

ADDRESS BY DR. FIDEL CASTRO RUZ, PRESIDENT OF THE COUNCIL OF STATE AND THE COUNCIL OF MINISTERS OF THE REPUBLIC OF CUBA, AT THE OPENING SESSION OF THE GROUP OF 77 SOUTH SUMMIT CONFERENCE [1]

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Excellencies,

Distinguished delegates and guests,

Never before did mankind have such formidable scientific and technologic potential, such extraordinary capacity to produce riches and well-being but never before were disparity and inequity so profound in the world.

Technological wonders that have been shrinking the planet in terms of communications and distances co-exist today with the increasingly wider gap separating wealth and poverty, development and underdevelopment.

Globalization is an objective reality underlining the fact that we are all passengers on the same vessel, that is, this planet where we all live. But, passengers on this vessel are traveling in very different conditions.

Trifling minorities are traveling in luxurious cabins furnished with Internet, cell phones and access to global communication networks. They enjoy a nutritional, abundant and balanced diet as well as clean water supplies. They have access to sophisticated medical care and to culture.

Overwhelming and hurting majorities are traveling in conditions that resemble the terrible slave trade from Africa to America in our colonial past. That is, 85% of the passengers on this ship are crowded together in its dirty hold suffering hunger, diseases and helplessness.

Obviously, this vessel is carrying too much injustice to remain afloat and it pursues such an irrational and senseless route that it cannot call on a safe port. This vessel seems destined to clash with an iceberg. If that happened, we would all sink with it.

The Heads of State and Government meeting here, who represent the overwhelming and hurting majorities, have not only the right but the obligation to take the helm and correct that catastrophic route. It is our duty to take our rightful place at the helm and facilitate that all passengers can travel in conditions of solidarity, equity and justice.

For two decades, the Third World has been repeatedly listening to only one simplistic discourse while one single policy has prevailed.

We have been told that deregulated markets, maximum privatization and the state's withdrawal from

the economic activity were the infallible principles conducive to economic and social development.

Along this line the developed countries, particularly the United States of America, the big transnationals benefiting from such policies and the International Monetary Fund have designed in the last two decades the world economic order most hostile to our countries' progress and the least sustainable in terms of the preservation of society and the environment.

Globalization has been held tight by the patterns of neoliberalism; thus, it is not development that goes global but poverty; it is not respect for the national sovereignty of our states but the violation of that respect; it is not solidarity amongst our peoples but "sauve-qui-peut" in the unequal competition prevailing in the marketplace.

Two decades of so-called neoliberal structural adjustment have left behind economic failure and social disaster. It is the duty of responsible politicians to face up to this predicament by taking the indispensable decisions conducive to the Third World rescue from a blind alley.

Economic failure is evident. Under the neoliberal policies, the world economy experienced a global growth between 1975 and 1998 which hardly amounted to half of that attained between 1945 and 1975 with Keynesian market deregulation policies and the states' active participation in the economy.

In Latin America, where neoliberalism has been applied with absolute attachment to doctrine, economic growth in the neoliberal stage has not been higher than that attained under the previous state development policies. After World War II, Latin America had no debt but today we owe almost one trillion dollars. This is the highest per capita debt in the world. Also the income difference between the rich and the poor in the region is the greatest worldwide. There are more poor, unemployed and hungry people in Latin America now than at any other hard time in its history.

Under neoliberalism the world economy has not been growing faster in real terms; however, there is more instability, speculation, external debt and unequal exchange. Likewise, there is a greater tendency to financial crises occurring more often while poverty, inequality and the gap between the wealthy North and the dispossessed South continues to widen.

Crises, instability, turmoil and uncertainty have been the most common words used in the last two years to describe the world economic order.

The deregulation that comes with neoliberalism and the liberalization of the capital account have a deep negative impact on a world economy where speculation blooms in hard currency and derivative markets and mostly speculative daily transactions amount to no less than 3 trillion US dollars.

Our countries are urged to be more transparent with their information and more effective with bank supervision but financial institutions like the hedge funds fail to release information on their activities, are absolutely unregulated and conduct operations that exceed all the reserves kept in the banks of the South countries.

In an atmosphere of unrestrained speculation, the movements of short-term capital make the South countries vulnerable to any external contingency.

