

FRED BLOCK: I want to welcome you to this plenary, which is entitled "Competing Paths to Another World: Strategies and Visions." The- It's my honor to chair this plenary we've brought to you today three extremely distinguished advocates for a vision of another world that combines global justice and environmental sustainability. I should say that the occasion it's taken me a long time, many years, of coming to the ASA's to get up to the podium at a plenary, and I'm tempted to give a long discourse about the global financial markets and the meltdown around predatory lending that we've seen in the last few days, but that's not really my job here. My job here is to give you exposure to these minds. The- we have three speakers and none of them is formally trained as a sociologist but they are all people who've drawn heavily on the sociological tradition and on contemporary sociological scholarship in developing their quite different points of view. They come from different institutional, different geographical locations, and they- we decided that for this particular panel we would follow the FOX model that we would be fair and balanced but that the diversity- everybody would share the common view that we need another world. The diversity would be that they had different visions of how to get there and what that different world might, might look like. So the first speaker that we have is present only in the electronic form. Jeffrey Sachs is actually, as we speak, on the other side of the world, but he prepared for us a DVD presentation. He took the invitation very seriously and so what we're going to do is run that first, and then I'm gonna bring the other two speakers up here and introduce them. So let me say the temptation of cheat Jeff Sachs out of an introduction is very strong since obviously he's not here to defend himself or to know that he's been slighted but I'll resist that temptation as well. The- Jeff Sachs is a professor of economics and a head of the Earth Institute at Columbia University. He served as the director of the UN Millennium Project, and he published in 2005 the widely read, widely influential book called The End of Poverty. He has become one of the major global figures in engaging in demonstration projects throughout the developing world, trying to find paths out of poverty. So we present you the DVD version of Jeffrey Sachs and then afterwards we're going to treat him like a piñata.

JEFF SACHS: Hello I'm Jeff Sachs director of the Earth Institute at Columbia University and I'm really delighted to be invited by the American Sociological Association to join you at the conference. I wish I could be with you in person, but alas, as I feared, my schedule took me to Asia in August. So I wish you the best on the conference and I thank you especially for the chance to join you by pre-taped video. I was asked very kindly to speak about the challenge and claim that I've made about ending poverty. I published a book a couple years ago called "The End of Poverty," where I say that extreme poverty can be eliminated from the planet by the year 2025, and I wanted to use the chance of these remarks to explain what I mean by that, to suggest why I believe it's possible, and also to explain what I think the major roadblocks are.

When I speak about the end of poverty I'm not speaking about all poverty in all societies and certainly not as poverty is defined and described. I'm speaking about extreme poverty which has many definitions and I would use an informal one as the poverty that kills. It's sometimes technically described as dollar-a-day poverty, that is living below a one dollar income level. That's a fairly inadequate definition of extreme poverty. By extreme poverty I mean the inability to meet the basic needs of life: adequate food with nutritional content, safe drinking

water, access to essential health services both preventative and curative, and access to what we would define as basic needs to participate in the world economy and society, at least literacy and primary education, though many of us would put the bar even much higher than that of course.

Well if you take that kind of definition of extreme poverty, which isn't asking for a lot, there are, as I'm sure you're aware, about one billion people on the planet, one billion out of six point six billion who are living with that remarkable extent of deprivation. That's about fifteen percent of the world's population heavily concentrated in Africa and in Asia, and within Asia notably within south Asia.

Now that poverty is so extreme that life expectancy is twenty five or thirty years lower in regions in extreme poverty compared to the high-income world, and indeed twenty, twenty-five years lower than many middle income countries. Child-mortality rates are often over one hundred children dying before their fifth birthday out of every thousand who are born. And in many parts of Africa that under five mortality rate is one hundred-fifty or two hundred or even above two hundred children out of every one thousand who are born who will not live till their fifth birthday. So the claim is that that's the kind of poverty that can be brought to an end by the year 2025.

What's the basis of that claim? The overarching basis of the claim is that the world economy on the whole, successfully pulls large parts of the world out of such extreme poverty. That's a result of technological advance, improvements of all sorts of technology, public health and transport, communications, information, manufacturing processes, and all that goes with it. And that in inter linked global economy, an interlinked global market economy can provide a great deal of impetus to the reduction and elimination of extreme poverty. Now, as best as one can measure these things if you look back to around nineteen-sixty, best estimates now, and with a lot of certainly uncertainty and in precision, in measurement and in definition, would say that extreme poverty gripped about half of the world's population. In 1960 John Kennedy spoke about half the globe living in the Hudson villages across the world, and that was about right, according to statistics now developed for comparable time series on extreme poverty. So there has been a remarkable decline in the share of the world's population living in extreme poverty, though the absolute numbers are still extraordinary.

We also know that the greatest decrease in populations living in extreme poverty have been in east Asia and most remarkably in China, most remarkably in China during the last thirty years. But there have been significant decreases in the proportions of population in India for example also, that live in extreme poverty, particularly in the last fifteen to twenty years.

Well on one side it may not seem absolutely extraordinary to say that if the world has experienced a successful decrease from half to fifteen percent in extreme poverty that it would be able to finish that job, in a way, through economic growth and development spreading to other regions by the year 2025. And I think that in the very broadest and most general sense that's correct. But what's also true is that the remaining fifteen percent are pretty a tough, hardcore, problem and challenge. We see extreme poverty heavily concentrated in sub-Saharan Africa, and pretty much stuck, though not at sub-Saharan African rates in some other regions of

the world. For instance in the highlands of the Andes or in parts of central Asia, parts like Afghanistan where not surprisingly conflict rages, it both is a cause of extreme poverty and is a consequence of extreme poverty.

So the problem is that, I believe, while extreme poverty can be ended, it can't be ended automatically just by the continuing rise of the tide lifting all boats, as the cliché puts it. Nor do I think that the reduction of poverty from fifty percent in 1960 to fifteen percent today was in any way an automatic reflection of a market economy. Wherever you look where poverty has come down, you've seen always, in my view, a combination of market forces and very strong public interventions, government interventions, to direct resources to public health, to primary education, to improved infrastructure, to a safer environment. So it's never been market forces alone, it's never been really without market forces, it's always been a combination of market and non-market forces that have made the difference.

The problem right now is that for that remaining fifteen percent, and particularly for the nearly half of the African population stuck in extreme poverty, the rates are not coming down and have not been coming down for twenty years. This is, in my view, a poverty trap, that we're experiencing, and that's the essence of the next piece of my diagnosis.

The argument is that while there are broad forces of technological advance and inter linked markets that can give wind in the sails, it is absolutely meaningful to speak about large regions that are not experiencing forward progress, particularly those who are living with the most extreme deprivation, and who because of that extreme deprivation get trapped without forward motion. The problem is, in essence, the following: If a population finds itself in utter duress, and with relative economic isolation, (for example far from trading centers, in rural areas, bereft of roads, electricity, telecommunications, to link them to other markets,) there are not powerful economic forces that pull such regions into the rising economic growth experienced elsewhere in the world, even if most of the rest of the world indeed is experiencing at least some forward progress. I'm working in a lot of villages in Africa, rural areas often without any kind of tarmac or all weather road that connects them even to their regional markets, much less to international markets. These places lack electricity, they lack modern health care, they lack modern family planning and contraception, they lack basic high-value inputs to agriculture such as improved seed varieties and fertilizer. They lack connections with the markets, and they are, in my view, trapped. Trapped because when poverty is so extreme, households do not earn an income in the communities that may collect revenues from those households, don't have a budget sufficient to save and invest to raise productivity. So there's a trap. An impoverished household depends on every scrap of its income, which is usually in kind income of the food that the household itself produces, simply to stay alive. That current income is not even enough to stay alive reliably, but there's no margin to save, and without the margin to save there isn't accumulation of capital in the form of improved soils, crop diversification, basic infrastructure like roads and electricity, telecoms. Human capital accumulation such as literacy, or primary or secondary education and that kind of skill development. But what there is, is continued population growth, often a doubling of the population generation by generation because fertility rates remain six or seven or eight in these areas, and there's massive environmental degradation, partly because farmers remove the soil nutrients when they farm but can't afford to

replace them, through chemical fertilizers and through higher value added processes, nor through irrigation to water the crops. The result is that impoverished communities can get stuck. Now part of the diagnosis that I've made is to argue that the regions that have gotten stuck have gotten stuck in important ways for geographical reasons that are typically ignored and indeed often scorned by the economics profession, by others, thrown away on the grounds that this is geographic determinism and ideas that I regard as quite silly.

