

Presentation in 2005 to MEDA (Mennonite Economic Development Associates)

LIVE 8 AND GLOBAL JUSTICE

The greatest media spectacle in history unfolded before the eyes and ears of the world on July 2. Whatever our views about the personalities and methods – consider the alternative.

Every 3 seconds a child in Africa dies of preventable causes. More Africans die of AIDS each day than perished in 9/11. I had the opportunity to work in Africa in the early eighties. In Somalia it was in the capacity of the UNHCR protecting the lives and the human rights of refugees during a war. In Ethiopia we observed a famine in the making, a famine created more by local and international politics than by the weather. In Sudan I was there the day sharia law was declared as religion contributed to the start of one more war and two million deaths. Africa is cursed by history, by war and by corrupt leaders. However, remove all of these and Africa still has a legitimate claim on the attention of the world in terms of a fair shake.

More than 60% of Africans still earn their livelihood from some form of agriculture. Although only 3% of North Americans earn their living from farming, agriculture has a political and emotional legacy that treats this sector differently than all others. Canada uses supply management to exclude all imports in many categories resulting in high internal prices. US cotton and sugar farmers receive 4 times the world price for their product and use the subsidy to damage the export potential of African and other producers. Every European cow receives a subsidy of \$2.00 per day, several times the income of most African citizens. The total level of subsidies in Japan and Switzerland defy the laws of gravity. These policies destroy the market opportunities of the one sector where rural Africans and other developing nations have a chance to compete.

The message of LIVE-8 can easily be reduced to more AID – but the principal message is about fairness and justice in trade and politics. Those are much more complicated messages and the promoters are right to begin with the G8 world leaders who set the agenda and priorities.

In 1976 I was staying in a seaside cottage on the idyllic and still innocent island of Bali writing a report for an International Development Bank about the complicated problem of sharing water of a river that crossed a disputed border. Every morning two sisters appeared at the gate with a beautifully carved chess set. We had time and negotiated in a friendly manner and each day the price was a bit lower. One day the girls appeared but were resolute that the price could decline no further. I stated – “But you made this chess set – it really did not cost you anything.” They replied – “Our uncle carved this set and it took two months. That is his entire income to support a family.” We were devastated and shamed. We quickly paid their asking price and since then have always negotiated with third world crafts people only to the point where there remained a sense of humor and comfort. Our transaction reflected a power relationship that was completely in our favor. On the larger scale of global economics this little drama is played out every day – but the consumer at Wal-Mart or in your furniture store is not confronted with the eyes and voice of the person who carved that nite table or sewed our shirt. It is claimed that the royalties paid to Michael Jordan for the use of his name on NIKE shows exceeds the total labor cost of making all of those millions of sport shoes. Consider that for a moment from the perspective of the producer of those shoes. Consider what it says about the values of those who buy those shoes. Consider what it says about the fairness of our global economic system.

Would the designers and personalities who endorse products in our (furniture) industry care to have their royalties compared with the factory labor required to produce those products? It might be a bit uncomfortable. How about a bit of research by our trade journals?

Back to Africa. The developed world promotes open markets, privatization, global trade and other neo-liberal remedies. Africa became connected to the world at a totally different stage of development than other continents – comparable in some respects to the situation of the aboriginal people of North America. Every continent or region has evolved and changed through the process of peaceful or forceful integration – but in a different time frame. Europe, despite its proximity and culture remained a center of conflict until the catastrophe of the two wars of this century. China is 92% Han Chinese – but wasn't always that homogenous. Three millennia of conquest on a landmass with few physical barriers eliminated the alternatives, creating a culture and country that today appears to be very uniform with a dominant language. North America in its current form treated the continent as an essentially empty space – yet required a devastating civil war to produce a (sort of) single culture. Africa has a geography and history that limited this kind of consolidation.

When continents, cultures, economies and people collide under very different circumstances – what does it mean to have the market decide the outcome? If people (in the developing world) are 'willing' – a somewhat paternalistic term – to accept much lower wages, should the worker in a developed country lay down his or her tools and say justice requires that others deserve the work? This is what global economics says. What if this equation is complicated by various forms of artificiality such as currency controls or lack of respect for laws about labor, the environment or intellectual property. How authoritarian does a country need to be before we place restrictions on the fruit of their labor. Is Myanmar really more authoritarian than Saudi Arabia? Iran at least holds elections while China does not? How do we make these assessments?

