once was. In 1999, Canada took the initiative and established the G20 Finance Ministers group in order to broaden their base of political authority. The G20 (countries that are strategically important for economic, military or geo-political reasons) is a strategy designed to bring key countries into the ambit of the G7 without actually allowing them into the club itself. The function of the junior club is to give legitimacy to the G7 and its agenda.

**In the months leading up to the November, 2001, WTO meeting in Doha, Qatar, the Quad and the G7 pulled out all the stops. At no other meeting was the sheer bullying of the major powers so blatant and ruthless.**

The Quad countries dropped any pretence of democracy and fairness. Brute intimidation was the name of the game. The Quad met in Mexico in August and in Singapore in October to cobble together a draft declaration presented as a *fait accompli* to the rest of the WTO members. No objections to the draft were entertained and it was presented to members on November 9th, without the required 10-day notice. The draft

read as if there was consensus - yet Third World countries were even more opposed to a new round than they were in Seattle.

But the bullying did not get the Quad all that it wanted. A new round was launched, but with many compromises and dubious time-lines. The fight between the G7 and the Third World is far from over.

## The WTO: Sustainable Development's New Best Friend?

Civil society groups around the world have denounced both the Doha Ministerial meeting as well as the final Declaration released at the end of that gruelling, 5-day process. There remains fierce opposition to an expanded round of negotiations by developing countries, as well as outrage over the process leading up to and including the meeting.

The WTO's response to Third World concerns, however, is to barge ahead, forcing new issues to be included despite the protests of developing countries who are arguing that the implementation of the current scope of WTO activity needs to be assessed before adding more. But the rich G7 countries that control the WTO are pushing hard for the WTO to take on the additional issues of investment, competition policy, transparency in government procurement and trade facilitation.

The Doha Declaration also contains environmental time-bombs, including the global commodification of water. In the intense final round of all-night negotiations in Qatar, the WTO secretariat and the European Union (France is home to the world's largest water corporations) slipped in a plan to negotiate "the reduction, or as appropriate, elimination of tariff and non-tariff barriers to environmental services." (paragraph 31, clause iii).





This maneuver represents the beginning of a process that will see water and water services turned into commodities for global water corporations.

The Doha Declaration also laid out a mandate for negotiations by which multilateral environmental agreements (MEA's) will likely be made subservient, once and for all, to the trade rules of the WTO. This has grave implications for international efforts such as the fight against climate change and for the protection of biodiversity. It is noted in the text that the outcomes of such negotiations "shall be compatible with the open and non-discriminatory nature of the multilateral trading system, shall not add to or diminish the rights and obligations of Members under existing WTO agreements.... nor alter the balance of these rights and obligations" (second subparagraph of paragraph 32). In other words, MEA's are not to have any significant impact on the trade regime.

**The latest scheme to garner legitimacy for the WTO is the quiet effort to insert itself as the very framework for sustainable development at the United Nations' World Summit on Sustainable Development (WSSD) in Johannesburg, South Africa.**

From August 26th to September 4th, 2002, governments and civil society groups, under the careful watch of corporations, will conclude a follow-up process to the United Nations Conference on Environment and Development held in Rio, Brazil, in 1992. Ten years later, we will measure what progress, if any, has been made to turn the tide against environmental degradation.

Incredibly, despite its track record on prioritizing trade over the environment, the WTO has positioned itself at the heart of the Chair's Text, the collective document that lays out the general thinking and direction of the United Nations discourse around sustainable

development. If it is not deleted or radically altered, section 5 of that document, "Sustainable development in a globalizing world", will enable the WTO to effectively circumscribe all further UN processes and policies that concern sustainable development. By presenting its trade regime and environmental protection as "mutually supportive", the WTO is truly casting for itself the role of the fox guarding the ecological hen-house.

An honest accounting of the years since the 1992 Earth Summit would focus on the environmental impacts of the WTO's major trade agreements and the declining capacities of governments to pass and enforce laws and regulations that protect the environment and democratize economic development. That accounting, barely within our reach now, will be made next to impossible if the WTO succeeds.

## The G8 & the WTO: Protecting Big Pharmaceutical Corporations

One of the key discussions at the Genoa G8 meeting in 2001 was how to overcome the failure to launch a new WTO round in Seattle in 1999. Given that little or nothing happens in these international bodies without it first being approved by the G7 countries, it seems clear that the plans for Doha to play hard ball with Third World were approved by the leaders in Genoa.

