

What's outside the IFF box? The potential danger of overlooking *licit* financial flows

Patrick Bond, Director, University of KwaZulu-Natal Centre for Civil Society and Professor of Political Economy, University of the Witwatersrand School of Governance



Foreign Direct Investment inflows but profit, dividend and natural capital *outflows*

IFFs in Southern Africa Research
Methodology Workshop
Harare, Zimbabwe – 3 August, 2015

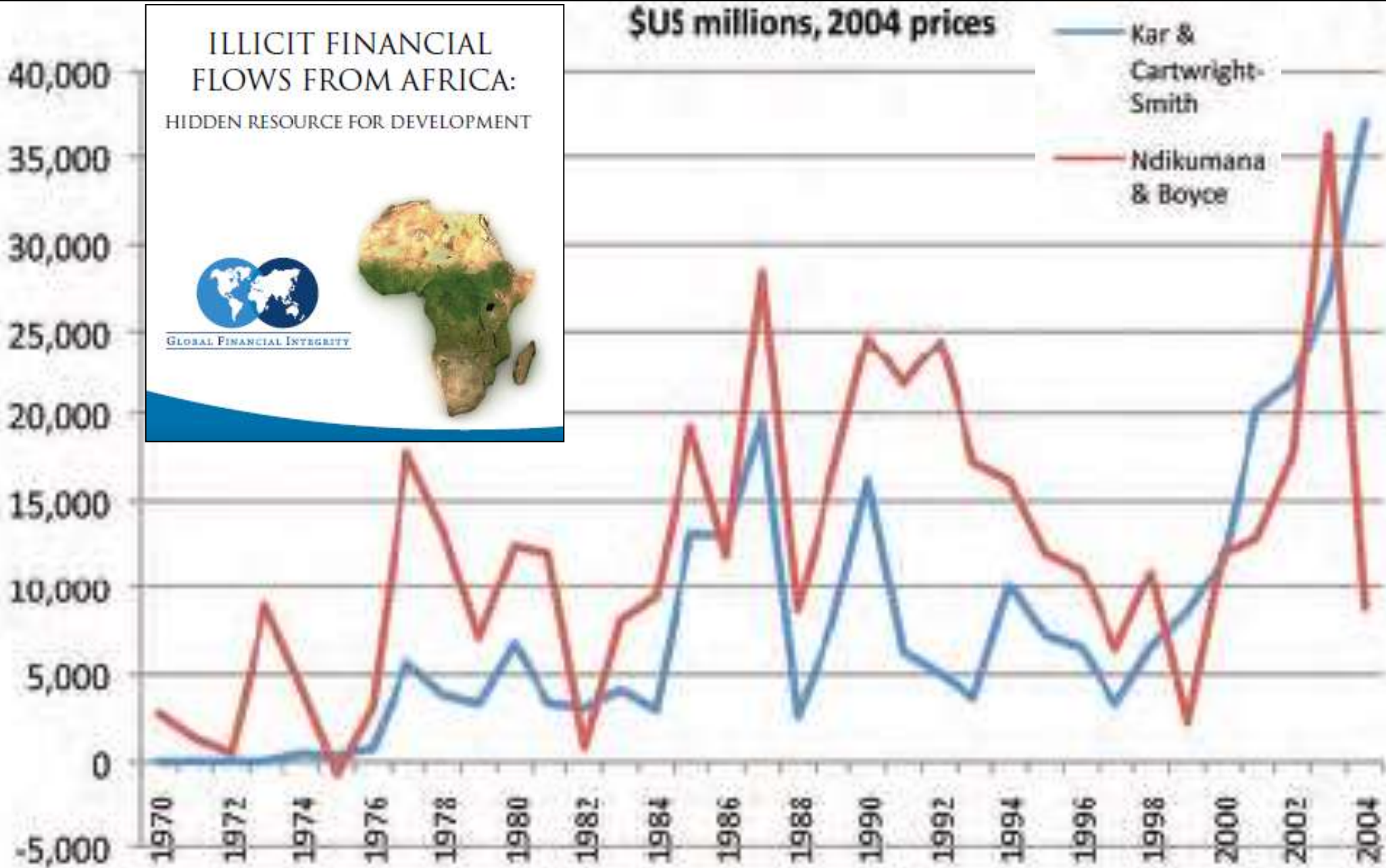


WITS SCHOOL OF
GOVERNANCE
UNIVERSITY OF THE WITWATERSRAND, JOHANNESBURG

 TRUSTAFRICA

 OSISA
Open Society Initiative
for Southern Africa

vast African illicit capital flight



Illicit Financial Flows due to trade, by sector

Top 10: Cumulative IFF from Africa by GTAP Sector, 2001-2010.

GTAP Sector	USD Billion
Metals nec (Copper & Gold and other non-ferrous metals)	84.00
Oil	69.59
Natural gas	33.99
Minerals nec (non metallic minerals eg. Cement, gravel, plaster etc)	33.08
Petroleum, coal products	19.98
Crops	17.06
Food products	16.86
Machinery and equipment nec	16.82
Wearing apparel	14.00
Ferrous metals (Iron & steel)	13.15
<i>Source: Simon Mevel, Siope Ofa & Stephen Karingi / RITD / UN-ECA</i>	Total
	318.54

trade mispricing by just one firm, 2004-12

Leverhulme Centre for the
Study of Value



A.N.C.I.R.
The African Network of
Centers for Investigative Reporting

LCSV WORKING PAPER SERIES NO. 4

Rough and polished

A case study of the diamond pricing and valuation system



Sarah Bracking and Khadija Sharife

Value of mispricing
attributable to De
Beers USD (mill)