Much of Africa is drought-prone, much of Africa has soils which are easily depleted of nutrients, so called oxisols and other soils that do not hold nitrogen easily and that need to be replenished often. Much of Africa has populations living far from coasts because the eastern coast is arid. Populations are living in the highlands. They don't have the connectivity or easy access to trade. Much of Africa is living in what's called the holoendemic malaria region, with massive burden of malaria and other tropical diseases such as trypanosomiasis, or onchocerciasis, or soil transmitted helminths, or schistosomiasis, filariasis, and so forth. With that heavy disease burden, with the economic distant to the ports that can't be overcome, with the lack of infrastructure, with the very tough agronomic conditions, with the lack of easy access to low-cost irrigation, these rural communities are trapped.

So, finally, why do I believe that they can be pulled out of extreme poverty? The argument isn't that geography deterministic, the argument is that geography has placed these communities in conditions where they themselves cannot escape from the poverty trap, but where targeted investments to help them raise productivity, can get them up to a level where there is a surplus over subsistence, an ability to save, an ability to diversify, and thereby an ability to join that broader, five sixths of the world economy that is out of extreme poverty and is engaged in global trade.

I've outlined, in my book The End of Poverty and in the UN Millennium Project report that my team issued to secretary general Kofi Annan, a very thorough, I believe, set of broad interventions, investments in malaria control, AIDS, TB control, a green revolution for Africa, soil nutrient replenishment, water management at a small scale, basic infrastructure of paved roads, electricity, and so forth, that can make a profound difference. So the argument specifically is that by targeting investments into geographically stressed impoverished communities, those communities can effectively be economically integrated into the global economy, and thereby get the same benefits of rising technology that the rest of the world has achieved. It's an argument that needs a great deal of elaboration, and I don't have time for that. Rather than elaborating, let me talk about three huge obstacles.

First, there continues to be rapid population growth in the poorest countries, so one is right now trying to stay ahead of a population that is doubling, essentially, every twenty-five years in the poorest regions. This is extraordinarily rapid, and it's very, very hard to invest ahead of that curve, so I believe there does need to be voluntary reduction of fertility rates, in addition to the economic development investments. And by a targeted strategy of availing people of access to contraception, to family planning, to child survival, children in school, women's empowerment, I believe those fertility rates can be brought down, much to the benefit of these impoverished places.

Second, there's the whole question of long-term climate change which is going to hit very hard the dry lands of the world where hundreds of millions of poor people live. So, little bit exhausting. It would be hard enough to lift these groups out of poverty through targeted investments, but we have to do better than that. We have to mitigate climate change on our part and help these places adapt to climate change through even more investments in irrigation, better seed varieties, and other techniques, so that they will not be absolutely buffeted, even to mass death and famine, by climate change which is coming. This is a huge topic, a hard one. It is definitely one of the great challenges of not only helping communities get out of poverty, but stay out of extreme poverty.

And the third area, which is absolutely crucial, in some ways just as hard as the others, is global cooperation. The poorest of the poor will not get out of poverty by market forces alone, they will not simply be lifted from their travails, it's not a matter simply of lifting oneself up by the bootstraps, they need help in public health, in agriculture, in education, in basic infrastructure, that requires global cooperation. The United States for decades now has been decreasing its foreign assistance. It has been spending hundreds of billions on war, but tiny fractions of that on development assistance. This year we'll spend more than six hundred billion dollars on the pentagon, and about five billion in development assistance for all of Africa. It won't work that way. And unless we have global cooperation that includes a renewal of American commitments to global development, cooperation with Europe, Japan, and with the new regional and global powers, India and China, who are also fortunately becoming donors as well in the Indian ocean region. We won't be able to make it; without that cooperation, it won't work.

So to conclude, extreme poverty can be ended, market forces play a role, but targeted investments, especially to overcome geographic liabilities, are crucial. These must be done in a way which is targeted at the local ecology and local economic needs, to help integrate these communities into a global economy. If this is done, we will face additional challenges of demographic stress, requiring a voluntary reduction of fertility rates, of climate change, an urgent task for all of us, and all of those measures and all of that broader environment which is possible for us to achieve, requires a reinvigorated form of global cooperation. It may seem impossible; I think it's worth working for. That's what I believe is the greatest challenge that we face: finding that global cooperation to take on these big challenges which are within reach, which if solved, will make a vastly safer, better, more prosperous, and healthy world for everybody. Well thank you so much for letting me share some thoughts with you, and all best wishes on your great conference.

FRED BLOCK: So I want to invite our other two speakers to come up and join me now. I'm gonna introduce them and- the next person to speak will be Jomo K S who is a leading intellectual of the developing world. He's a consummate scholar and now bureaucrat. He has an appointment at the University of Malaya. His academic vita goes on forever, it includes something like thirty-five monographs and more than fifty edited books. These have made him broadly influential in global debates about the relationship between the global south and the global north. He currently is serving here in New York City as Assistant Secretary General for Economic Development in the UN's Department of Economic and Social Affairs. And so while I'm in introduction mode, I'll also introduce our final speaker Naomi Klein, who truly needs very

little introduction. She's a extremely well known Canadian-based author and activist. Her 1999 book No Logo made her a central figure in the global justice movement. She writes now for The Nation and The Guardian, and she has a new book which will be out very soon. How soon?

NAOMI KLEIN: One month.

FRED BLOCK: And it's called Shock Doctor?

NAOMI KLEIN: Shock Doctrine.

FRED BLOCK: Okay. And there's a subtitle?

NAOMI KLEIN: The Rise of Disaster Capitalism.

FRED BLOCK: Okay, excellent. So each of them will speak for fifteen or twenty minutes, then we'll have some time for exchange, except for exchange with the option person, and some time for questions from the audience hopefully.

JOMO K S: Thank you Fred for those very kind words of introduction and for your kind invitation to be

This subject of course a very difficult one in many ways. What I would like to do is cover some of the same ground which has been covered by Jeff Sachs before this and to make the case for what kinds of change might be possible and the problems lying in the face of such progress.

Now, the inequalities which exist in the world today are huge, and certainly growing. These inequalities have grown over the last four decades of the twentieth century, and this is also reflected in various types of consumption and there is very little likelihood that this is about change in the near future. The last quarter-century has been slightly better for the lowest quintile, the lowest twenty percent of the world's population, but for all other income groups, we find that there has been a decline in their incomes. Or rather slower growth in their incomes in the last quarter-century compared to the previous two decades, the 60s and the 1970s.