One major theme at the Genoa G8 Summit was euphemistically called "Beyond debt relief." While it has a nice public relations sound to it, it effectively signalled the G8 nations' intentions to return to business as usual: more free trade, more freedom of capital to engage in direct foreign investment, more privatization. Most Third World countries would find it hard to fathom a move "beyond" debt relief when so few of them have actually

experienced any debt relief at all and are unlikely to any time soon.

Much was made in the media of the G8 leaders' commitment to establishing a \$1 billion Global Health Fund largely to fight the worst killer diseases plaguing the developing world - TB, malaria and AIDS. These three diseases alone kill millions every year. But the G8 leaders were completely vague about whether this fund would be used for drugs for those already suffering from disease, to prevent disease, to find effective vaccines - or all three. But it is almost certain that most of the money will end up in the pockets of the global pharmaceutical corporations.

Clare Short, speaking for the British government, said, "We believe that the Global Health Fund can bring down the price and increase the supply of drugs and commodities for TB, HIV/Aids and malaria and also encourage the research for new drugs." Short emphasized that none of the money would be used for the development of public health care systems in the poorer nations, a sign also that the money is intended to go to the giant drug companies. This would be in keeping with the structural adjustment programs for poor countries which actually force these nations to spend less on health care as a condition for receiving loans and debt relief.

Spokespersons for development NGO's have criticized the fund on three counts. At a meeting on October 4th, 2001, of more than 30 groups in London, England, critics pointed out that "[I]t was unnecessary because there were existing mechanisms which could be used more quickly, more effectively and without incurring additional cost. Secondly, they felt the Fund to be inappropriate because it would be top-down, centralized and commodity-based. Finally, they felt it was diversionary because most of the funds were being taken from other aid initiatives, it was making little impact on the overall level of aid and was diverting attention from other issues."





The NGO's focussed on the plan's lack of attention to the primary need: "to support improvements in health care delivery systems, including improving access to services, building and strengthening outreach to communities, and strengthening surveillance and monitoring systems at country level".

## NEPAD and the WTO Agenda in Kananaskis

The G8 agenda in Kananaskis will be fairly typical and also largely predictable. The prime ministers and presidents of the world's leading industrial nations will talk about accelerating the free trade agenda (though US protectionism may make this difficult to achieve), how to deal with terrorism (with the Americans pushing for support of an attack on Iraq), and more tinkering with so-called debt relief and with "reforming" international financial institutions.

Three important new items will also be on the agenda. One is the New Partnership for Africa's Development (NEPAD). Its aim is "to eradicate poverty and to place African countries on a path of sustainable growth and development". The second is a project dear to Canada's heart and echoing the Genoa summit's focus on a Global Health Fund - the Global Education Fund. Thirdly, the leaders will grapple with what to do with the above-mentioned Johannesburg Earth Summit (WSSD) in August, 2002.

**While the NEPAD sounds like a laudable project with admirable objectives, it is in reality just more of the same neo-liberal medicine prescribed by the same dominant powers who direct the structural adjustment policies of the IMF, World Bank and the free trade agenda of the WTO.**

Indeed, the prescriptions are literally identical and simply dressed up in new public relations language. As with other grand plans for the Third World, NEPAD emerged from a completely top-down process with no consultation of any kind with any elected parliament, democratic body, or African civil society groups.

It was first put forward by South Africa's Prime Minister Thabo Mbeki, known throughout the developing world as one of the most eager devotees of neo-liberal policies of any Third World leader. It came as no surprise that Mbeki first revealed his plan not to the people of South Africa but to the World Economic Forum in Davos in 2000. The WEF is the quintessential forum for the world's most powerful transnational corporations and western developed nations - no major world policy initiative is undertaken without first getting the nod from the corporate and political elite gathered there.

The NEPAD went through several incarnations from Mbeki's Millennium African Recovery Plan to the New Africa Initiative to the current NEPAD - with all of the changes made on the basis of discussion with the developed world. Mbeki was given an offensively brief five minutes to present his plan at the G8 Summit in Genoa where he was instructed to include "good governance" in his plan.

NEPAD calls for Africa to be even more "integrated" into the global economic system. But independent Third World scholars have consistently recommended less integration; that is, "de-linking" from the world's economic and finance system. Argentina's crisis is a direct result of its total integration which made it vulnerable to global financial and market fluctuations. The falling rand (currency) in South Africa is due to the ease with which money can move in and out of the country, an indicator of its integration into the global markets.

NEPAD also calls for more "market-oriented policies": more freedom for

capital movement, more competition for domestic industries, more privatisation and more deregulation - the same policies that have led African countries into the dire straights they are in now. Its language is shamelessly insensitive to Africa's history and talks about how "the richness of Africa's culture remains under-exploited".