US\$2.83 billion

<http://thestudyofvalue.org/2014/05/15/new-lcsv-working-paper-explores/>

2004	158.346
2005	207.03
2006	108.72
2007	1,382.52
2008	3.61
2009	527.60
2010	36.06
2011	133.16
2012	426.56

	Domestic Production					Imports			Exports			E-C Value of dom. Prod. USD (mill) [M]	D - G Vol of dom. Exports	Prod (adjusted for import) [M/I] [M]	Difference actual export price and KP listed price USD (mill) [H - A] [I]	Value of mispricing USD (mill) [I x J] [K]	Estimated De Beers % (per cent of exports by value) [F]	Value of mispricing attributable to De Beers USD (mill) [FK]
	KP: Volume cts (mill)	KP: Value USD (mill)	KP USD per carat [A]	Local beneficiation volume cts (mill)	Local beneficiation as % imports (by vol)	Volume cts (mill) [G]	Value USD (mill) [C]	USD per carat	Volume, cts (mill) [D]	Value USD (mill) [E]	USD/cts							
2004	14.09	1,075.76	76.34		0.93	608.64	655.59	14.82	1,835.69	123.84	1227.05	13.89	88.34	12.00	166.68	95	158.346	
2005	15.56	1,319.09	84.78		1.10	728.56	664.75	20.39	2,148.29	105.37	1419.73	19.29	73.60	-11.18	-215.66	96	207.03	
2006	14.93	1,361.82	91.18		0.74	672.18	905.99	15.78	1,930.28	122.32	1258.1	15.04	83.65	-7.53	-113.25	96	108.72	
2007	15.21	1,417.33	93.18		1.24	2,113.89	1,705.67	13.89	1,867.33	134.44	-246.56	12.65	-19.49	-112.67	-1425.28	97	1,382.52	
2008	12.90	1,236.24	95.82		0.68	582.25	850.09	10.14	1,484.83	146.39	902.58	9.46	95.41	-0.41	-3.88	93	3.61	
2009	6.14	885.54	144.23		0.66	357.20	544.73	9.55	1,018.67	106.67	661.47	8.89	74.41	-69.82	-620.70	85	527.60	
2010	8.86	1,194.28	134.75	0.129	32.25	0.40	307.96	773.16	3.76	709.22	188.76	401.26	3.36	119.42	-15.33	-51.51	70	36.06
2011	*7.04	1,388.68	197.13	0.167	12.41	1.35	460.17	339.79	6.65	1,370.45	205.94	910.28	5.3	171.75	-25.38	-134.51	*99.	133.16
2012	7.08	1,027.13	145.13	0.150	1.31	11.47	1,082.13	94.31	8.01	1,355.53	169.13	273.4	-3.46	-79.02	-224.15	-775.56	55	426.56
Total																3,340.34		2,825.26

Civil society groups hail AU adoption of Mbeki report on illicit financial flows

February 1, 2015 Bassey Udo



What's outside the IFF box? The potential danger of overlooking *licit* financial flows

Foreign Direct Investment
inflows but profit,
dividend and natural
capital *outflows*

FDI is crashing!

EMBARGO
The contents of this press release and the related Report must not be quoted or summarized in the print, broadcast or electronic media before
24 June 2015, 17:00 GMT.
(1 p.m. New York; 7 p.m. Geneva;
10.30 p.m. Doha; 2 a.m. on 25 June, Tokyo)

WORLD INVESTMENT REPORT 2015

REFORMING INTERNATIONAL INVESTMENT GOVERNANCE

- reflecting the stagnant world economy, declining FDI
- commodity price crash
- foreseeable conditions for African FDI: miserable
- under these conditions, might Africa thrive?

Variable	2008	2009	2010	2011	2012	2013	2014
GDP	1.5	-2.0	4.1	2.9	2.4	2.5	2.6
Trade	3.0	-10.6	12.6	6.8	2.8	3.5	3.4
GFCF	3.0	-3.5	5.7	5.5	3.9	3.2	2.9
Employment	1.2	1.1	1.2	1.4	1.4	1.4	1.3
FDI	-20.4	-20.4	11.9	17.7	-10.3	4.6	-16.3

