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DECONSTRUCTING THE PRIVATISATION SCAM An Australian perspective

It is a prevailing myth that a public benefit will inevitably emerge from private profit-seeking. It is foolish to expect this. Two recent examples underline this point: the failings in Australia's privatised energy grid and the exorbitant increases in fees in airport car parks.

The Federal government, feigning surprise, is now mounting an inquiry into the profit margins of the energy companies. There should be no surprise. Businesses always maximise their profit margins; that is their basic operational discipline. And when they are offered a monopoly, or a place in an oligopoly, profiteering can be pursued aggressively. It is essentially an invitation to be a parasite.

To understand the scam, let us look at how money is created. In broad outline, there are three kinds of capital: private profit-making capital; government funding; and non-profit capital, such as the capital formed in co-operatives.

For several decades the lie has been broadcast that the only capital worth having is private capital — this is what I call the 'privatisation myth'. Everything else has been labelled as discredited 'socialism'. The fact that the financial system in the 19th century was in part created by non-profit enterprises (which is why words like 'mutual' and 'provident' proliferate in the names of older financial institutions) is ignored. This writer can remember the absurd argument that the New Zealand dairy cooperative, Fonterra, should be privatised 'because cooperatives do not have sufficient access to the capital markets'. Yet

Fonterra is, with Nestlé, the biggest and most successful dairy company in the world. Meanwhile, the 'privatised' Australian dairy industry is a collapsing mess.

There are several false claims in the argument in favour of private business. One is the claim that private business is efficient whereas government is not. It is true that government is often not especially efficient, but that does not mean the converse applies. Business is often spectacularly wasteful to the extent that most companies would go out of business within a decade if they were subject to genuine competitive forces. That, indeed, is why purchasing public assets is so attractive: competition is either weak or non-existent.

Another fallacy is what might be called 'profit circularity': because profits are the only thing measured, they are thought to be the only things that exist.

The purpose of government-funded public infrastructure is not to make profits but to lower the cost of doing business, sometimes called the socialisation of the means of production. Countries that are able to fund public education, roads, energy grids, water and sewerage and communications will outperform those that do not, because businesses operating in such an environment will have lower costs. When these benefits are absent, the effects on business are severe. Since the progressive privatisation of Australia's electricity grid, the Australian Industry Group has drawn attention to the damaging impact of soaring power prices on business.

The privatisation fiction is evident when we compare the health sectors of the United States, Britain and Australia. In USA, health spending is 17.8% of Gross Domestic Product (GDP). In Britain and Australia it is about half that, 9% of GDP. Yet the standards of health care in the three countries are roughly comparable. How can this be, if America 'spends' twice as much?

The reason is that health costs are mostly socialised in Britain, which has a public health system. It is the same in Australia, which has a mostly public health system. But in USA, where the health system is largely private,

massive profits are generated. This shows up in the GDP statistics as 'spending'. What is really going on is more profiteering.

It is to be hoped that the privatisation myth, which has dominated over the last 30 years, will increasingly be exposed for the scam it is. There may even be a push to return important infrastructure to the public sector. If this were to happen, all, including all businesses, would enjoy the benefits, rather than only the privateers and their investors.

Source: David James, managing editor of businessadvantagepng.com in Eureka Street 27/6, 3 April 2017.

SUCCESSFUL INITIATIVE FROM SELF HELP AFRICA

Kenyan avocado farmers are celebrating the success of *TruTrade*, a project of Self Help Africa, as they have seen their incomes growing four-fold in just one year.

Avocados are normally sold in local markets for 2-3 US cents per fruit, a price which leaves the smallholder farmers unable to break out of a cycle of poverty. But using *TruTrade's* unique market identification and purchasing system, these farmers are now earning up to 11 cents per fruit.

'We've just shipped three containers of organic avocado to a buyer in the Netherlands', said James Weru, a franchised trader with *TruTrade*. 'Because of the trading finance provided by *TruTrade*, we're able to buy in quantities never possible before in this region and tap into the European market for the first time. The three containers are valued at just

over \$100,000. Each container holds about 23,000 kgs of fruit. By buying from 1,300 farmers, we hope to ship up to 10 containers in total to the Netherlands before the season ends in August.'

The typical avocado farmer owns an acre of land and farms an average of 15 avocado trees. The cash income from the fruit harvest pays for food, clothing and school fees throughout the year.

As well as benefitting the smallholder farmers, the operation is providing employment to 15 people in a packing facility just outside Nairobi, where the avocados are cleaned, graded and packed for shipping
Ref. www.selfhelpafrica.org

*Source: Africa Action Sheet, Africa-Europe Faith & Justice Network-UK, www.aefjn.org.uk
Sent by Carla v/ Thiel.*

SEEK INDIGENOUS CONSENT FOR ECONOMIC PROJECTS: POPE FRANCIS

Pope Francis was speaking to representatives of indigenous peoples, in Rome for a meeting of the International Fund for Agricultural Development. He asserted that economic development projects on lands that have historically belonged to indigenous peoples should be subject to the 'prior and informed consent' of those peoples. The right to development of lands must be balanced 'with

the protection of the particular characteristics of indigenous peoples and their territories'.

'This is especially clear when planning economic activities which may interfere with indigenous cultures and their ancestral relationship to the earth', he said. 'In this regard, the right to prior and informed consent should always prevail.'

Francis also cited Article 32 of the United Nations 2007 Declaration on the Rights of Indigenous Peoples. This article of the Declaration states that governments ‘shall provide effective mechanisms for just and fair redress for any such activities’.