The Third World is forced to immobilize financial resources and grow indebted to keep hard currency reserves in the hope that they can be used to resist the attack of speculators. Over 20% of the capital revenues obtained in the last few years were immobilized as reserves but they were not enough to resist such attacks as proven by the recent financial crisis in Southeast Asia.

Presently, 727 billion US dollars from the world Central Banks' reserves are in the United States. This leads to the paradox that with their reserves the poor countries are offering cheap long-term financing to the wealthiest and most powerful country in the world while such reserves could be better invested in

economic and social development.

If Cuba has successfully carried out education, health care, culture, science, sports and other programs, which nobody in the world would question, despite four decades of economic blockade, and revalued its currency seven times in the last five years in relation to the US dollar, it has been thanks to its privileged position as a non-member of the International Monetary Fund.

A financial system that keeps forcibly immobilized such enormous resources, badly needed by the countries to protect themselves from the instability caused by that very system that makes the poor finance the wealthy, should be removed.

The International Monetary Fund is the emblematic organization of the existing monetary system and the United States enjoys veto power over its decisions.

As far as the latest financial crisis is concerned, the IMF showed a lack of foresight and a clumsy handling of the situation. It imposed its conditioning clauses that paralyzed the governments social development policies thus creating serious domestic hazards and preventing access to the necessary resources when they were most needed.

It is high time for the Third World to strongly demand the removal of an institution that neither provides stability to the world economy nor works to deliver preventive funds to the debtors to avoid their liquidity crises; it rather protects and rescues the creditors.

Where is the rational and the ethic of an international monetary order which allows a few technocrats, whose positions depend on the American support, to design in Washington identical economic adjustment programs for implementation in a wide variety of countries to cope with specific Third World problems?

Who takes responsibility when the adjustment programs bring about social chaos, thus paralyzing and destabilizing nations with large human and natural resources, as was the case in Indonesia and Ecuador?

It is of crucial importance for the Third World to work for the removal of that sinister institution, and the philosophy it sustains, to replace it with an international finances regulating body that would operate on democratic bases and where no one has a veto right. An institution that would not defend only the wealthy creditors and impose interfering conditions, but would allow the regulation of financial markets to arrest unrestrained speculation.

A viable way to do this would be by establishing not a 0.1% tax on speculative financial transactions as Mr.Tobin brilliantly proposed, but rather a minimum 1% which would permit the creation of a large indispensable fund -- in the excess of one trillion dollars every year-- to promote a real, sustainable and comprehensible development in the Third World.

The underdeveloped nations external debt is amazing not only because it is terribly high but also due to its outrageous mechanism of subjugation and exploitation and the absurd formula offered by the developed countries to cope with it.

That debt already exceeds 2.5 trillion US dollars and in the present decade it has been increasing more dangerously than in the 1970s. A large part of that new debt can easily change hands in the secondary markets; it is more dispersed now and more difficult to reschedule.

Once again I should repeat what we have been saying since 1985: the debt has already been paid if note is taken of the way it was contracted, the swift and arbitrary increase of the interest rates on the US dollar in the previous decade and the decrease of the basic commodity prices, a fundamental source of revenue for developing countries. The debt continues to feed on itself in a vicious circle where money

is borrowed to pay its interests.

Today, it is clearer than ever that the debt is not an economic but a political issue, therefore, it demands a political solution. It is impossible to continue overlooking the fact that the solution to this problem must basically come from those with resources and power, that is, the wealthy countries.

The so-called Heavily Indebted Poor Countries Debt Reduction Initiative exhibits a long name but poor results. It can only be described as a ridiculous attempt at alleviating 8.3% of the South countries total debt; but almost four years after its implementation only four countries among the poorest 33 have reached the complicated process simply to condone the negligible figure of 2.7 billion US dollars, which is 33% of what the United States spends on cosmetics every year.

Today, the external debt is one of the greatest obstacles to development and a bomb ready to blow up the foundations of the world economy at any time during an economic crisis.

The resources needed for a solution that goes to the root of this problem are not large when compared to the wealth and the expenses of the creditor countries. Every year 800 billion US dollars are used to finance weapons and troops, even after the cold war is over, while no less than 400 billion go into narcotics and one additional billion into commercial publicity which is as alienating as narcotics; this is to mention just three examples.

As we have said before, sincerely and realistically speaking the Third World countries external debt is unpayable and uncollectable.

In the hands of the rich countries, world trade is already an instrument of domination, which under neoliberal globalization will become an increasingly useful element to perpetuate and sharpen inequalities as well as a theater for strong disputes among developed countries for control over the present and future markets.