Africa is simply the most visible evidence that our global system is less than adequate and certainly not just. The *weekly* expenditure on the military by the G8 equals the *annual* assistance to Africa through both direct and indirect means. In the last round of trade negotiations the developing world was persuaded to open its borders and markets in exchange for a better deal on their mainly agricultural products. Their borders were opened but the rich world reneged on their agricultural commitments. The Doha Trade Round again promises to put agriculture as a priority – are we surprised that many countries are suspicious of the outcome?

The furniture industry (among others) has become a willing or unwilling participant in these global issues. We individually adjust our patterns of doing business to survive and remain viable – and do not have the time or often the information to really ask questions about global fairness. Should we be asking these questions? Does it matter if our furniture is made from logs that are illegally harvested and contribute to social as well as environmental problems? Palliser shifts labor from Canada to Mexico or to Asia. Our customers simply compare our delivery and value to that of our competitors and prefer not to put a country of origin label on the product. (There is a divisive argument now taking place among manufacturers and importers about whether to support or fight the proposed action by the US Congress to require more visible country of origin labeling on furniture – where is the industry journalism on this question?)

The textile and apparel business has faced these global questions for a long time. The international quota system resulted in production being dispersed very widely around the globe. The end of quotas has had unanticipated results. China is vertically integrated and easy to access resulting in the concentration of production. Apparel had been the main industry in land-locked Lesotho in Africa. This past Christmas the Asian owners of a number of garment factories went

home for the holidays and simply never returned. They abandoned factories, equipment and 6,000 jobs and presumably replaced the production in China. Millions of other jobs in very poor countries are sharing the same fate.

The purpose of my comment is not to condemn global trade but to remind all of us that like Africa meeting the world, we meet on very unequal terms. The sisters in Bali and the garment workers in Lesotho live in remote villages but are impacted by policies developed and promoted by the IMF or Western economists. When Europeans first encountered the Indian sub-continent, economic historians estimate that the average citizen of India was half as wealthy as the average European. After centuries of trade, a colonial experience and participation in world affairs the ratio is closer to 20 to 1. There is a proposal that large dormitory ships anchor in international waters off the coast of California filled with Asian technicians who will develop software and do other high-value jobs without the current barrier of time and distance – but at Asian wages.

How would we respond if some entrepreneur would park massive ships in international waters 3.1 miles from the coastline of New York, Miami, Texas, Vancouver and Los Angeles? The ships would carry inventory and have a beautiful display of furniture. They could even produce custom upholstery on the ships. The employees would be paid global (read very low) rather than North American wages. Income, sales and other taxes would not be payable in international waters. Just to stir competitive juices the ship from LA could sail up to San Francisco the occasional week to run a great market-disrupting sale.

Why only offshore furniture retailing? How about international cuisine with real international chefs? How about hairdressers, medical care, gambling and entertainment? The point is that we tend to endorse global trade when someone else's ox is being gored but are not so sure when we are affected. My Province of Manitoba is the North American center of the Internet pharmacy trade in prescription drugs. Young twenty-something entrepreneurs have figured out how to combine the differentiated international pricing policies of the pharmaceutical companies with the opportunities created by the Internet. Now the pharmaceutical companies claim these drugs are not safe – although produced by them in the same factories as the drugs they sell at a higher price.

LIVE-8 is simply a reminder to all of us that policies that may work between two countries with similar levels of income and development may be entirely inappropriate for parts of the world that have collided with us under other circumstances. As we operate our businesses, purchase the lowest price item for our own account or consider the policies of our Governments or International agencies, let's understand that the issues are complex and outcomes often unfair. Someone who feels safe today may suddenly be threatened tomorrow by some entrepreneur who figured out how to arbitrage another piece of the global economy. We should celebrate the entrepreneur – but also examine the policies required to bring as many as possible to the global table of prosperity.

A useful reminder was written by the Lebanese mystic and poet early in the 20th century in his book "The Prophet."

He asked the teacher to speak about Buying and Selling. The teacher answered:

"Do not leave the marketplace until the needs of everyone have been satisfied."