More importantly perhaps, there has not only been slower growth but there has been greater inequality in the recent period. And this of course has meant that welfare for the poorest sectors of the population has declined and there is also, one finds new phenomenon such as the phenomenon of jobless growth and it's very difficult to conceive of any kind of sustained reduction in poverty without job creation. This graph gives you some idea of the inequality. It has been fashionable among people who study income inequality to talk about twin peaks, and basically what you have here are twin peaks at the lower end, and those two mounds at the upper end, of the of global income distribution, suggest the disparities in global income distribution.

This attempt, three dimensional attempt by Bob Sutcliffe is worth pondering over. The x-axis at the bottom gives you the rich on the left, and the poor on the right, whereas the diagonal axis gives you a sense of the distribution by geography, the poorer countries in front, and the

richer countries at the end. So the tall skyscraper in the far corner represents the rich in the rich countries.

Now, the significance of China and the growth in China cannot be underestimated. Once we exclude China from looking at global inequality, we find that there has been a clear rise in global inequality. When we include China we get a slightly, we get a rather more- rather different picture. These bar-charts again, emphasize the inequality which exists, and as I mentioned earlier there has been a growth in divergent, in what we might call divergences except, because of Chinese growth, the Asian trend over the last four decades, the last five decades sorry, has also been slightly upward. But once you take China out of the picture you actually find that the rest of Asia, has also suffered in terms of the growing disparities which I have alluded to so far.

Now, to look at this question I think it's useful to reflect on what people like Angus Medicine and other economic historians have established and that is that the big disparities have really occurred in the last couple of centuries. One finds that there has been increased growth, but this growth has been also associated with unevenness at a global level, there's a general consensus about this. This view is also shared by the current Chief Economist of the World Bank, François Bourguignon and his co-author Christian Morrisson.

Looking at the nineteenth century however; 1) It's very important to recognize the significant contribution of the south, particularly what is now south Asia, or what was then called India, and the Caribbean. 2) Early accumulation in the west, particularly in the UK. From the mid-nineteenth century what is called, has been called, the imperialism of free-trade by people like Gallagher and Robinson, become much more significant with manufacturing advantage enjoyed with the industrial revolution in England. And from the last third of the nineteenth century we find what John Hobson and a good liberal economists call the new imperialism. A new imperialism associated with the emergence of concentration, of oligopoly or what was then called monopoly. And coupled with that the greater influence of such monopolistic corporate power on public policy, and this resulting in policies of expansion, which Hobson referred to as "the new imperialism."

There has been, however, a temporary reversal of the trend of greater divergence at the global level, in the quarter-century or so after the second world war. There has- there was a period which is often associated with what Keynesians would like to call "The Golden Age," where there was relatively high growth in both north and south, and this resulted in some closing of the divergence which I referred to earlier. This had some- a great deal to do with decolonization, the adoption of import substituting, industrialization policies, and agrarian reforms which- involving rural development. The divergence however begins to grow again from the 1970s. The 1970s are in a sense a very unusually period, because following the end of the Bretton Wood System with President, during President Nixon's tenure there was also the oil price hike, and the availability of finance resulted in relatively low interest rates and relatively high growth in parts of the south, particularly in Latin America and parts of Asia. However, Africa continued to, began to stagnate and the stagflation which occurred in the industrial west, meant some temporary, some further closure of the divergence which had grown.

During this period as well, as we now know, there was a very significant analytical counterrevolution. The 1970s stagflation resulted in a discrediting of Keynesians-type economic policies, and I would argue accompanying that counterrevolution against development economics as well. This was accentuated by the 1980s debt crisis precipitated by, after the appointment of Paul Volcker to the chairmanship of the Federal Reserve. This was particularly serious during the mid 1980s as the world - the history of the World Bank has showed when Mrs. Kruger became senior vice president for the World Bank and Deepak now became her chief researcher.

Now, the slower growth, I would suggest, in the last quarter-century can be attributed to a number of policy changes which became significant during this period, often referred to as policy measures associated with what I call structural adjustment reforms, and more recently identified with what is called the Washington Consensus. The consensus, the shared view, between the Bretton Woods institutions, located in Washington, as well as the view of the US Treasury Department. And this has involved reforms in a number of areas which I won't try to read out because of shortage of time. Now this has basically resulted in a significant change in the role of government, the role of the state, associated with these changes in stabilization, in what might be called stabilization policies and structural adjustment programs. This resulted in lower growth, as I suggested earlier, but also in worsening redistribution exacerbated further by reduced tax collection and regression in the character of the tax burden, reduced role of government in terms of public spending, especially in social spending, and increase and promotion of privatization and contracting out, and a new ideal of what the role of government should be in terms of what might be called "a night watchman." This is- the problem of course is exacerbated by the fact that, relatively speaking, poorer countries spend far less on social policy, on health, education, and welfare, than the wealthier countries.

Now I'd like to quickly review three trends in trade, finance, and international economic governance, because they have a great bearing on our- on the present dilemma.

In recent years there has been a significant trend towards trade liberalization and this has exacerbated what are called "the terms of trade," the prices of commodities, and trend which was identified half a century ago by UN economist Raul Prebisch and Hans Singer has continued into the second half of the twentieth century where the prices of primary commodities have declined relative to the prices of manufactured goods, as this graph shows you.

Following that we also find the following Arthur-Arthur Lewis who also worked for the UN Economic Commission for Africa - He demonstrated a decline in the prices of tropical commodities compared with temperate-temperate agricultural commodities. And more recently there's a clear decline in the prices of manufactured goods from the south, compared to manufactured goods from the north. And this I would suggest has got a great deal to do with the strengthening of intellectual property rights, particularly since the second Regan administration, when Mr. Shultz was secretary of state. And this results in a phenomenon which some people have referred to as immiserizing growth. This graph basically shows the decline of prices of manufactured goods, compared to - from the south compared to the north.

Now the recent discussion on aid for trade, recognizes that trade liberalization is not costless, as suggested by simple international trade theory, it results in a tremendous loss of tariff revenue which is very important for tax capacity and fiscal capacity of poorer countries, especially. It results in the reduction and loss of production and export capacities, and- and also the challenge of building new internationally competitive, productive, and export capacities and capabilities.

The-another issue of course is the question of international financial liberalization, which has become far more significant in the last twenty of twenty-five years. Contrary to the advocate- to the claims of the advocates of international financial liberalization there has not been a net flow of funds from the capital rich to the capital poor. Instead there has been a reverse flow of funds from the capital poor to the capital rich, including Africa. There have been various ways of describing this but I will refer to a Malaysian economist who has died some years ago, who suggested that the hope that there would be a net flow of funds from the capital rich to the capital poor is like opening a bird cage and hoping that more birds would fly in than fly out.

Now, the course of funds has also not declined, contrary to the claims of the advocates, and also very importantly especially with the increase of crisis and volatility we have seen that while some of the old sources of volatility and instability have been reduced, new sources of volatility and instability have been introduced.

At a domestic level we find that national governments are increasingly- find their hands tied. They are forced to adopt what might be termed deflationary macro-economic policies. They are also prevented from adopting counter-cyclical policies to deal with-with-with downward trends externally. The use of what might be termed “developmental financial instruments and institutions has also been largely reduced if not eliminated. And the possibility of developing financial- credit facilities, particularly for those who are not exact- who are not the richest and most-and the most secure of credit risks has been significantly reduced, notwithstanding of course the efforts of those at the very- of people like Professor Yunus, to provide credit to the very poorest, but in between there is very little in terms of credit-credit availability.