Memorandum

FDI value (in \$ trillions)	1.49	1.19	1.33	1.56	1.40	1.47	1.23
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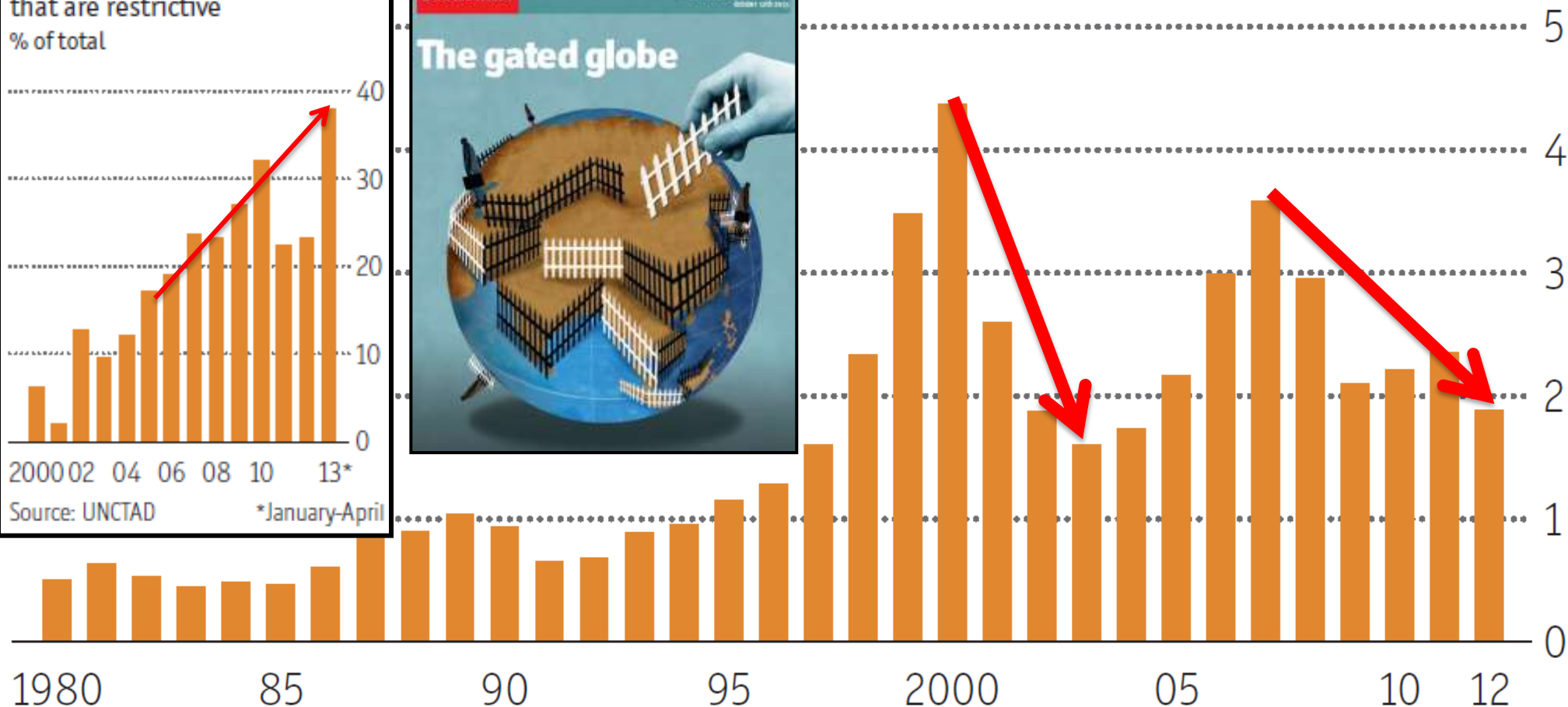
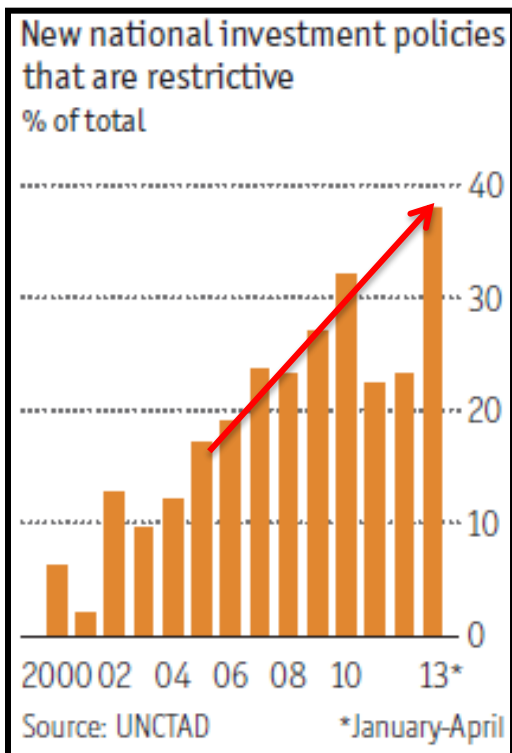
Source: UNCTAD, FDI/MNE database for FDI in 2008–2014; United Nations (2015) for GDP; IMF (2015) for GFCF and trade; ILO estimates for FDI in 2015–2016.

^a Projections.

Note: FDI excludes Caribbean offshore financial centres. GFCF = gross fixed capital formation.

