



Inter Pares

BULLETIN

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Creating Economic Justice for All *By Jean Symes, Inter Pares*



BRIAN MURPHY

I have always been fascinated by how our economy works, ever since I was a child. I was told that if you worked hard, you'd get ahead. Yet I saw some hardworking people with not enough, while others seemed to have plenty. It seemed to me that the economy didn't work for many people. I wondered how it was supposed to work, and how we could fix it.

I went on to study economics to try to find the answers. While I learned a lot that was useful, the explanations I was given for what was happening in the world often made little sense. In the news at the time was a practice by American fast-food chains of pasturing cattle in poorer, Central American countries for subsequent import for hamburger. We were told that Central America had a “comparative advantage” in surplus, inexpensive, unused land. When this unused land was sold to hamburger chains – who paid less than they would have for land in the United States – everyone benefited.

Unused land? Before being converted to pasture, the land had been rainforest, used and stewarded by indigenous people, or it had been small plots farmed by families, forced off by powerful landholders who could make more money pasturing cows for foreign consumption than by renting for family farms.

Everyone benefited? Surely not the people who no longer had land to farm and feed their children; nor those whose water was diverted for cattle; nor the indigenous people who had for generations stewarded the rainforest and now were left with degraded, eroded land and contaminated water tables.

But, our professor told us, the Gross Domestic Product (GDP) of the country grew, and that meant the country was “better off.” The wealthy would use their increased wealth to invest and create jobs, and income would eventually “trickle down” to those who had been dispossessed. But in fact, much of that wealth left the country, often siphoned off into tax havens, and the jobs never materialized.

I learned that it matters what you measure. If we'd measured how many people had better livelihoods, enough food and clean water – or indeed, how many people had *lost* their livelihoods, their food supply and clean water – it would have been impossible for our professor to give us that

explanation. And I learned – as have an increasing number of economists – that economic analysis devoid of considerations of social justice and political inequality can never make sense.

I went on to work in the financial sector, but committed more and more of my leisure time to volunteer work. I collaborated with others in my community to develop and advocate for better social programs. I became involved in human rights advocacy and solidarity for Nicaragua, El Salvador, and Guatemala, learning more about the social, environmental, and human effects of economic and political inequality than I had in all my years in school. I loved this work, and eventually I was able to do it for a living. I joined Inter Pares, where I was able to build on the analysis that economics must be understood in the broader context of social justice.

As part of my work, I collaborate closely with MiningWatch Canada. Over the years, as we learned more about how mining policy and practices affect local economies and communities, we realized we had to address broader issues of corporate accountability. With MiningWatch and others, Inter Pares founded the Canadian Network on Corporate Accountability, promoting legislation to require Canadian mining companies operating overseas to comply with standards of corporate social responsibility. Inter Pares is now also raising the issue of corporate tax evasion through which developing countries lose up to \$1 trillion every year.

This *Bulletin* tells the stories of some of the communities, activists, and scholars around the world with whom Inter Pares works. Together, we are promoting economic justice, working toward an economy that integrates goals of social justice and equality, and that recognizes that the well-being of people must be the measure of an economy that works, for everyone. ✂

(In)Equality Matters



Kwesi Obeng of TWN-Africa and Jamie Kneen of MiningWatch Canada at an open-pit gold mine in Ghana.

“A global economy that pushes millions of people into poverty and bankrupts countries is not only irrational but fundamentally unjust. What kind of society do we want, and how do we get there?” This is the question that Inter Pares asked last November during a cross-country tour that visited Saskatoon, Toronto, Montreal, and Ottawa. The tour featured Yao Graham, coordinator of Third World Network Africa (TWN-Africa), and Inter Pares staff member Jean Symes. Together they met with Canadians to unpack economic inequality and the mechanisms that perpetuate it, and to explore what we can do about it.

The main and urgent concern is rising inequality in Canada and globally. In Canada, 2011 saw the highest use of food banks since 1997, with nearly 900,000 people depending on them to put food on the table. A new report by the Organization for Economic Co-operation and Development (OECD) finds that inequality in Canada is at a record high, citing as reasons growing income disparity and reduced redistribution. “Taxes and benefits reduce inequality less in Canada than in most OECD countries,” the study states.

Rising inequality is not just present in Canada, but all over the world. Yet while poverty is on the rise, the profits of large corporations are skyrocketing. For Yao Graham, what is at stake is what he calls the “paradox of growth.” Across sub-Saharan Africa, despite a steady growth in gross domestic product (GDP) of 5% per year, chronic poverty has also increased.

Most of this growth in GDP is due to mining activity. The sub-Saharan region holds the world’s largest concentrations of precious minerals such as platinum, diamonds, gold,

and bauxite. But while the profitability of the mining sector has steadily increased, according to the latest UN Development Report, this same region is home to the world’s ten poorest countries.