The neoliberal discourse recommends commercial liberalization as the best and only formula for efficiency and development. Accordingly, all nations should remove protection instruments from their domestic markets while the difference in development between countries, no matter how big, would not justify separation from the only way offered without any possible alternative. After hard negotiations in the WTO, the poorest countries have been conceded a narrow time difference for full access to that nefarious system.

While neoliberalism keeps repeating its discourse on the opportunities created by trade openings, the underdeveloped countries participation in the world exports was lower in 1998 than in 1953, that is, forty-five years ago. With an area of 3.2 million square miles, a population of 168 million and 51.1 billion US dollars in exports during 1998, Brazil is exporting less than The Netherlands with an area of 12,978 square miles, a population of 15.7 million and exports for 198.7 billion that same year.

Trade liberalization has essentially consisted in the unilateral removal of protection instruments by the South. Meanwhile, the developed nations have failed to do the same to allow the Third World exports to enter their markets.

The wealthy nations have fostered liberalization in strategic sectors associated to advanced technology where they enjoy enormous advantages that the deregulated markets tend to augment. These are the classic cases of services, information technology, biotechnology and telecommunications.

On the other hand, agriculture and textiles, two particularly significant sectors for our countries, have not even been able to remove the restrictions agreed upon during the Uruguay Round because they are not of interest to developed countries.

In the OECD, the club of the wealthiest, the average tariff applied to manufactured exports from

underdeveloped countries is four times higher than that applied to the club member countries. A real wall of non-tariff barriers is thus raised that leaves out the South countries.

Meanwhile, in international trade a hypocritical ultra-liberal discourse has gained ground that matches the selective protectionism imposed by the North countries.

The basic commodities are still the weakest link in world trade. In the case of 67 South countries such commodities account for no less than 50% of their export revenues.

The neoliberal wave has wiped out the defense schemes contained in the terms of reference for basic commodities. The supreme dictum of the marketplace could not tolerate any distortion, therefore, the Basic Commodities Agreements and other defense formulas designed to face unequal exchange were abandoned. It is for this reason that today the purchasing power of such commodities as sugar, cocoa, coffee and others is 20% of what it used to be in 1960; consequently, they do not even cover the production costs.

A special and differentiated treatment to poor countries has been considered not as an elementary act of justice and a necessity that cannot be ignored but as a temporary act of charity. Actually, such differential treatment would not only recognize the enormous differences in development that prevent the use of the same yardstick for the rich and the poor but also a historically colonial past that demands compensation.

The failed Seattle meeting showed the tedium caused by and the opposition to neoliberal policies in growing sectors of the public opinion, in both South and North countries.

The United States of America presented the Round of Trade Negotiations that should begin in Seattle as a higher step in trade liberalization regardless, or perhaps forgetful, of its own aggressive and discriminatory Foreign Trade Act still in force. That Act includes provisions like the "Super-301", a real display of discrimination and threats to apply sanctions to other countries for reasons that go from the assumed opposition of barriers to American products to the arbitrary, deliberate and often cynical qualification that that government decides to give others on the subject of human rights.

In Seattle there was a revolt against neoliberalism. Its most recent precedent had been the refusal to accept the imposition of a Multilateral Agreement on Investments. This shows that the aggressive market fundamentalism, which has caused great damages to our countries, has found a strong and deserved world rejection.

In addition to the above mentioned economic calamities, on occasions the high oil prices significantly contribute to the worsening of conditions in the South countries which are net importers of that vital resource. The Third World produces about 80% of the oil traded worldwide, and 80% of that amount is exported to the developed countries.

The wealthy nations can afford to pay any price for the energy they waste to sustain luxurious consumption levels and destroy the environment. The United States' consumption is 8.1 tons oil equivalent per capita while the Third World consumes an average of 0.8 tons, and the poorest among them only 0.3.

When the prices mount abruptly from 12 to 30 US dollars a barrel, or more, it has a devastating effect on the Third World nations. This is in addition to the external debt, the low prices of their basic commodities, the financial crises and the unequal terms of reference's negative impact weighing heavily on them. Now, we perceive a similarly devastating situation emerging anew among sister South nations.

Petroleum is a universally needed vital commodity, which actually escapes the market laws. One way or another, the big transnationals or the Third World oil exporting countries that associated themselves to defend their interests were always able to determine its price.