The Pope made no direct reference to particular projects but clearly intended his words to apply to all relevant projects wherever they are. His views conflict with those of the USA Administration, determined to build a \$US3.8 billion oil pipeline in the face of opposition from Native Americans. The Cheyenne River and the Standing Rock

Sioux tribes have sued to stop construction on the final stretch of the Dakota Access pipeline, which would bring oil from North Dakota's rich Bakken fields across four states to a shipping point in Illinois. The tribes say that the pipeline threatens their drinking water and cultural sites and their ability to practise their religion, which depends on pure water. The last piece of the pipeline is to pass under a reservoir on the Missouri River, which marks the eastern border of both tribes' reservations. *Source: Pope Francis address, 15 February 2017. National Catholic Reporter (NCR) Online 16/2/17. Edited A Healey.*

‘BIG OIL’ v. SOUTH PORTLAND

In 2014, the residents of the small city of South Portland, Maine, won an incredible victory for people over profit: They defeated Exxon Mobil.

A subsidiary of Exxon had attempted to build a tar sands export terminal -- the last step in a pipeline to transport tar sands oil from Alberta, Canada, to the shores of Casco Bay on the southern coast of Maine, USA. But South Portland fought back, launching a grassroots campaign that resulted in the passage of the Clear Skies Ordinance, effectively stopping Exxon in its tracks.

The residents of South Portland did not want an ageing pipeline running through the drinking water of 20% of Maine's population; nor did they want toxic fumes from the terminal's smokestacks to pollute their air. Hundreds of hours of town hall meetings and campaigning by grassroots activists convinced the city council to pass the Clear Skies Ordinance, 6-1. Passing the Clear Skies Ordinance, which prohibits the loading of

crude oil in the South Portland harbour, was no small feat. In standing up to Exxon, the people of South Portland went up against Big Oil's unlimited funds and power.

Now ‘Big Oil’ is suing the city for interfering in oil industry business. The lawsuit is funded jointly by Exxon Mobil and huge corporate lobby groups, such as the USA Chamber of Commerce and the American Petroleum Institute. Their strategy is to spend the city into submission by running up massive legal bills.

South Portland, with only 25,000 residents, has already spent US\$1 million fighting the lawsuit. The Clear Skies Defence Fund has raised a further US\$135,000, but is going to need much more to see the case through and to defend South Portland's right to keep oil off its shores. This is a classic example of how big corporations bully local communities and overturn the will of the people.

Source: [Clear Skies Ordinance](#), ‘Protect South Portland’.

EXXON FORCED TO CONSIDER CLIMATE CHANGE

Exxon shareholders attending the Annual General Meeting (AGM) of Exxon Mobil in May this year voted overwhelmingly in favour of a policy forcing the oil giant to assess the

long-term impacts of climate change. The entire Executive Board of Exxon opposed the climate-friendly motion. But when it came time for a vote, 62% of shareholders voted

against the Board and took a stand for the climate instead.

Ahead of this big vote, over 3,500 members of the civil society movement, SumofUs, contacted more than 200 separate pension funds, calling on these big investors to vote in favour of the shareholder resolution. Dozens of fund managers responded directly, saying that they received more messages from clients than they could reply to.

This event suggests we may be on the brink of something huge -- the biggest polluters in the world are finally being forced to take responsibility for their mess. It is no longer a

world where corporate executives can sit back and count their profits while the world heats up. And this is all due to the incredibly hard and courageous work of those who have been building an activist shareholder movement for years, including faith-based investors, progressive pension funds, and other organisations and individuals. This achievement shows us how our collective work can make the future safer.

Source: SumofUs team. [Exxon Shareholders Approve Climate Resolution: 62% Vote for Disclosure](#), Inside Climate News, May 31, 2017. Edited A Healey.

ACTIONS AGAINST HUMAN TRAFFICKING IN AUSTRALIA

ACRATH (Australian Catholic Religious against Trafficking in Humans) is a significant organisation actively working against human trafficking in Australia/ over several years, ACRATH has welcomed the participation of a representative of The Grail. Here is some current news from a recent ACRATH Report.

On the brink of significant change

Our work is critical to the lives of many people; we believe we are on the brink of significant change:

- A partnership developed with St Vincent's Health Australia will change the way hospitals identify and treat trafficked people and 'slavery-proof' the goods and services they use. This will provide a critical bench-mark and a potential roll-out to other health care providers and the business sector.
- Significant gains are being made to stop the forced marriage of young people, predominantly girls and young women; the roll-out of our schools kit is key to this.
- Our advocacy programs are creating consumer change through the promotion

- and sale of slavery-free products such as chocolate, tea, coffee and clothes, particularly cotton-based clothing.
- We collaborate with and share information with other anti-trafficking organisations, e.g., in May 2017 we gave a presentation on forced marriage to Indonesian NGOs at the Australian Embassy in Jakarta.

Future funding

Federal Government funding is uncertain in the next financial year. While we, and several other organisations, have been invited to apply for funding as part of a competitive grants program, we have no guarantee of success. We need to secure funding now and so we have launched a fundraising appeal. We need at least AUSS\$250,000 a year to function at our current level. This figure would be three times this amount without the enormous contribution of faithful volunteers; we could not exist without them.

Source: ACRATH, www.acrath.org.au Sent by Anne Day. Edited A Healey.

Contributions to Bulletin and responses to its content welcomed.

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