Why hasn’t mineral extraction increased the well-being of ordinary Africans in resource-rich countries? Part of the answer lies in the staggering amount of capital flight – an estimated US \$240 billion in profits were illicitly transferred from the poorest 40 sub-Saharan countries between 1970 and 2004, depriving those countries of the fair taxation they need to provide services and build infrastructure necessary to overcome poverty.

TWN-Africa is working to reverse this trend. As the secretariat of the National Committee on Mining, in Ghana, TWN-Africa is helping to build linkages among communities affected by mining, environmentalists, unions, and other social movements, demanding that the resources of their country contribute to the public good. This means reforming mining codes and renegotiating mining contracts so as to ensure companies pay higher royalties to the host country. It also means pushing for stronger rules against aggressive tax avoidance and tax evasion. This same organizing is happening at the pan-African level with the African Initiative for Mining, Environment, and Society. The work is challenging, but promising. This past year, Guinea-Conakry reformed its mining code, enabling the state to capture greater revenues from taxation.

During the “(In)Equality Matters” tour, TWN-Africa’s message resonated with Canadians. Here as in Africa, the private wealth of corporations is generated through access to the environmental commons and the natural resources they contain, through public subsidies, through infrastructure like roads, bridges, seaports, and airports. Corporations have access to a publicly educated workforce, and our publicly funded social services. It’s reasonable that they make a fair contribution back to the public good and to protect the environment from which they draw their wealth.

In the coming year, Inter Pares will be deepening our work with TWN-Africa to promote greater tax justice in Africa. We will also explore how to support emerging work on tax justice here in Canada, most notably through organizations such as Canadians for Tax Fairness, so that together, North and South, we can work towards greater economic justice for the well-being of all. ☞

To find out more about tax justice in Canada: www.taxfairness.ca



Third World Network: Talking Trade and Justice

Talk to most people about “high-level” meetings on the rules that govern global trade and their eyes glaze over. The jargon – “trade liberalization,” “non-tariff barriers,” and “duty-free, quota-free market access” for example – is alienating and difficult to understand. It reflects the often complicated and opaque rules that govern global trade, finance, and investment.

The jargon is, however, fundamentally important.

What is at stake is nothing less than the quality of life for millions of the poorest and most marginalized people on the planet. The rules of trade can wipe out entire industries, leaving thousands unemployed; it can raise the cost of basic medicines out of reach; and it can create a generation that is hungrier and more food insecure than the one before it. High-level meetings are spaces of power where decisions are negotiated, and only those armed with the knowledge of the language and its impacts can hope to navigate them unscathed, much less to their advantage. This is why the work of Third World Network-Asia (TWN), a long-term counterpart of Inter Pares, is critical.

TWN is based in Malaysia but its work is international. A team of expert analysts on staff study the texts and political dynamics of trade agreements, sometimes within the framework of the World Trade Organization, other times within the confines of regional or bilateral trade agreements. They interpret the language, reveal the historical context, meticulously research the impacts, and most importantly, give both governments and civil society in the South the knowledge to negotiate and advocate for fairer terms.

As an example, TWN attended the 2010 fourth United Nations Conference on the Least Developed Countries in Istanbul, Turkey. There are 48 countries designated as “least developed,” a number that has doubled in the last decade. At the conference, TWN highlighted the lack of progress in fulfilling the conference’s mandate of reducing poverty through improvement in the trade regime. TWN distributed preparatory materials, made links with the delegates, observed and analyzed the proceedings, and published their perspectives on the outcome.

One important issue discussed was that of subsidies for export crops. For example, the massive subsidies given to cotton farmers in the US by their government results in over-production, which in turn depresses world prices. Meanwhile, in the least-developed West African countries of Mali, Chad, Burkina Faso and Benin, local cotton farmers, many of whom live below the poverty line, do not get government subsidies but, nevertheless, must sell their cotton on world markets. These farmers make barely enough to eke out a living. Unfortunately, Northern countries have made no commitment to end cotton subsidies, reflecting an absence of political will to change.

TWN’s analysis and expertise supports Southern governments and civil society efforts to negotiate trade rules that would allow countries to lift themselves out of poverty, giving voice to the perspectives of some of the most marginalized people on the planet. Inter Pares is honoured to support this work with TWN as they talk trade and justice. ☞

Join the Conversation

Monday, April 23 at 7:30

Join us in person or watch the live webcast

www.interpares.ca/speakerseries



CAROLINE BOUDREAU

Each year on the occasion of our Annual General Meeting, Inter Pares invites our counterparts and collaborators to share their views on social justice. We would like you to join us for the 2012 edition as Asha El-Karib and Amanda Dale discuss the inspiration and the challenges of promoting peace and women’s rights amidst violence and fundamentalism.

