

OXFAM'S JEKYLL AND HYDE APPROACH TO TRADE WILL WORSEN THE LOT OF THE POOR

The first thing I should make clear is that I am admirer of much of Oxfam's work, and in particular the writings and efforts of Kevin Watkins to improve the funds spent on education in developing countries. I have however always been disappointed by the blind spot that he and Oxfam have had about how **increased market access to the North by exports from Southern countries should be a priority for those wanting to benefit the poor.** This blind spot has now sadly been elevated to the full-blown three-year campaign priority.

Having read the summary and the entire 272 page report *Rigged Rules and Double Standards*, I was reminded of the Dr Jekyll and Mr Hyde story in which the good doctor is converted into the fiend Mr Hyde by swallowing a potion.

OXFAM AS THE GOOD DR JEKYLL

The report has usefully updated, and provides recent case studies illustrating, the numerous adverse effects of the present trade system on the poor of the South - in the manner of countless other books and reports before it. (But being a development NGO, Oxfam's report rarely mentions **the adverse effects of this system on workers and the poor in the North. The report also has no suggestions for helping those that will be increasingly be made unemployed by the rising penetration of Northern markets by cheaper third world imports that Oxfam makes its priority.**

It makes many of the usual demands for a fairer trading system which are the staple fare even of those of us that Oxfam dubs 'globophobes'. For example:

- An end to IMF/World Bank programmes that pries open poor country markets and undermine poverty strategies.
- Ban on agricultural export subsidies in rich countries which destroy poor people's farming livelihoods
- Action to stabilise prices for primary commodities at higher levels and pay more to small farmers
- Radical reform of global patent rules which currently block development and particularly access to medicines
- Strong enforcement of core labour standards, especially for women, and anti-trust rules.
- Major reform of the World Trade Organisation to make it more democratic and focused on poverty reduction.

However it again fails to recognise the adverse effects of trade on, for example, **small farmers in the North by making a 'one sided protectionism' call for**
- WTO and IFI recognition of poor countries' right to protect their agriculture for food-security

OXFAM'S DANGEROUS MR HYDE

However it is when it swallows the potion marked 'Complete market access to rich country markets for low income countries' that its analysis becomes destructive.

The critical analysis of what is wrong with trade then seems to give way to what reads like a bland script unquestioningly accepting the trade theory of comparative advantage, when it comes to considering exports from the South to the North. Thus we are told that the Oxfam campaign will 'unleash the potential of trade to reduce poverty' that 'when rich countries lock poor people out of their markets, they close the door to an escape route from poverty'.

The fundamental flaw with the Oxfam approach is that it overlooks utterly the three Cs of competition, control and climate change.

COMPETITION

The crucial factor that is hardly mentioned in the report is the devastating effects on poor exporters of South-South COMPETITION for the more open markets of the North that Oxfam prioritises.

It mentions how Bangladesh women can be helped by textile exports and calls for more backward linkages with local firms to increase the range of people employed in such an export orientated emphasis.

What happens to this dependency when China - which is expected in some quarters to take over between a half to 100 % of world textile exports - undercuts Bangladesh. China is an increasing threat to competing third world exporters in a range of areas eg Indian's software exports, Sri Lankan organic tea production and textile exporters in general.

This position can only worsen now that China is in the WTO and at a time that the adverse domestic effects of its increasing involvement with trade liberalisation are becoming ever clearer. Around a hundred million are leaving rural areas seeking urban work and they will be joined by the many tens of millions to be made redundant in existing Chinese industries that are unable to compete with foreign imports. This growing reserve of cheap labour queues for work at global rock bottom wages.

None of Oxfam's proposals address this problem, instead they simply assert that Northern barriers cost developing countries '\$100bn a year - twice as much as they receive in aid'. Implicit in this is the naive idea that if these barriers are simply reduced, then somehow this sum will spread round the world as diffusely as is aid.

CONTROL

Oxfam's discussion of social improvements such as education is couched in terms of how 'education is perhaps the single most important pre-requisite for successful participation in world trade'.

Indeed when the report isn't analysing how bad today's trade system is for the poor, the rest of its discussion is dominated by the idea that depending on others markets outside developing countries own borders, and therefore outside their CONTROL, is the major route for their exit from poverty.