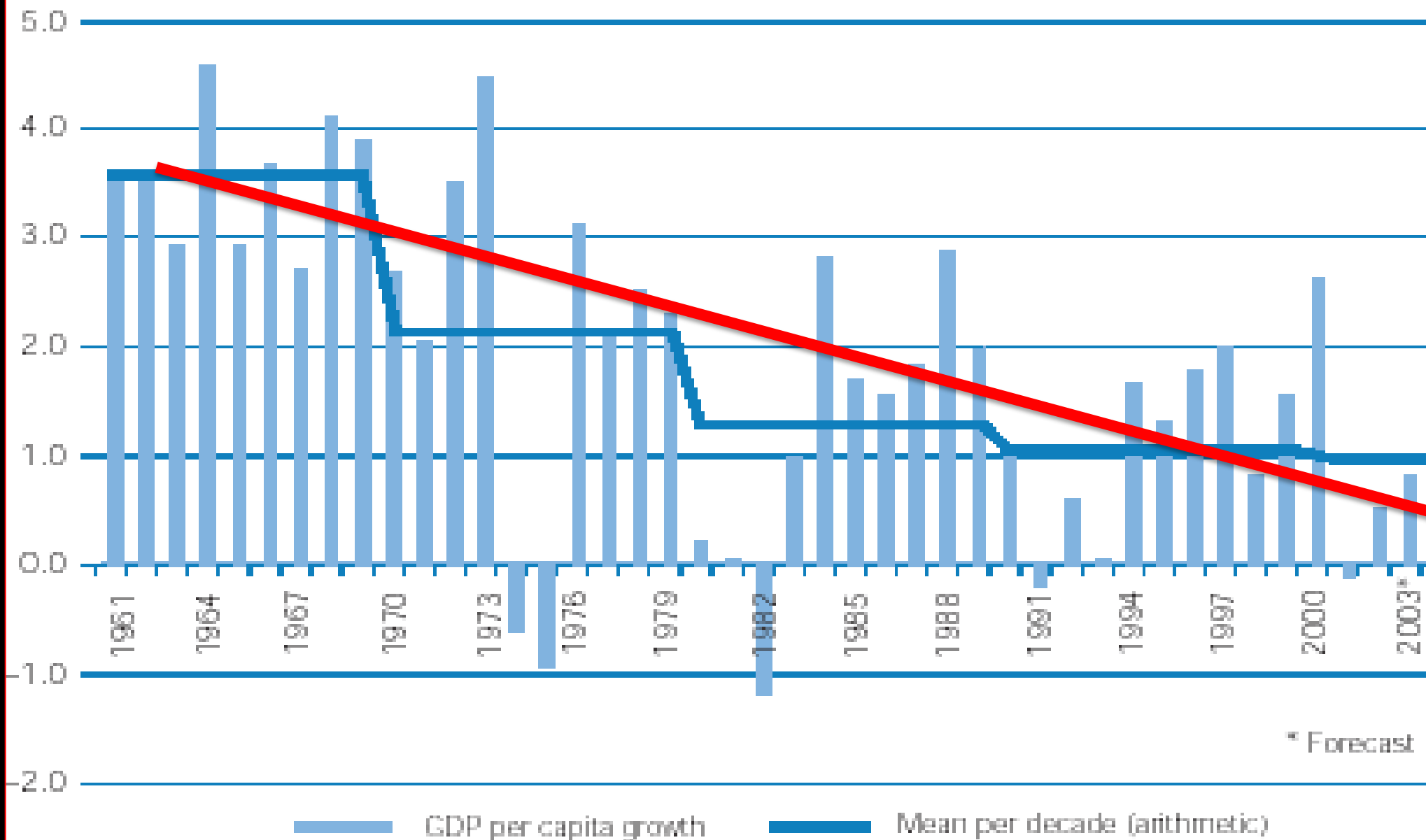
FDI is crashing: welcome to “Gated Globe” *as pressure rises for deglobalisation strategies*

World foreign direct investment flows as % of world GDP



Sources: UNCTAD; IMF; *The Economist*

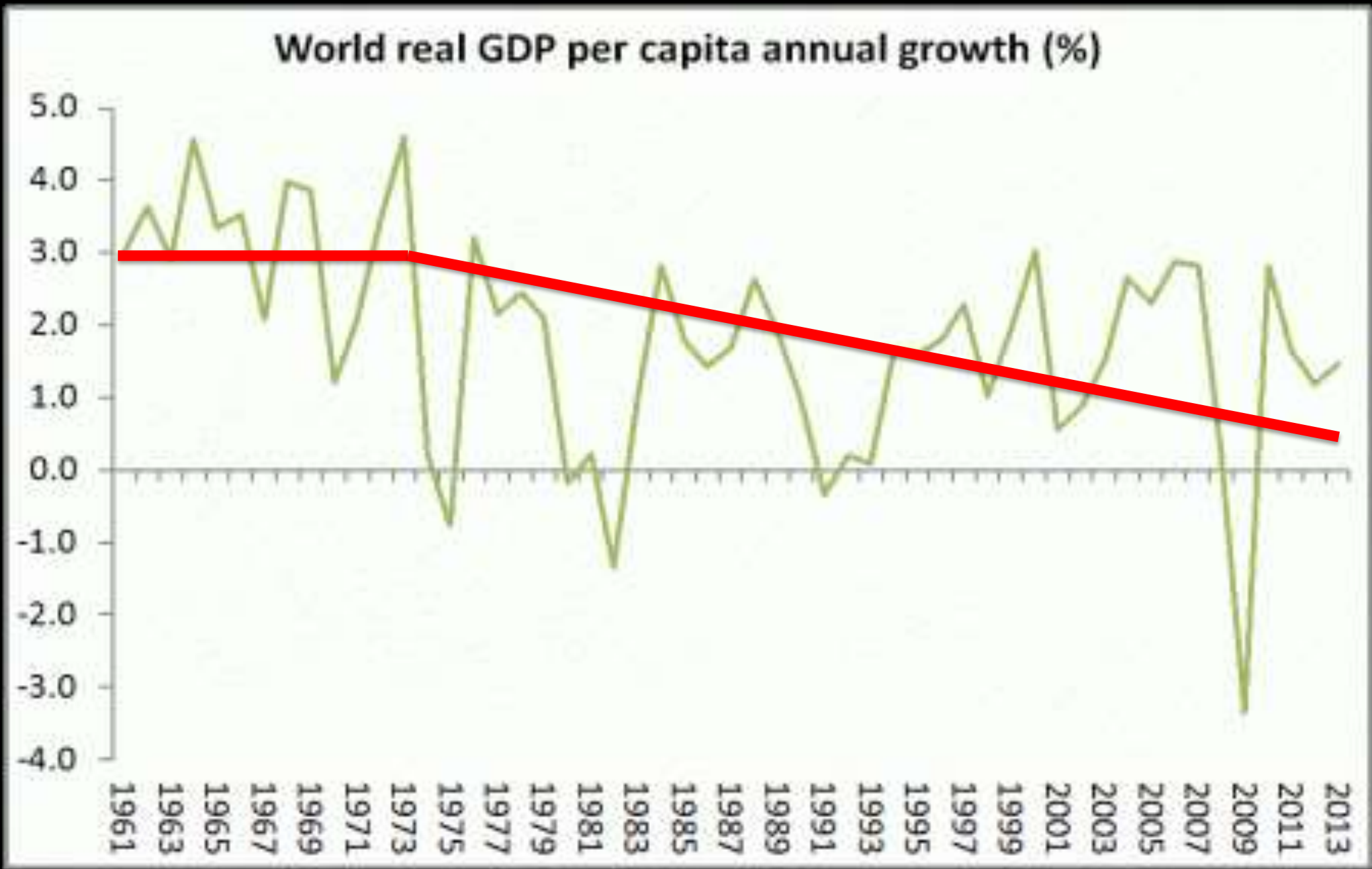
World GDP per capita growth, 1961-2003 (annual change in per cent)