**African countries now feature whole populations that cannot afford basic necessities because they produce for export markets, yet NEPAD proclaims that Africa "is an indispensable resource base" which needs further exploitation and more trade.**

NEPAD also calls for more loans for African countries but offers no serious critique of the negative impact of existing debt and current loans on ordinary Africans. Structural Adjustment Programs (SAP's) have devastated domestic economies and have increased poverty and inequality, and have all but eliminated African governments' ability to respond to the urgent social needs of their people. There is no indication that Canada or any of the other G7 countries will even consider moderating the SAP's already in place. On his tour of African nations, Prime Minister Chretien stated, "We want Africa, which has been regressive economically, to grow again. We're not thinking in terms of charity, we're thinking in terms of investment." Presumably, Chretien sees debt cancellation, crucial to Africa's revival, as "charity".

The NEPAD program will simply exacerbate rather than improve the catastrophic situation facing most African people. The record of neo-liberal policies and enforced structural adjustment are irrefutable.





**In the period between 1960-1980, when African countries implemented policies of tariff protection and import substitution, per capita income grew by 34 percent. Since 1980 - the beginning of neo-liberal policies of the World Bank and IMF - African incomes have declined by 23 percent.**

Between 1950 and 1980, welfare state and Keynesian or socialist policies added more than a decade of life expectancy to virtually every nation on the planet. Since 1985, life expectancy has been falling in 15 African nations.

Despite the fact that the G7's prescriptions have caused Africa's dramatic decline, and despite US and other G7 support for African dictatorships, the "new" plan for Africa is mired in a "blame the victim" mentality. The G7 insisted on a "good governance" dimension to NEPAD, and a ranking of countries on the basis of this criterion. Prime Minister Chretien stated on his Africa tour in April that "they will have to classify themselves, too. They have peer reviews. So one will be Number 1 and one will be 53....and that will be the criteria for us to see what we can do to help."

No one would suggest that African countries should not improve their human rights and democracy records - but the very policies that the G7 impose on those same countries make that less likely. The G7 countries are the primary arms peddlers to the Third World. The G7-inspired structural adjustment Programs cause instability and weaken democratic governance around the world. And Western transnational corporations, with the tacit blessing of their governments, constantly obstruct "good governance" to further their own self-interest, making corruption a normal way of doing business.

In this context, Mr. Chretien's statement on NEPAD is hypocritical

when he claims that "to have more investment you need good governance, respect of human rights, territorial discipline, peace and security, openness and elimination of corruption." The very policies that have prevented these desirable elements are embedded in NEPAD. By stating that they must be achieved before NEPAD assistance will be provided is a cruel joke.

## Exposing the Corporate Consensus

**T**he security expenses for the G8 Summit are estimated at \$300 million - not including the costs for stationing 5,000 soldiers in and around Kananaskis and Calgary. The summit itself is estimated to cost an additional \$200 million. This is truly an accomplishment: half a billion dollars for a 30-hour meeting to legitimize the corporate consensus in the public's mind, as much money as Canada is pledging in its Africa Action Plan. This year's G8 meeting is costing more than \$16 million per hour.

The intense criminalization of dissent is reaching fever-pitch in Alberta. Groups that long ago had booked community centres for meetings are having those bookings revoked. Organizers have been obstructed at every turn in trying to find safe places for people to gather in opposition to the G8's corporate consensus. The police and other security forces have undermined efforts to secure venues for events while simultaneously, through major media offensives, professing a keen desire for "dialogue" and "relationship-building" with activists. Those dissenting in the streets and in public parks have been set up for a fall by a state recipe for violence: let's hope it does not come to pass.

The corporate consensus can only be undermined by such iron-fisted

attempts to legitimize itself. The gulf between real democracy and schemes such as NEPAD can perhaps be measured, figuratively speaking, in dollars spent on security and the number of soldiers lining the streets. Canada is sending more than twice the number of soldiers to Alberta than it sent to fight the "war on terrorism" in Afghanistan. Clearly, this unprecedented security presence seeks to intimidate those who question the priorities of today's political leaders and to marginalize all opposition. At the same time, repressive efforts such as this herald a return to simpler times when elites ruled unchallenged, a state of affairs attractive to politicians acting in the service of unaccountable and anti-democratic global corporations and investors. COC

**Join the Council of Canadians and other groups in protesting the G8.**

The Council is hosting teach-ins and other fun events in Calgary, June 26 - 27th, 2002 to raise awareness about corporate globalization. If you can't make it to Calgary, please join with others in your communities to help educate people about how these issues influence our lives.

For more information, please contact us at:

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