Of course dependence on exports today has been mostly a disaster as the report well documents, but **instead of drawing the conclusion that more control over the**

domestic economy is the best way to ensure poverty reduction, it calls for countries to increase dependence on exports.

Finally, nowhere in the report are the implications for **CLIMATE CHANGE** addressed. This is a huge omission given the increase in long distance trade inherent in the idea that the North should reduce its levels of domestic production and instead import cheaper goods from the South.

International freight is projected to grow by 70 per cent between 1992 and 2004. Trade-related transportation is one of the fastest growing sources of greenhouse gas emissions and is therefore highly significant in terms of climate change. (**Andrew Simms**, *Collision Course: Free Trade's free ride on the Global Climate*, New Economics Foundation)

It is no surprise that the likes of the WTO, the EU and the UN have welcomed the pro-open market priority inherent in Oxfam's report.

I do, however, agree with **Martin Khor** of the Third World Network's comment that: "What is more important is production by local people and especially the small farms, small firms and co-operatives through local investment for the domestic market, supplemented by exports where possible and where beneficial (and that is a very big 'where')."

And with **Walden Bello** of Focus on the Global South's comments: "A focus on market access for agricultural products from the South in the North will also increase pressures on developing countries to open up their markets as the *quid pro quo* for the accelerated opening of markets in the North. Thus, this strategy simply undermines the effort of many small-holder-based agrarian movements in the South to reorient production from export agriculture based on big landed and corporate interests to small-farmer based production systems, producing principally for the local market and protected by tariffs and quotas from unfair competition by subsidized products dumped by the Northern countries."

And with **Anuradha Mittal** of Food First's comments: "Oxfam's approach ignores the solutions offered by farmers movements around the world. The first priority of farmers is to produce for their families, then to seek access to the domestic market, before seeking to export."

Indeed the solution of **prioritising increased self reliance** is utterly absent from the Oxfam report. Those with such an approach seem to be deemed guilty of 'a retreat into isolationism (which) would deprive the poor of the opportunities offered by trade ...'

Virtually none of the report's voluminous references cover **the alternative to globalisation, ie localisation.**

This has the policy priority of local production and the rebuilding and re-diversification of local economies. It is the opposite of Oxfam's emphasis on **the path of ruinous competition with other countries to gain market access**. Under localisation international trade would be governed by 'Fair Trade Miles' rules. These

would cover the trade in what can't be obtained domestically, which is the original purpose of long distance trade.

The principle of 'Fair Trade Miles' combines the requirements of 'fair trade' with 'food miles'. The former covers goods produced predominantly by small farmers for a fair price and in a way that furthers environmental protection. The latter means producing as closely as possible to the market in order to minimise transportation and hence the carbon emissions that contribute to climate change.

'Fair Trade miles' would also be linked to a guaranteed quantity of goods to be purchased by each buying country, within a guaranteed range of prices. This would allow the exporting nations to have as secure a level of earnings as is feasible with which to contribute to the overriding goal of re-diversifying local production.

Localisation is now the policy of the Green Party of England and Wales, and their contribution to the Doha process - *Time to replace Globalisation* - is available on www.greenparty.org.uk. Another alternative that features localisation is the International Forum on Globalisation's summary report *A Better World is Possible - Alternatives to Economic Globalization* available on www.ifg.org

The actual detailed policies that could replace globalisation with localisation are to be found in my book *Localization- a Global Manifesto*, Earthscan, London 2000
www.earthscan.co.uk

I suppose that the best that can be said for the Oxfam report is that it will hopefully start a debate around this divisive and wrong headed (to my mind) emphasis on market access. If that results in an increased emphasis by the development NGOs on **self-reliance rather than Oxfam's priority of market reliance**, then it will have served a useful purpose.

The most succinct Third World criticism of Oxfam's approach that I remember was voiced in Seattle when a northern development NGO member at a public meeting asked whether the path to poverty alleviation for the South lay in being granted maximum market access to the north. **Sara Larraín**, a Chilean grass roots environmentalist who stood for President on a manifesto based on a two-year community consultation process, responded exasperatedly 'why is it that people from the North think exports benefit us, they are wrecking our environment and increasing inequality?'