* Forecast

Sources: World Bank, *World Development Indicators 2003* (online version) and World Bank, *Global Economic Prospects 2004*.

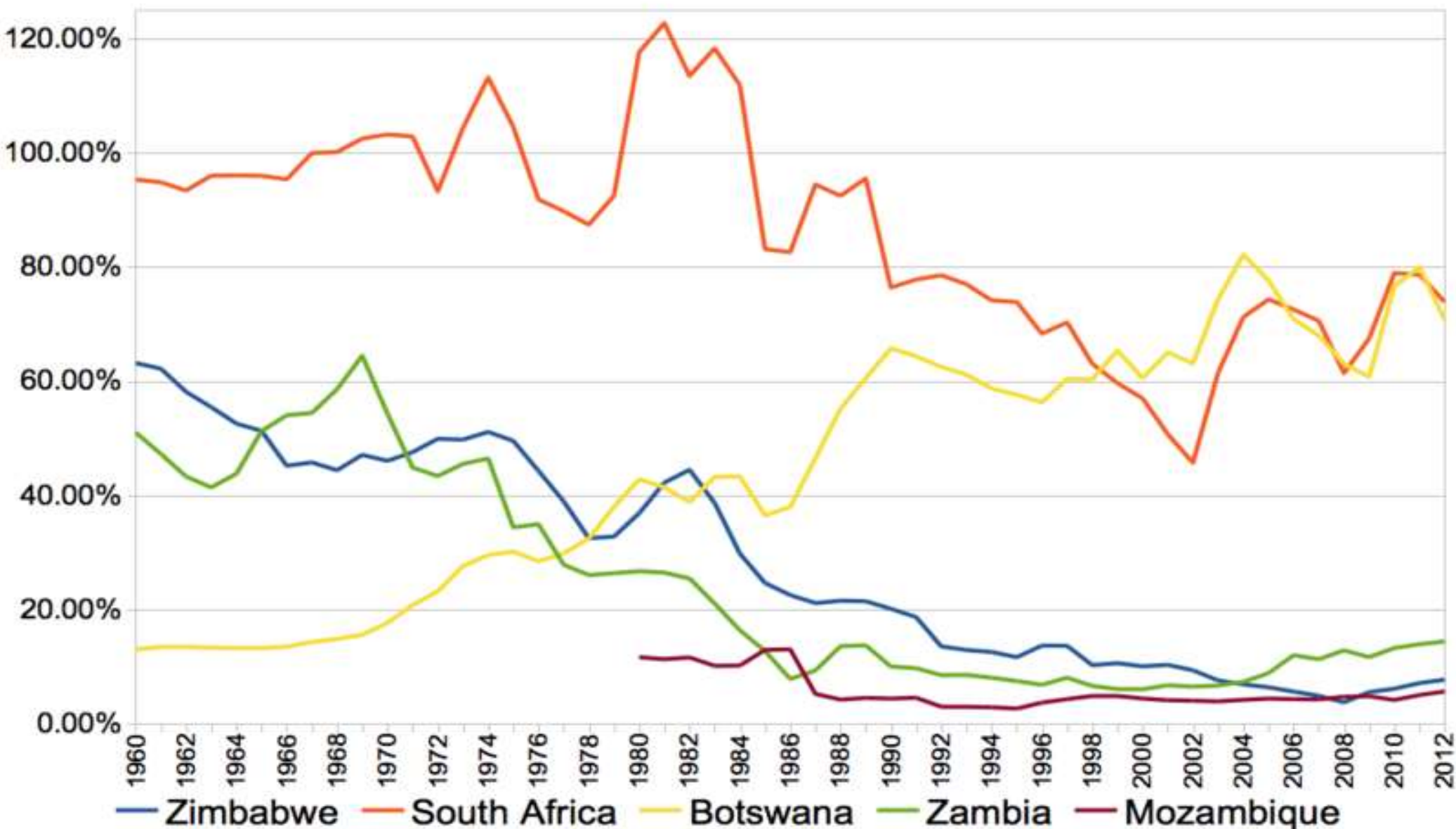
- stagnant world economy since 1970s



- **Southern Africa (except Botswana) particularly hard hit**

