

Challenging the neo-liberalism within

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The European countries are facing people's resistance against the fiscal austerity adopted by the different governments. The fiscal austerities -- cut in budget deficit and public expenditure on social sectors -- have come under severe criticism. Besides different independent organisations, leading international organisations also raised questions of such austerities that are driven by neo-liberal dogmatism.

A group of Asian and African journalists have got some firsthand experiences on such criticism in Geneva. Headquarters of many important international organisations are situated in this Swiss city.

Exchanging views with leading experts and officials of some of these organisations clearly give the impression that they are not in favour of endorsing neo-liberalism dogma. They believe such austerities would bring the second round of global recession that would originate from Europe.

Neo-liberalism is a set of economic policies that underscore superiority of market as the best means of maximising growth and development. It has allowed the liberalisation of labour rules, privatisation of state assets and budget cuts in social programmes, including public education and health. It is known as the driving policy of capitalism.

The austerities in European countries are nothing but forceful implementations of the neo-liberal agenda with a wrong presumption that the global financial crisis is over.

Detlef J Kotte, head of macro-economic and development policies in United Nations Conference on Trade and Development (UNCTAD), categorically

ruled out such an observation. Talking to journalists at his office in Geneva, Kotte said, "It is not over, rather, it is worse. And it is not the time for fiscal consolidation."

Kotte said several 'economic myths' are now in the air, backed by the different policymakers and economists that are not valid in this time. He termed the forceful move to cut fiscal deficits in the name of restore confidence in the financial market 'nonsense'.

According to the UNCTAD economist, reduction of government expenditure would not be fruitful as it is completely a wrong step. He was of the view that additional government expenditure would ultimately expand the tax base and so, the government would finally realise money.

Kotte also pointed bailout measures for the financial institutions and said it is good thing. "But it is also important to review the regulations of the financial market. Otherwise, they again need to be bailed out."

The UNCTAD economist, however, differs with the proposition that taxpayers are bearing all the costs of such bailout. "The governments have issued bonds to finance bailout."

Kotte cautions the speculative behaviour of the financial market. He said elimination of factors that bring about speculative behaviour is more important as imposing controls is difficult.

He also said financial markets are bound to fall, as the participants, investors and traders, do not focus on the real value of the instruments.

According to the UNCTAD economist, the fallacy that financial markets are best able to assess the state of an economy is "nonsense" as well.

Matthes Buhbe, director of



Students clash with police during a demonstration to protest austerity measures outside the parliament in Athens on December 2. Greece agreed on the austerity programme in return for a 110-billion-euro bailout from the International Monetary Fund and the European Union.

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the Geneva office of Friedrich-Ebert-Stiftung, also endorsed most observations made by the UNCTAD economist. According to him, the Keynesian policy should be taken into consideration to overcome the crisis, not the belt tightening measure.

In an interactive session in the International Labour Office (ILO) in Geneva, speakers sharply criticised the neo-liberal doctrine for the economic crisis, which turned labourers most vulnerable.

Pierre Laliberté from the Bureau for Workers' Activities (ACTRAV) summarised the impact of global economic

crisis on labours. He said over 210 million workers are currently unemployed while the number increased by 30 million since 2007. Unemployment in advanced economies increased by 3 percent since 2007.

Labliberté questioned the justification of the current belt-tightening policy. He said austerity and cutbacks in the wake of the 'sovereign debt' crisis would further deflation and depress demand in some of the most important economies.

The labour expert cautioned that current policies would lead to lower growth and more eco-

nomonic instability in the near future.

He stressed collective bargaining at the sectoral level, establishment of genuine minimum wages, check spread of precarious work, build up social protection and make full employment the centre of economic policy-making.

Esther Busser, an assistant director of International Trade Union Confederation, said the governments have to shift from a laissez-faire approach in trade to create more decent and productive employment through industrialisation and structural transformation.

She was of the view that the

global financial crisis has actually revealed that push for trade liberalisation forced many countries to become excessively dependent on export, which makes them vulnerable in case of shocks like the economic crisis.

All these observations made it clear that neo-liberalism is now facing challenges within its very heartland. The wave of peoples' protest in the streets of the Europe has virtually gotten support from the academics and experts.

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Honduran coffee draws from sweat of children

AFP, El Paraiso, Honduras

Evelyn and Carlos toil for 10 hours a day on chilly mountainsides in Honduras, filling baskets with ripe red coffee beans for a handful of dollars: they are six and eight years old.

"Sometimes I fill up to seven baskets a day," said Evelyn, deftly swatting branches out of her way before picking prime Honduran coffee beans and dropping them into a wicker container hanging from her tiny waist.

Evelyn's estimate was likely a bit off since Carlos, two years her senior, said he only managed four -- Evelyn could easily be forgiven as she had just started school and was still learning basic arithmetic.

The children probably manage to pick about 30 kilograms (66 pounds) of coffee beans a day. Their rich produce sold this week at market for 2.34 dollars a pound -- a daily haul, therefore, worth roughly 150 dollars.

"I give the money I make to my mommy," said Carlos of his eight-dollars-a-day wage.

More than 100,000 Hondurans work in the plantations during the four-month harvesting season that begins in October.

Government data shows up to one million people are permanently employed in an industry that represents some 15 percent of the small and poor Central American nation's GDP.

Many of those seasonal workers are children and while the Honduran government does not regulate child labour, employers are aware that what they are doing is wrong.

"We're short of manual labor and you can't just let the beans fall off" and rot, said Faustino Gonzalez, who owns La Tomacita, the plantation where Evelyn and Carlos work.

Adults are put off by the hard work on mountainsides that are often drenched in rain or blanketed by chilly mists, explained the coffee-grower.

"Each day we get fewer workers and that's why we turn to pickers of all ages," said Gonzalez.



A child harvests coffee beans in the department of El Paraiso, 120km east of Tegucigalpa, on December 20. Honduras, a country that hopes to become the the first coffee exporter in Central America, does not regulate child labour.

"We make sure the children are always next to their father or mother so they can keep an eye on them and get them out of harm's way... sometimes there are steep ravines on the property and they can slip and hit their head on a rock or a log."

A few plants down from where Evelyn and Carlos, David and Darwin - 12 and 14 respectively -- picked alongside their father Santos Vasquez,

stripping branches clean of coffee beans at breakneck speed, trying to make enough money to buy some clothes.

"I hope to reach my goal by Christmas Eve," said Darwin, who had just finished elementary school and knew his family was too poor to give him any further education.

Gonzalez said he expected the 12 hilly hectares (30 acres) at La Tomacita

-- near the village of El Paraiso (Paradise) to yield about 200 48-kilogram (105-pound) sacks of coffee.

Honduras' booming coffee industry is the third-largest in the Mexico, Central America and Caribbean region, according to the Global Agricultural Information Network.

The last 2009-2010 growing season yielded four million sacks of coffee, 610 million dollars' worth of

which was exported, said the Honduras Coffee Institute, which hopes production will one day be the biggest in the region.

But Honduras is also one of the few countries around the world that does not ban child labour. Latest UN figures showed some 215 million children are still put to work around the world, most of them in hazardous conditions.

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