Now, we've already heard about recent poverty trends and I don't want to mention- discuss that but, let me mention here that there are- we often hear the term pro-poor growth and I think we have to be very careful and not skeptical about what is meant by poor- pro-poor growth. For people in the World Bank, pro-poor growth is any growth which trickles- has some trickle-down to the poor. For people like 39:54 _____ Mangwani as long as the income share of the poor increases, even if only marginally, that may be termed pro-poor growth. And others such as Woodward and Sims basically suggest that unless the share of growth accruing to the poor actually exceeds their share of the population, one should not term growth pro-poor.

There- since many of you have skipped lunch to attend this session I might want- just thought it might be worthwhile mentioning that almost a billion people experience sustained nutrition deprivation throughout the world, and a billion people, on the other hand, a billion people are considered to be overweight. There has been, for a variety of reasons associated

with climate change and other factors, an increase in the number of food emergencies especially in recent years.

The likely- the relationship between poverty and violence is also something which has been demonstrated. This graph, albeit rather smooth- smoothed shows you the relationship- the likelihood of civil conflict occurring, and it's relationship to income per capita.

Now what we are often- it is often suggested to us, those of us who live in the academic world and that you know when ideas are shown to be demonstrably incorrect that they will be superseded by new ideas and - But there has been no Kuhnian paradigmatic change as far as ideas about poverty are concerned. Time and again we find that it is power and ideology which trumps reality. And when there is critical research, which comes out of the major institutions associated with development we find that that research is basically rejected and ignored. And when inconvenient research is often coming out from those institutions is really quite irrelevant as far as the operations of those institutions are concerned.

Angus Deaton at Princeton, together with a number of other colleagues, reviewed World Bank research in the period 1998 and 2005 and found that much of the research served the ends of policy justification rather than the more critical, analytical purposes. We also find that much of what are called policy conditionalities, benchmarks, best practices and advice, often involve the promotion of policies contrary to what the policies which have brought about development elsewhere. In other words "Do as we say rather than as we did." Friedrich List in the middle of the nineteenth century after studying the work of Alexander Hamilton suggested that this is akin to kicking away the ladder after climbing it.

Also we find that there are double standards. One might think, for example, about the use of counter-cyclical policies which are often suggested for the north, much to the disapproval of the Wall Street Journal, but when it comes to the south the same institutions such as the IMF generally would- would discourage countries from - developing countries from adopting counter-cyclical policies. We also find that many of the policies which-which are supposed to be poverty reduction strategy or poverty reduction policies, often do not have any realistic sense of trying to reduce poverty. More than seventy-five percent of such policies, for instance, associated with the World Bank, do not even have an employment generation strategy.

The problem is exacerbated by the fact that the Bretton Woods institutions have a very skewed governance contrary to what's- the original promise, the, in 1944 for example, the world- the IMF had forty-four members who had eleven point three percent of the vote shared among them equally. In 2007 there were 184 members, and given, if you divide that by forty-four and multiply it by eleven point three you would get a figure just under fifty percent, but instead the basic vote only comes to two point two percent. Now, one can also find similar biases in the World Trade Organization. I'm just flashing this on the screen for you, I won't go through them, and there's general agreement now that what is called the Doha round of trade negotiations which the new president of the World Bank was intimately involved in, in his previous role as US Trade Representative, basically has got very little which has any serious developmental content.

Now, it is also very clear that many of the issues which will seriously and profoundly affect development in any- are really not on the agenda. Instead we find that policies and issues which serve the interests, particularly corporate interests in the rich countries, tend to be promoted at the expense of the rest of the world.

Now, in making another world possible I think it is very important for us to learn from history, and as George Marshall emphasized sixty years ago, I think it's very important for us to look beyond palliative measures, and to look at measures which are truly developmental. Of course the motivation then was the beginning of the Cold War, but nonetheless I think the lesson remains for us. The- One size does not fit all, and-and, increasingly there is the view in the south that one should have sort of cautious experimentation rather than subscribe to any kind of dogmatic approach. Growth is generally seen as necessary but not sufficient but the environmental constraints reminds us of the difficulties of this dilemma. And of- most importantly I think, developing countries feel very strongly that the whole question of national ownership and the availability of policy space has been seriously compromised by international- by the distribution of power internationally and the constraints it imposes on governments and on, on those seeking to- to pursue development. That of course raises the question of what is the role for international and national level activism, a subject which I am sure Naomi will address herself too. Thank you very much for your attention.

NAOMI KLEIN: Hello. Thank you all for coming. It's an honor to follow such a wonderful presentation. And it's wonderful to hear such rock solid economic analysis coming from someone so senior at the United Nations and one hopes that that analysis will trickle down to the International Monetary Fund and the World Bank at some point. I also should apologize to Fred for correcting him on the title of my book- I was worried that if you thought that it was called "The Shock Doctor" you would think it was an entire book about Jeffrey Sachs. That's not true; there are only three chapters about Jeffrey Sachs.

I've been thinking about this question of, of other worlds, and the title I put on my presentation today is Lost Worlds. I wanna talk about the worlds that we have tried to create in those thirty, thirty-five years, when the counter revolution was being waged against Keynesianism and developmentalism. We've seen it in the graphs. I wanna talk about how those disparities opened up so dramatically in those years, because it is a great myth that there were no alternatives along the way. There were alternatives, there were many alternative worlds, alternative routes, that we could have chosen. And I wanna talk about some of the reasons why those worlds were disappeared.

Now, as we think about reaching this other possible world, I wanna be very clear that I don't believe the problem is a lack of ideas. I think we're swimming in ideas: Universal healthcare, living wages, cooperatives, participatory democracy, public services that are accountable to the people who use them, food, medicine, and shelter, as a human right. These aren't new ideas, they're enshrined in the UN charter, and I think most of us still believe in them. I don't think our problem is money, lack of resources to act on these basic ideas.

Now, at the risk of being accused of economic populism, I would just point out that in this city, the employees of Goldman Sachs received more than sixteen-billion dollars in Christmas

bonuses last year. And Exxon Mobile earned forty-billion dollars in annual profits, a world record. It seems to me that there's clearly enough money sloshing around to pay for our modest dreams. We can tax the polluters and the casino capitalists to pay for alternative energy development, and a global social safety net. We don't lack ideas, neither are we short on cash. And unlike Jeffrey Sachs, I actually don't believe that what is lacking is political will at the highest levels, cooperation between world leaders. I don't think that if we could just present our elites with the right graphs and PowerPoint presentations- no offense- that we would finally convince them to make poverty history, I don't believe that. I don't believe we could do it even if that PowerPoint presentation was being delivered by Angelina Jolie, wearing a (Product) Red TM Gap tank top and carrying a (Product) Red cell phone. Even if she had a (Product) Red iPhone I still don't think they would listen. That's because elites don't make justice because we ask them to nicely and appealingly. They do it when the alternative to justice is worse. And that is what happened, all those years ago, when the income gap began to close. That was the motivation behind the New Deal and the Marshall Plan. Communism spreading around the world, that was the fear. Capitalism needed to embellish itself, it needed to soften it's edges, it was in a competition. So ideas aren't the problem and money's not the problem and I don't think political will is ever the problem.