The low prices mostly benefit the rich countries that waste large amounts of fuel, restrain the search for and the exploitation of new deposits as well as the development of technologies that reduce consumption and protect the environment; and they affect the Third World exporters. On the other hand, high prices benefit the exporters and can be easily handled by the rich but they are harmful and destructive to the economies of a large part of our world.

This is a good example to show that a differential treatment to countries in different stages of development should be an indispensable principle of justice in world trade. It is absolutely unfair that a poor Third World country like Mozambique with 84 US dollars per capita GDP needs to pay for such a vital commodity the same price as Switzerland with 43,400 US dollars per capita. This is a 516 times higher per capita GDP than that of Mozambique!

The San José Pact, concerted 20 years ago by Venezuela and Mexico with a group of small oil importing countries in the region, set a good precedent of what can and should be done bearing in mind the particular conditions of every Third World nation in similar circumstances, although avoiding this time any conditions associated to the differential treatment they might receive.

Some countries are not in a position to pay more than 10 US dollars a barrel, others no more than 15, and none more than 20.

However, the rich countries' world, prone as it is to big spending and consumerism, can pay over 30 US dollars a barrel taking hardly any damage. As they consume 80% of the Third World countries' exports, this can easily compensate a price lower than 20 US dollars for the rest of the nations.

This could be a concrete and effective way to turn South-South cooperation into a powerful instrument of Third World development. To do otherwise would invite self-destruction.

In a global world where knowledge is the key to development, the technological gap between the North and the South tends to widen with the increasing privatization of scientific research and its results.

The developed countries with 15% of the world's population presently concentrate 88% of Internet users. Just in the United States there are more computers than in the rest of the world put together. These countries control 97% of the patents the world over and receive over 90% of the international licenses' rights while for many South countries the exercise of the right to intellectual property is non-existent.

In private research, the lucrative element takes precedence over necessity; the intellectual property rights leave knowledge out of reach for underdeveloped countries and the legislation on patents does not recognize know-how transfer or the traditional property systems, which are so important in the South.

Private research focuses on the needs of the wealthy consumers.

Vaccines have become the most efficient technology to keep health care expenses low since they can prevent diseases with one dosage. However, as they yield low profits they are put aside in favor of medications that require repeated dosages and yield higher benefits.

The new medications, the best seeds and, in general, the best technologies have become commodities whose prices only the rich countries can afford.

The murky social results of this neoliberal race to catastrophe are in sight. In over one hundred countries the per capita income is lower than fifteen years ago. At the moment, 1.6 billion people are faring worse than at the beginning of the 1980s.

Over 820 million people are undernourished and 790 of them live in the Third World. It is estimated that 507 million people living in the South today will not live to see their 40th birthday.

In the Third World countries represented here, two out of every five children suffer from growth retardation and one out of every three is underweight; 30,000 who could be saved are dying every day; 2 million girls are forced into prostitution; 130 million children do not have access to elementary education and 250 million minors under 15 are bound to work for a living.

The world economic order works for 20% of the population but it leaves out, demeans and degrades the remaining 80%.

We cannot simply accept to enter the next century as the backward, poor and exploited rearguard; the victim of racism and xenophobia prevented from accessing to knowledge and suffering the alienation of our cultures due to the foreign consumer-oriented message globalized by the media.

As for the Group of 77, this is not the time for begging from the developed countries or for submission, defeatism or internecine divisions. This is the time to rescue back our fighting spirit, our unity and cohesion in defending our demands.

Fifty years ago we were promised that one day there would no longer be a gap between developed and underdeveloped countries. We were promised bread and justice; but today we have less and less bread and more injustice.

The world can be globalized under the rule of neoliberalism but it is impossible to rule over billions of people who are hungry for bread and justice.

The pictures of mothers and children under the scourge of draughts and other catastrophes in whole regions of Africa remind us of the concentration camps in nazi Germany; they bring back to us memories of stacks of corpses or of moribund men, women and children.

Another Nuremberg is required to put to trial the economic order imposed on us, the same that is killing of hunger and preventable or curable diseases more men, women and children every three years than all those killed by World War II in six years.

We should discuss here what is to be done about that.

In Cuba we usually say: "Homeland or Death!" At this Summit of the Third World countries we would have to say: "We either unite and establish close cooperation, or we die!"

Thank you, very much.

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