GDP per capita (current), % of world average

World Bank



- after 2002-11 boom, crashing commodity prices

Inflation Adjusted Commodity Price Indexes

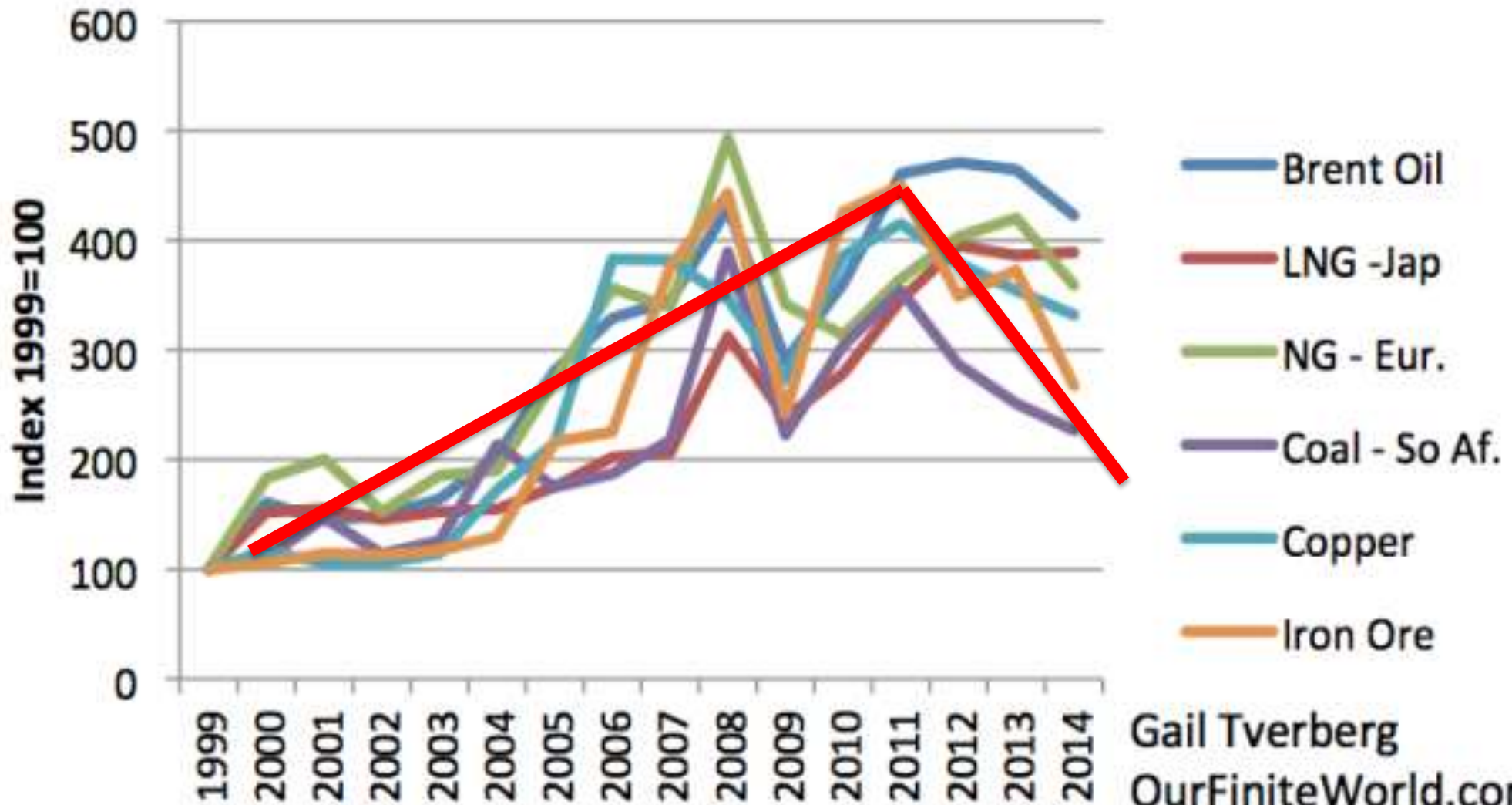
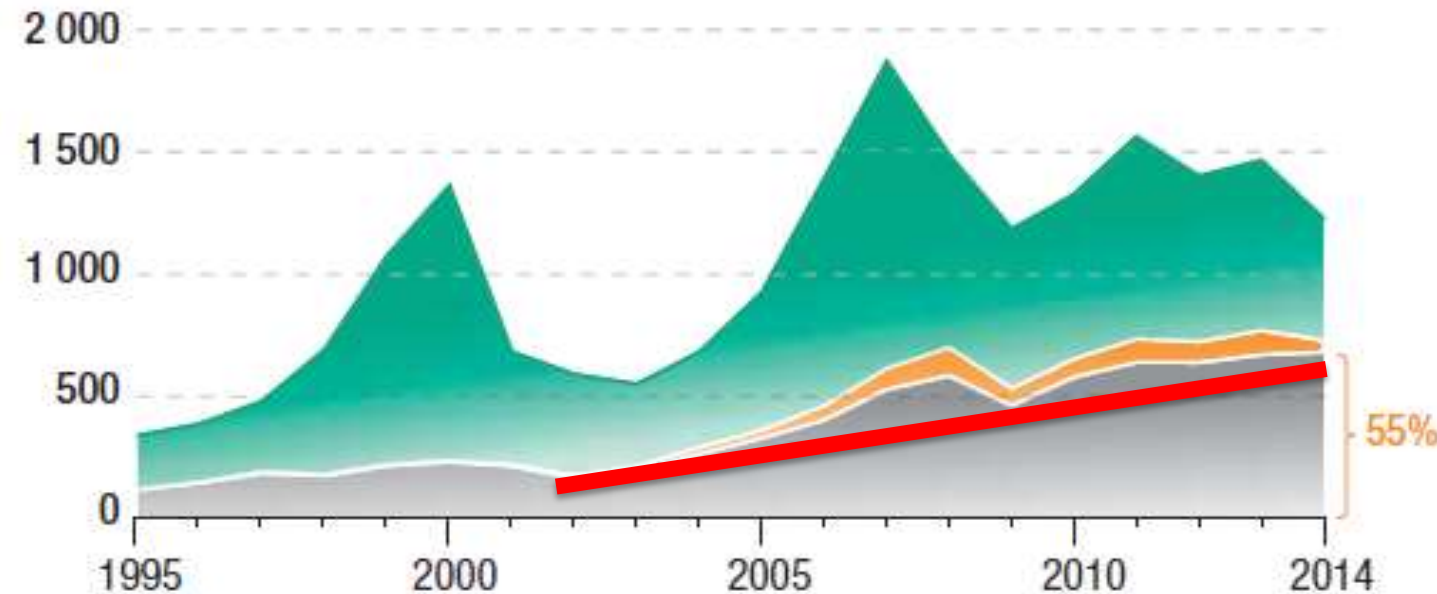