The real problem I want to argue today is confidence, our confidence. The confidence of people who gather at events like this under the banner of building another world, a kinder, more sustainable world. I think we lack the strength of our convictions, the guts to back up our ideas with enough muscle to scare our elites. We are missing movement power, that's what we're missing. "The best lacked all convictions" Yates wrote, "while the worst are full of passionate intensity." Think about it, do you want to tackle climate change as much as Dick Cheney wants Kazakhstan's oil? Do you? Do you want universal healthcare as much as Paris Hilton wants to be the next new face of Este Lauder? If not, why not? What is wrong with us? Where is our passionate intensity? What is at the root of our crisis of confidence, what drains us of our conviction at crucial moments, when we are tested?

At the root, I think it's the notion that we have accepted-which is that our ideas have already been tried, and found wanting. Part of what keeps us from building the alternatives that we deserve and long for, and that the world needs so desperately, like a health care system that doesn't sicken us when we see it portrayed on film, like the ability to rebuild New Orleans without treating a massive human tragedy like an opportunity for rapid profit-making for politically connected contractors. The right to have bridges that don't collapse and subways that don't flood when it rains. I think that what lies at the root of that lack of confidence is that we're told over and over again that progressive ideas have already been tried and failed. We hear it so much, that we've accepted it. So our alternatives are posed tentatively, almost apologetically. Is another world possible we ask? The- This idea of our intellectual and ideological failure is the dominant narrative of our time. It's embedded in all the catchphrases that we've been referring to. "There is no alternative," said Thatcher, "History has ended," said Fujiyama, the Washington Consensus, the thinking has already been done- the consensus is there. Now the premise of all these proclamations was that capitalism, extreme capitalism, was conquering every corner of the globe because all other ideas were- had proven themselves disastrous. The only thing worse than capitalism, we were told, was the alternative.

Now, it's worth remembering when these pronouncements were being made, that what was failing was not Scandinavian social democracy, which was thriving, or Canadian style-welfare state, which has produced the highest standard of living by UN measures in the world, or at least it did before my government started embracing some of these ideas. It wasn't the so called "Asian Miracle" that has been discredited, which in the '80s and '90s built the Asian Tiger economies in South Korea and Malaysia using a combination of trade protections to nurture and develop national industry, even when that meant keeping American products out and preventing foreign ownership, as well as maintaining government control over key assets, like water and electricity. These policies did not create explosive growth concentrated at the very top as we see today, but record levels of poverty and a rapidly expanding middle class, that is what has been attacked in these past thirty years.

What was failing and collapsing when history was declared over was something very specific. In 1989 when Francis Fukuyama made that famous declaration, and when the Washington Consensus was declared, also in 1989, what was collapsing was centralized state communism: authoritarian, anti-democratic, repressive, something very specific was collapsing. And it was a moment of tremendous flux and it was in that moment of flux and disorientation that several very savvy people, many of them in this country, seized on that moment to declare victory not only against communism, but against all ideas but their own. Now, this was the, this was the Fukuyama chutzpah, when he actually said, and it seems so strange to read it now in his famous 1989 speech, that the significance of that moment was not that we were reaching an end of ideology, as some were suggesting, or a convergence between capitalism and socialism, as Gorbachev was suggesting. It was that ideology had had end- Sorry. It was that, not that ideology had ended, but that history as such had ended. He argued that de-regulated markets in the economic sphere, combined with liberal democracy in the political sphere, represented the end point of mankind's ideological evolution, and the final form of human government.

Now, what was interesting and never quite stated in this formulation, was that you basically had two streams. You had democracy, which you could use to vote for your leaders, and then you had a single economic model. Now the catch was that you couldn't use your vote, you couldn't use your democracy, to reshape your economy because all of the economic decisions had already been decided there was only- it was the final endpoint of ideological evolution. So you could have democracy but you couldn't use it to change the basics of life, you couldn't use it to change the economy. This moment was held up as a celebration of victory for democracy but that idea that democracy cannot affect the economy is, and remains the single most anti-democratic idea of our time.

Now, I was, I was drawn to the slogan that was chosen for this year's ASA gathering because I think as many of you know and have read in the program it comes from the World Social Forum. And I was at the first World Social Forum six and a half years ago, more than six and half years ago, in January two thousand and one in Puerto Alegre, Brazil. I was one of only a handful of North Americans who attended, and we gathered under that same slogan. But, I think it's significant and interesting that it wasn't posed as a question back then. There was a proud exclamation mark at the end of the sentence. "Another World is possible!" I wrote a feature article for The Nation when I came back from Brazil, trying to explain to readers in the

US – the event wasn't covered at all although it was- in this country although it was covered very heavily in the international press – what it felt like to be, to be there, with ten thousand other people. And a lot of people were saying that they felt like we were making history, and what I wrote was that what it felt, really felt like, was the end of the end of history, that's what it felt like to be in that room. It was, it was this powerful gust of wind that you could suddenly breathe more deeply, you were free to imagine, our minds were unleashed. And it wasn't just Puerto Alegre because Puerto Alegre was the culmination of these types of spontaneous, often spontaneous uprisings that were happening around the world whenever world leaders were gathering to advance the so-called Washington Consensus. Whether it was in Seattle at WTO meeting in 1999, whether it was the IMF World Bank meetings a few years later in Washington, then it was, then in Genoa during the G-8 and of course the Zapatistas and the MST in Brazil were at the forefront. And the theme in Puerto Alegre was, was democracy. That was the- it was about redefining democracy to include the economy: deep democracy, participatory democracy. And it was a challenge to this idea that these two streams could not intersect. The right to land is a form of democracy, the right to biodiversity, to independent media.

But what was most extraordinary about Puerto Alegre was that, you know certainly there were some politicians there, there were some big NGOs there, but the people who were on - at the podiums who were shaping the discussion were the people who were the casualties of this economic model, who were themselves discarded, made landless, forced to occupy pieces of land, chop down fences, and plant food, and make decisions democratically. So, you know, Jeffrey Sachs talks about these model villages that he's building in Africa, and many of them – are making tremendous progress, but I can't help thinking back to these field trips that we made in Puerto Alegre to MST villages, where it was the people themselves, the landless people themselves who were showing us their own model villages and were asking for our solidarity. And I think as sociologists you understand this key distinction, that it was the actors who were the protagonists of their history, and that was what was historic. It was breaking the charity model in a very real way.

Now- I look at where we are now six and a half years later, and it does feel that we have moved backwards in many areas. Talk of fixing the world has become an astonishingly elite affair. Davos, and now the Puerto- Puerto Alegre was a rebellion against the Davos summit every year in January, this was the anti-Davos. Davos has been re-legitimized, and now solving the world's problems is- appears to be, a matter between CEOs and super-celebrities. And the idea that we don't need to challenge these mass disparities what we need is sort of noblesse oblige on a mass scale. That is very different than what we were talking about in Puerto Alegre those years ago.

Now we know what closed that window of possibility, that freedom that opened up in 2001, and it, it was September 11th in this country, and the window didn't close everywhere, but it did close at least temporarily in North America, that sense of possibility, that- that putting these issues, and the people affected by these policies at the center of the political debate. Now, the shock of those attacks, I think we can see with some hindsight, was harnessed by leaders in this country and their allies around the world to abruptly end the discussion of global justice that was exploding around the world. There was a door that had opened, and it was

suddenly slammed shut. We heard that phrases again and again, “9/11 changes everything,” and one of the first things we were told that it had changed was that trade privatization, labor rights, all the things we were fighting for just so recently, no longer mattered, it was year zero, wipe the slate clean. And it was another one of these rebooting history moments, history was apparently starting all over again, from scratch, and nothing we knew before mattered, it was all relegated to pre-9/11 thinking. Now, the Bush administration justified this by saying that all that mattered was security, and the war on terror. And in Canada we were told that, by the US Ambassador, that security trumps trade, that became the, that became the new slogan. That before 9/11 it was economic priorities that drove, that drove the US administration, but post 9/11 the only thing that mattered was security. So talk of economic justice, corporate greed, the loss of the public sphere, the talk of Puerto Alegre was suddenly retro, “so 2001.”