It’s been five years since Asha and Amanda first met in Khartoum with other activists to strategize around advocacy for gender politics and legal reform in Sudan. This April, Inter Pares brings them together again to have a conversation about promoting peace and women’s rights in the complex political contexts of Sudan and Canada.

Asha El-Karib is the Director of the Sudanese Organization for Research and Development (SOR), based in Khartoum, Sudan, and co-founded the Gender Centre for Research and Training. She has extensive knowledge and expertise in gender equality, human rights, and women’s political participation in Sudan. Asha has collaborated with Inter Pares for over a decade.

Amanda Dale is the Executive Director of the Barbra Schlifer Clinic in Toronto, which offers legal representation and professional counseling to 4000 women each year who have experienced violence. She has worked with women’s groups across Canada as well as in Sudan and Ghana, and is on the Board of Directors of Inter Pares.

Fuelling Conflict



Shwe Gas Project cuts through local farms and prevents field drainage.

Burma is abundantly rich in natural resources. Large teak forests cover the mountains; gold, jade, rubies, and copper are a few of the precious minerals that lie beneath the earth; powerful rivers carve through the land; and just off the south-western coast, there are massive natural gas reserves. Despite this wealth, official figures conservatively estimate that a third of the population lives in poverty.

Decades of corruption and mismanagement have left Burma's military generals wealthy and the economy a disaster. The country's system of multiple exchange rates has created a fiscal black hole. Revenue from the oil and gas sector, for example, is recorded in the public accounts at the official exchange rate of about 6 kyat to the dollar, while the actual street rate is about 800 kyat to the dollar. The difference between the two rates is left untraced.

In recent years, the generals recognized the potential in natural resources and began devising mega-projects to extract these resources with regional investment. Most of these projects offer short-term gains for the generals, long-term access to resources for neighbouring countries, and treacherous impacts on local communities.

The Shwe gas project is just such a development project. In December of 2003, gas fields off the coast of Arakan State in Western Burma were discovered. These fields, known as *Shwe* (the Burmese word for gold), are expected to have one of the largest gas yields in Southeast Asia. After years of negotiations, subsidiaries of China's national petroleum corporation secured the sole purchasing power and the rights to build two parallel pipelines across the country. The pipelines will transport both Shwe gas and shipments of oil from the Middle East and Africa – 2,800 kilometers of pipelines diagonally cutting across the country. Construction of various project components to extract, process, and export the gas is now well underway by a consortium of Chinese, South Korean, and Indian companies. The Shwe fields will be Burma's largest single source of foreign income – to the benefit of the generals.

Wherever there are large resource extraction projects in Burma, local communities have seen a major increase in the militarization of the area and an accompanying increase in

human rights violations. Research by community organizations in Burma with which Inter Pares works has found evidence of land confiscation, forced labour, and far worse. When the Shwe project was announced, predicting an absence of local benefit and an increase in human rights abuse, a number of community organizations and individuals came together to form the Shwe Gas Movement (SGM). Inter Pares provides financial support to this movement, which promotes respect for human rights, environmental justice, and revenue transparency in the oil and gas sector in Burma.

In September of 2011, SGM launched a report entitled *Sold Out* which documents the human rights violations that have already taken place. The report notes that battles between armed groups and the government have broken out near the pipeline route. It also details the vast unmet need for electricity and employment within the country. The report concludes that until genuine development can be achieved – development that protects the environment and the rights of communities, brings local benefit, and uses transparent and accountable mechanisms – the project must be suspended and all financing frozen or divested.

Many Canadians do not know that their contributions to the Canadian Pension Plan are invested in corporations involved in the Shwe Gas project. Many of these corporations are named in a recent report, *Broken Ethics*, by Earth Rights International which documents their complicity in human rights abuses in Burma. Inter Pares and others have repeatedly called on the CPPIB to use ethical investment screening, but our pension plan dollars continue to be invested in corporations such as those involved in this project. We believe that respect for human rights and the environment is a higher priority than a small percent return on an investment that is causing so much suffering.

The Shwe Gas Movement has launched a global campaign asking pension funds to sell their shares in companies involved in this project. The Canadian Friends of Burma, an Inter Pares counterpart, is leading this call here in Canada. The provincial financial ministers have the capacity to call on the CPPIB to divest, if they are motivated to do so. Please join the campaign! Sample letters and further information can be found on their website at www.cfob.org.

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With the support of thousands of Canadians, Inter Pares works in Canada and around the world with social change organizations who share the analysis that poverty and injustice are caused by inequities within and among nations, and who are working to promote peace, and social and economic justice in their communities and societies.

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