Figure I.1.

**FDI inflows, global and by
group of economies,
1995–2014** (Billions of dollars)

Developed economies Developing economies
Transition economies World total



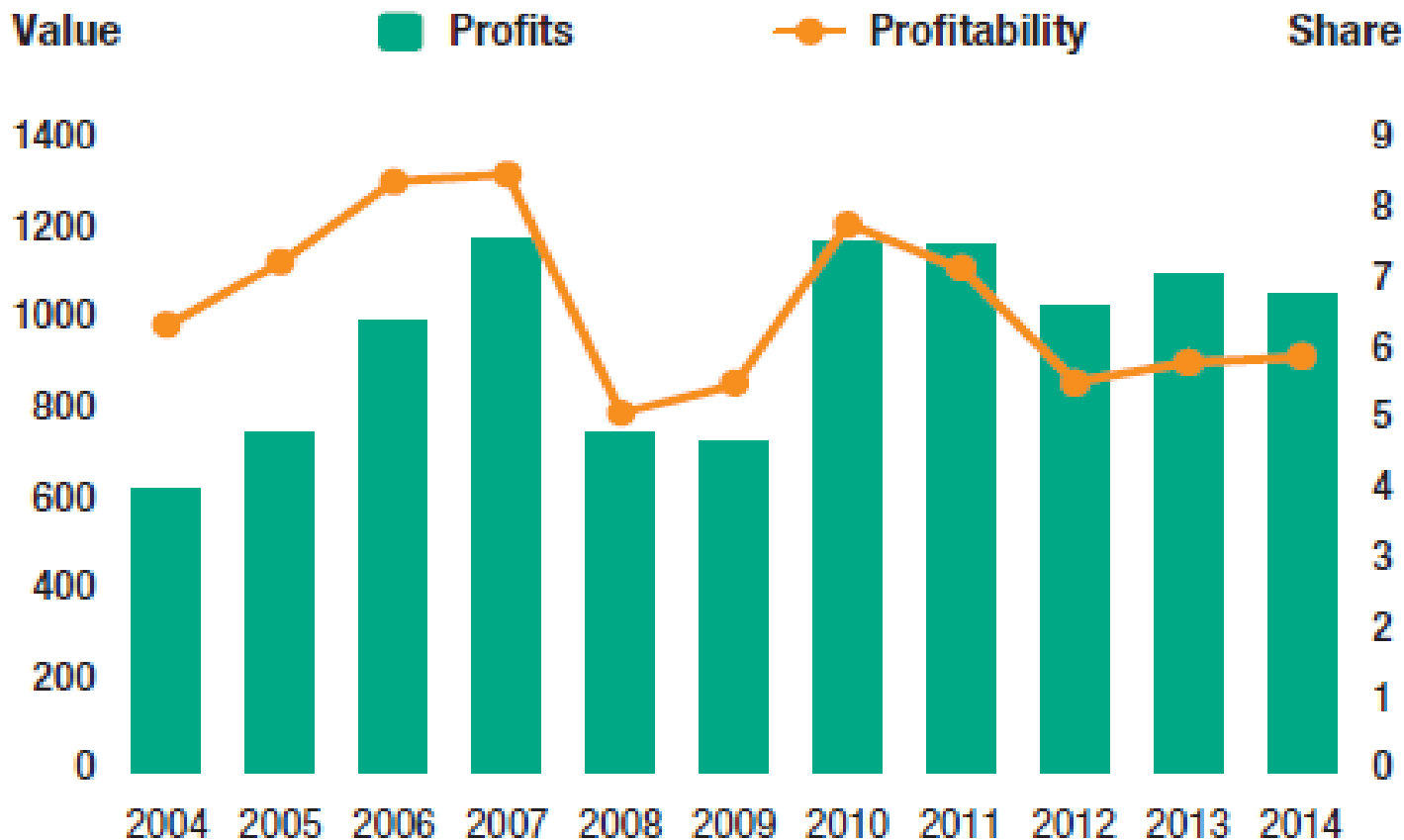
- a key reason for persistent poverty: **FDI** increased in middle-income and lower-income countries since 2000s

Source: UNCTAD, FDI/MNE database (www.unctad.org/fdistatistics).

Figure I.20.