Now the irony that we can now see, is that while denying the importance of this economic project, the Bush administration used the dislocation of 9/11 to pursue the very same pre-9/11 radical capitalist project, now with a furious vengeance, under the cover of war and natural disasters. So, forget negotiating trade deals at the World Trade Organization. When the US invaded Iraq, Bush sent in Paul Bremer to seize new markets on the battlefields of his preemptive war, he didn't have to negotiate with anyone, he just rewrote the country's entire economic architecture in one swoop. But of course if you said that the war had anything to do with economics you were dismissed as naive, it was of course about security, about liberating Iraqis from Saddam. Meanwhile at home, the administration quickly moved to exploit the shock that gripped the nation to push through a radical vision of hollow government, in which everything, from waging wars, to reconstructing from those wars, to disaster response, became an entirely for-profit venture. This was a bold evolution of market logic, rather than the 90's approach of selling off existing public companies, like water and electricity, the Bush team was creating a whole new framework for its actions. That framework was, and is, the war on terror, which was built to be private, privately managed, from the start. Bush administration played the role of a kind of a venture capitalist, for the start-up security companies, and they created an economic boom on par with the .com boom on the 1990s. But we didn't talk about it, because we were too busy talking about security.

Now this feat required a kind of two-stage process, which was using 9/11 of course to radically increase the surveillance and security powers of the state, concentrated in the executive branch, but at the same time to take those- those-those powers and outsource them to a web of private companies, whether Blackwater, Boeing, AT&T, Halliburton, Bechtel, the Carlow Group. Now, in the eighties privatize- the goal of privatization and in the nineties was devouring the appendages of the state, but what was happening now is it was the core that was being devoured, because what is more central to the very definition of a state, of a government, than security and disaster response?

Now, this is one of the great ironies of the war on terror is that it proved such an effective weapon to furthering the corporate agenda precisely because it denied that it has, and continues to deny, that it has a corporate agenda at all. Now it had another benefit too, which was the ability to paint anyone who opposed this system as aligned with potential terrorists, and

so on. So out movement, which was already facing extreme repression before 9/11, was put on notice as traitorous.

Looking back, it's clear that the shock, the disorientation caused by the attacks, was used to reassert this economic agenda, to reassert that consensus that never really was. The window that was opened at the end of the nineties, in the movement known as the anti-globalization movement, but which was always a pro-democracy movement, was slammed shut, at least in North America. And it was terror that slammed it shut. The alternatives started to disappear.

Now, I wanna use the rest of my time just to say that this was not the first time. That this, if we look back at the past thirty-five years, we see this slamming of the door on alternatives just as they are emerging, repeating again and again. Many of you are here for the, for the opening address from Ricardo Lagos, the former President of Chile, who talked about another September 11th, which was another one of those moments, a far more significant one, when an —when a very important democratic alternative, the real third way, not Tony Blair's third way but the real third way, between totalitarian communism and extreme capitalism was being forged in Chile, and that was the great threat. And we know that now, through all the de-classified documents. There's one- there's a really revealing one, a correspondence between Henry Kissinger and Nixon in which Kissinger says very bluntly that the problem with Allende's election is not what they were saying publicly which was that he was aligned with soviets, that he was only pretending to be democratic but that he was really going to impose a totalitarian system in Chile, that was the spin at the time. What he actually wrote was "The example of a successful elected Marxist government in Chile, would surely have an impact on, and even precedent value for other parts of the world. The imitative spread of similar phenomena elsewhere, would turn- would in turn, significantly affect the world balance and our own position in it." So, that alternative, that other world, had to be blasted out of the way, and extreme violence was used in order to accomplish that.

Now, this kind of preemptive attack on our democratic alternatives, the persistent dream of a third way, of a real third way, has come up again and again, and this is, this is what I discuss at length in the book, but I wanna mention a couple of examples unless I'm totally out of time. Ok. Examples of moments where there was a similar sense of effervescent possibility of being able to breathe more and dream more fully.

One of them was in Poland in 1989, June fourth, was the day of the historic elections in Poland that elected solidarity as the new government. They hadn't had elections there in decades, and this was the event that really set off the domino, what's now referred to as the domino effect in eastern block countries, and ultimately resulting in the breaking apart of the Soviet Union. But it's worth remembering what it actually looked like in June of 1989. In Poland people didn't think that history was over because they had just elected solidarity as their government, they thought that history was just beginning, and that they were finally going to be able to implement what the movement, which was a labor movement, had always seen as the third way, the third way not taken. Now, solidarity's vision was not a rejection of socialism, they said that they were calling for real socialism, as socialists often do, and it was a rejection of the communist party, they were everything that the party was not, dispersed where it was

centralized, democratic where it was authoritarian, participatory where it was bureaucratic. And solidarity had ten million members, which gave them the power to completely shut down the state. So, when people went to the polls and elected a solidarity government, what were they voting for, what did they think they were voting for? Did they think that they were voting to become a free market economy on the model that Francis Fukuyama was talking about? No they didn't. They thought they were voting for the labor party, that they had helped to build. And I just wanna read you a short passage from solidarity's economic program, which was passed democratically in 1981.

They said the socialized enterprise should be the basic organizational unit in the economy, it should be controlled by the workers' councils, representing the collective, and should be operated- cooperatively run by a director appointed through competition recalled by the council worker's cooperatives. So the idea was to get the party out of control of the economy, to decentralize it and have the people who were doing the work actually control their workplaces. And they believed that they could make them more sustainable.

Now, did they get the chance to try that, to act on that vision of workers—worker cooperative economy, as the center piece of the economy, to have democratic elections but still have socialism? Did they get that chance when they voted for solidarity? No they didn't. What they got was an inherited debt, and they were told that the only way they would get any relief from that debt and any aid is if they followed a very radical shock therapy program. Now I would be remiss if I didn't point out that the person who prescribed that shock therapy program was Jeffrey Sachs. And I, no I say that because I really had hoped that we could debate these different worlds, because there are differences, there are real differences, that we must not smooth over.

Now in 2006, forty percent of young workers in Poland were unemployed, forty percent last year. That's twice the EU average, and Poland is often held up as a great success story of transition. In 1989 fifteen percent of Poland's population was living below the poverty line, in 2003 fifty nine percent of Poles had fallen below the line. That's that opening of that gap, that's what these economic policies do. And then we can say we're very, very worried about the people at the bottom, let's bring them up, but let's be clear about what we're talking about. These jarring levels of inequality and economic exclusion are now feeding a resurgence of chauvinism, racism, anti-Semitism, misogyny, rampant homophobia, in Poland. And I think we can see, actually, that it's inevitable that this would be the case, because they tried communism, they tried capitalism, they tried democratic socialism but they got shock therapy instead. After you've tried, tried all that, there really isn't a whole lot left but fascism. It's dangerous to suppress democratic alternatives when people invest their dreams in them, it's risky business.

Another one of these powerful dreams was Tiananmen Square. And it's sort of- a very sad fluke of history, that on the same day that solidarity won those historic elections, and that dream was betrayed, what they voted for was betrayed, tanks rolled in Tiananmen Square, and that was the day of the massacre, June 4, 1989. It was another bloody end to a moment of effervescent possibility. Now, the way those protests were always reported on, in the west was that students in Beijing just wanted to live like in the United States, and they put a goddess to democracy that looked a lot like the Statue of Liberty, so it was reported on CNN as just kind of

pro-American style democracy protests. But in recent years an alternative analysis of those events has emerged. And what were starting to hear, from what's being called China's New Left, and people like Wang Hui, who is a wonderful academic, and is, is that this was a vast oversimplification of what was driving the pro-democracy movement in 1989 in China. What was driving it was that the government of Dang Xiao Ping was radically restructuring the economy along the lines that been prescribed by Milton Freedmen, economic shock therapy. And people were seeing their quality of life devalued, workers were losing their rights, and they were taking to the streets and demanding democratic control over the economic transition. So democracy wasn't an abstract idea, it wasn't just "We wanna vote," it was "We want to control this transition, we want to have a say in it." It was a direct challenge to the Fujiyama formulation, which by the way was made that same year, the idea that these two, that you would have these two streams and that they wouldn't intersect.

I just wanna read one other thing, which is another one of these paths not taken, cause we know how that one ended in Tiananmen Square, that dream was crushed. Another, another historic moment of possibility when we look back on our recent history was 1994, when the ANC government won landslide elections in South Africa. That was a victory for people power, that was one of the, one of the most hopeful days that I can remember. I think we should remember what South Africans thought they were voting for in those historic elections. You know it was just portrayed as something very simple, it was an end to apartheid. But what did an end to apartheid mean to South Africans? And we can get an answer from that, actually from Nelson Mandela, who wrote a little note two weeks before he left, he was released from prison. And he wrote this note because there was a growing concern that he'd been in prison so long that he had forgotten the promise of liberation, which was not just to have elections, but to change the economy on the country and redistribute the wealth. And Mandela was under so much pressure that he had to release this very short statement just to clarify this point, and what he said was "The nationalization of the mines, banks, and monopoly industry is the policy of the ANC. And the change or modification of our views in this regard is inconceivable. In our situation, state controls certain sectors of the economy in unavoidable." And this was a reiteration of South Africa's freedom charter, which is the platform of the ANC, which calls for the national wealth of South Africa, the heritage of the country, to be restored for the people, the mineral wealth, and so on.

Now I say this because, this was one of those worlds that wasn't chosen, one of those paths that wasn't chosen. And I've spent the past four years pulling these stolen and betrayed alternatives out of the dustbin of our recent history because I think it matters. I think it matters that we had ideas all-all along, that there were always alternatives to the free market. And we need to retell our own history, and understand that history, and we have to have all the shocks, and all the losses, the losses of lives, in that story. Because history didn't end, there were alternatives. They were chosen, and then they were stolen. They were stolen by military coups, they were stolen by massacres, they were stolen by trickery, by deception, they were stolen by terror. We who say we believe in this other world need to know that we are not losers. We did not lose the battle of ideas, we were not outsmarted, and we were not out-argued. We lost because we were crushed, sometimes we were crushed by army tanks, and sometimes we

were crushed by think-tanks, and by think-tanks I mean the people who are paid to think by the makers of tanks.

Now, most effective=most effective we have seen is when the army tanks and the think-tanks team up. The quest to impose a single world market has casualties now in the millions, from Chile then, to Iraq today. These blueprints for another world were crushed and disappeared because they are popular, and because when tried, they work. They're popular because they have the power to give millions of people lives of dignity, with the basics guaranteed. They are dangerous because they put real limits on the rich, who respond accordingly. Understanding this history, understanding that we never lost the battle of ideas, that we only lost a series of dirty wars, is key to building the confidence that we lack, to igniting the passionate intensity that we need.

FRED BLOCK: Thank you Naomi and thank you Jo that you've given us a great deal of food for thought. I thought before throwing it open I would just make one more feeble effort to see if we can't, we can't get Jeff Sachs to participate, but at least to see if we could try to talk about how to weave together these different strands. I mean if we take Jeff's as a kind of philanthropic demonstration model vision of how change is going to happen, Naomi's world social forum activism grass roots mobilization and that that at least implicit in what Jomo was talking about was the reform of the global institutions, the reform of governance within states. And I'd like you both to talk about how you could see these different currents articulating, in other words, tell us—tell us a happy story about how, how, when we come back in another ten years we would not again be telling stories of crushed dreams and military suppression of the people, so. Jomo first, you can...

JOMO K S: That's a very tall order for a civil servant. I do think that, that there is a great deal which is going on in the world today which exposes reality to the most ordinary of people, people who may not have had the benefit of much exposure analytically. Let's consider for example what's happening right now with what may well become a financial meltdown. Interest rates are going up, the European common- Central Bank is pumping in money, the Japanese Central Bank is doing in the same thing, and it's all to prop up financial markets, particularly the stock markets. We- I cannot imagine how people who are neglected, people who-who Naomi mentioned the case of Katrina and how people, many people were short changed in terms of promises and so on so forth, how people can just watch this happening and not recognize that the bail outs which actually take place, the subsidies which actually take place, the protection, which actually takes place, is a protection of the powerful rather than the needy. And so, one would like to think that this recognition of these stark realities would inspire much more critical thinking, and that critical thinking might well lead to much more critical action. But there are- it's very difficult—Naomi's absolutely right that the world situation has changed. I would suggest maybe, being a little older, that you know, that we haven't really recovered from the reversals of the 1980s. And-and-and-and there's so much to be learned, and I think-I think the—there are no easy possibilities. I mean we-we- many people might get a little- a kick out of Chaves, you know, suggesting that the devil has been, has just been here, and so on and so forth, but you know, that does not amount to an alternative strategy. And I think we really need to begin to think very very seriously about how different segments of the world's population who do not

have strong vested interest in the existing situation, may well be moved to work towards an alternative. But that's—that's a very difficult task, and having spent much of my time thinking about these things before I joined the UN two and a half years ago, I must admit that maybe perhaps living out in the periphery as some would have it, I cannot offer any easy answers, sorry.

NAOMI KLEIN: I'm gonna offer some really easy answers, no I'm just kidding. I think there are many reasons for hope, and, and one—the reason why I've been stressing the idea that these policies were not chosen but that were, but that they were imposed, in moments of very rapid change or in moments of severe trauma, after military coups, when change is happening so quickly, that people can't even- can't keep track. There's a great quote in my book from a Polish human rights activist who said, "We're living in dog years now," it terms of the sped of change, that it, it's, it goes into hyper-drive, and we sort of lose the ability to think. And so, so the reason why I stressed this-this-this-this-this element of shock and shock exploitation, is that shock wears off. It is by definition a temporary state. If we're put into shock, whether by September 11th, whether by hurricane Katrina, and we lose the ability to defend our interests, which happened in this country very recently, and those are just two examples. It- People eventually do regain their footing. What a state of shock is, is when we don't have the information that we need to process events, and I think that-that not to sound conspiratorial, but I think that-that that savvy political leaders in this country and around the world understand that. And I have seen this in my reporting. I saw it in Iraq where people talked very very openly after the invasion, I'm talking about the people in the green zone, talking very very openly about needing to act quickly before people-before people get out of their state of shock and awe to pass through the economic policies. I heard the same thing after Sri Lanka after the tsunami, I heard that from World Bank bureaucrats, I heard that from USA people, I heard that from the government, that this is an opportunity for us to do what we couldn't do otherwise.

So, the point, the point of this, is that that, is that that window does close, that people do get reoriented. And when they do, I think they're almost shock-resistant. And-and-and that's-and I think that the places where people are most shock resistant are the places where they really have metabolized their history, they've told themselves a collective story about what happened to them that has- that has made them more resilient. And I learned this when I was living in Argentina after the economic crisis, because there was a country that had been through such horrifying terror in the seventies with the disappearance of thirty thousand people, and that experience was- went through this mass metabolizing process using our history and-and —and people told themselves a new story. So when their economy collapsed, and their government immediately declared a state of siege and said "Everybody stay inside," you know "We're all in trouble just do what we say," and people saw it as a precursor to a military coup, they fled into the streets, banged pots and pans, overthrew the government, then overthrew another government, then overthrew another government, but there was this feeling of we're not gonna let this happen again, we know how it works, and we're not gonna let it happen again. And I think that we- that this is the case in—I think our world is coming out of shock. So what's happening in Latin America, I see actually as, not because Latin America is especially radical or especially leftist which may of may not be true, but that it was the laboratory for the Chicago School counterrevolution, it started there. And people have had more time to metabolize that

experience, to come up with counter-narratives and-and-and-and to resist. And so, I'm not talking about Chaves calling Bush the devil, but I am talking about Correa and Evo Morales having constituent assemblies trying to change the neo-liberal laws. You know when Morales was elected he said "I'm a prisoner in the presidential palace. I'm locked in by all of these neo-liberal laws." He was basically saying he had hollow power, but then he's been moving, I think very systematically, to take those padlocks off, so that Bolivia can have real democracy. It is flawed, but I think there is reason for hope. And it has to do for me, this idea of people knowing their history, knowing how it works, and just being prepared.

FRED BLOCK: Okay that's good. So, I think we have time for a couple of questions from the audience. We have a microphone.....

AUDIENCE MEMBER: This is a little awkward- I was looking for the- okay. Well first of all I want to thank you both very much for excellent presentations, and I guess Jeffrey Sachs also was quite revealing. I actually happen to meet him in 1990 when he was a shock therapist. He's changed a great deal over the years but as you both suggested, it's very difficult to undo damage. Jomo I have a question for you, and it's motivated by what you said about the political and ideological abuses of research that's, that's going on at least within the Bretton Woods institutions and the World Bank in particular. But in recent years- well, the UN system is you know is very large and multi-organizational, and there have been some alternative lines of inquiry and thinking and, alternative perspectives that have come out of different institutions. Could you say something about some of the ideas that have come out of, for example UNCTAD, or the Human Development Report of UNDP, or some of the research from UNRIS on social development, and the kind of influence that it might have within the broad UN system and maybe the extent to which it's possibly challenging the so-called, you know, Washington Consensus and such. And related to that, the UN reform that is ongoing. Will the UN- Is the- Do you regard the UN reform as a kind of opportunity to diffuse some of these alternative lines of thinking, to sort of democratize the institution and so on? Or do you see it more pessimistically as a way of reinforcing the neo-liberal policy agenda? Thanks, that's the question.

JOMO K S: Thank you very much for two very interesting questions. I think that in the interest of time let me give you a very very brief answer, and if you want a, we can talk about it. The UN is a, the UN system, as opposed to the secretariat where I work, is actually very very diverse. And much of the UN system is- many of the activities are often- you know- follow the principle of the golden rule: Who has the gold, makes the rules. And you have the- you have a research often being determined by,-by-by the donors, the financiers of that research, and so on and so forth. And, we have seen the situation over the years, over the decades more accurately, where many of the key- much of the key research in the United- in the United Nations system, has been, has been squeezed. Just to give you a sense, at least eight Nobel laureates in economics worked for the United Nations at one point or other. Only one worked for the World Bank, and he was fired by the World Bank, Joe Stiglitz. So, you know, it gives you a sense, you know, the UN was very significant in the past. The man who started the World Economics Survey for instance was Mikel Caletzski (sp), who in the way- Joan Robinson would suggest that he anticipated the work of Keynes, but you know.-you know-um-you know- So in many ways the work was very significant, but it has been downsized especially since the 1980s. There

are pockets such as UNRIS for example, which do excellent research, and-and-but the impact of this research is very much limited by two things. One is the- a-the- by the market.-the market for-the market for academic knowledge is hardly-uh-uh-uh-one of approximating, what economists imagine to be perfect competition. And-and-and this, as many of you know, the average read- the average number of readers per journal article is slightly over three, okay? And I'm not sure if that includes the two assigned readers. So, you know, this basically means that much of what is researched doesn't see the light of day. And, the reason I cited the what happened- what has happened with the World Bank's research. The World Bank has, for example, given a great deal of emphasis to the work of David Dollar, which claimed that globalization was, you know, was great for growth and great for reducing poverty, and so on and so forth. Now the critical review that I mentioned, led by Deaton, suggests that this was basically- bogus claims. They did not stand up to rigorous scrutiny. And mind you, Angus Deaton is no radical, you know, and none of the team were particularly radical, but they came to this, this conclusion. But nonetheless, if you ask people what the line is, in terms of World Bank policy advice, on the ground, it remains the continued promotion of trade liberalization, okay? And so on and so forth. So I think there's a big gap between, you know, research findings, and-and the, and the actual influence on policies on the ground. And ultimately, for example, we have seen, due to pressures from the- from civil society, the World Bank has abandoned what are called structural adjustment programs. They are now what are called poverty reduction strategy papers. And these are ostensibly drafted by the countries themselves. In many cases they are drafted by the World Bank official resident in that country, and-and-and, but approved by the cabinet, and-and so you find policy papers which have got nothing to do with seriously reducing poverty. They are, as somebody suggested, they are the old structural adjustment programs in drag, and-and they are not about to seriously address some of the problems. So we have these types of problems, and I'm afraid that-that-that-that-that what is highlighted is very much a function of the nature of those- of the readership-the markets of the readership on the one hand, and also by the media. And we have a particular problem in this country because the people who spend- who-who-who report on the United Nations, are mainly interested in what goes on in the Security Council, they're not interested in anything else. So it is very rare that you find that any of our research gets- sees the light of day. Then there's a question of resources. In 19- in 2005, my first year there, we produced a report called "The Inequality Predicament" which tried to show how the sources of inequality at a global level, as well as at national level. A couple of months later the World Bank came up with something called the WDR. And without checking my facts, I sort of said "Well, you know, we don't get much publicity, after all we only put in probably about ten percent of what the World Bank puts in to funding it's publication. Somebody later checked me and told me that I was completely wrong, that World Bank funding of that parallel publication was more than a hundred times as much. So you know, this kind of disparity in resources means that the ability to influence discourse is extremely limited. And there is also this view that any type of official- official type publication, from such organizations are of very limited value, they do not pass the standards of academic rigor, etc, etc. And often they do not- you know, they might be assigned at a graduate course as a supplementary text. I don't know- haven't discussed the whole question of UN reform, but- and I don't really have the time to do so, but I think it is, it will be very much the result of, of a number of tensions. The principle tensions are between north and south, between the G77 and the north, but there are

also very important tensions between the US and its allies, meaning basically the UK, the ANZAC Group, Australia, Canada, and so on and so forth, on the one hand, and Japan, and on the other hand Europe, the rest of Europe, continental Europe. And what will come out of those kinds of conflicts and compromises remains to be seen. So, I think, it's not, it's not a done deal yet, so to speak, and I think we'll have to wait to see what transpires.

FRED BLOCK: Well I want to, I want to thank our two panelists for their excellent and inspirational talks, and I wanna thank the audience for sacrificing your lunch.