Profitability and profit levels of MNEs, 2004–2014

(Billions of dollars and per cent)



- which in turn led to high levels of **licit** financial flows: **outflows of profits, dividends and interest**

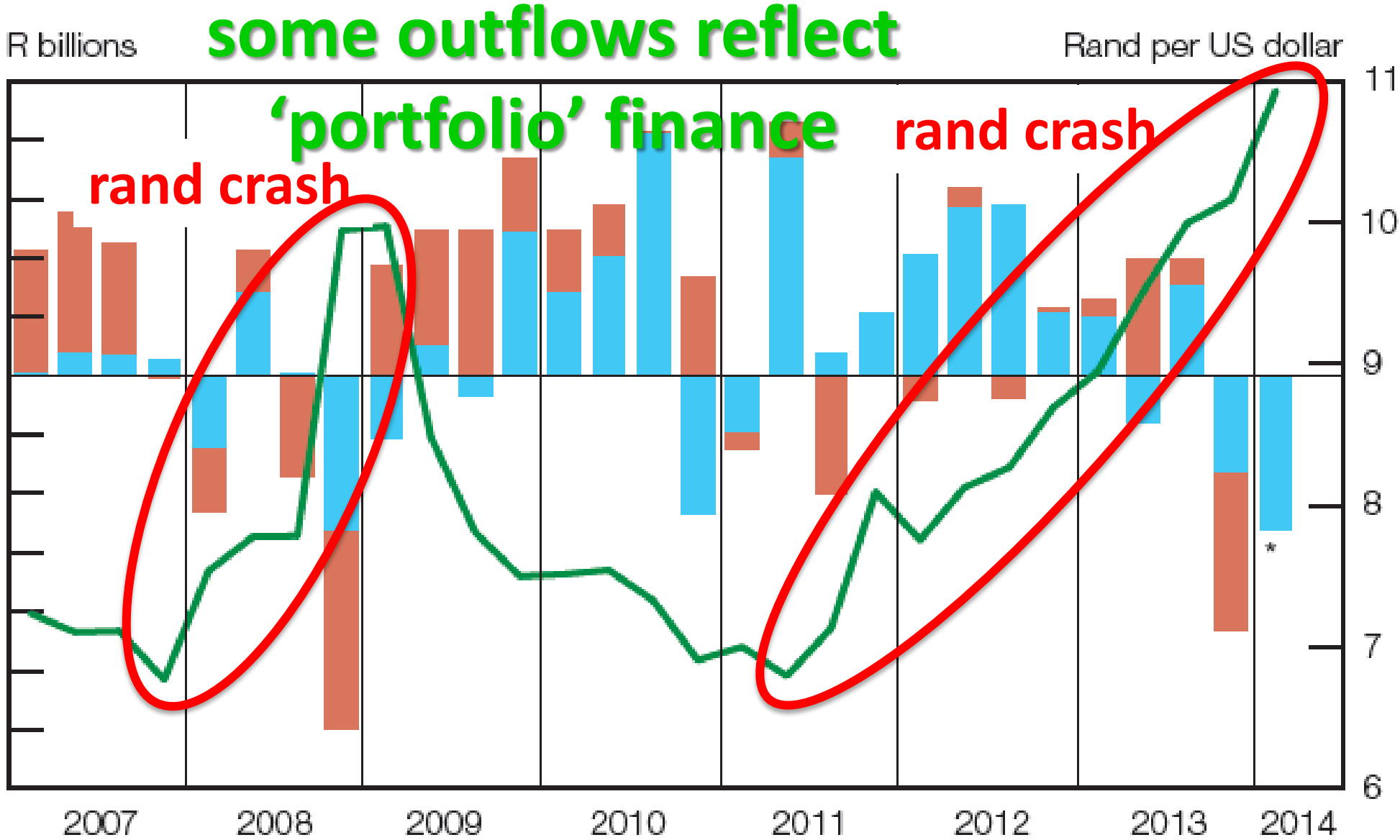
- one source of FDI and portfolio investment: PPPs

In Numbers: The cost of PPPs

BY FIFI PETERS, JULY 31 2015, *Financial Mail* (South Africa)

- **7%-8% is the effective interest rate charged on private finance deals**, which is double that of all government borrowings. This makes public private partnerships (PPPs) the most expensive method of financing, increasing the cost to the public purse, a Eurodad report states.
- **24% was the added mark-up on the cost of a PPP-funded road**, on average, in a European assessment, versus a traditionally procured road.
- **US\$67m/year is the cost of a PPP hospital in Lesotho, at least three times what the old hospital would have cost today, and it consumed more than half of the state health budget.**
- 15-35 years is the usual duration of a PPP contract.
- **55% of PPPs get renegotiated, on average every two years. An increase in tariffs occurred in 62% of all renegotiations.**
- \$134,2bn is the investment in PPPs in developing nations in 2012, up from \$22,7bn in 2004.
- **15%-20% of infrastructure is funded with private finance** . The lion's share is from the public sector.
- 2%-3% is the additional return on capital that investors expect for investing in projects in developing countries.
- \$322m was the average size of a PPP project in 2013, compared with \$182m in 2003.
- 61% of investments in PPPs over the past decade occurred in upper middle-income countries.
- *Source: European Network on Debt & Development*

Exchange rate and non-resident net transactions on the JSE



some outflows reflect

rand crash

'portfolio' finance

rand crash

non-resident speculators in the JSE

- Bonds
- Shares
- Exchange rate of the rand (right-hand scale)

Source: SARB Quarterly Bulletin 1/2014

Figure A.

FDI inflows, 2008–2014
(Billions of dollars)

North Africa East Africa West Africa Southern Africa Central Africa

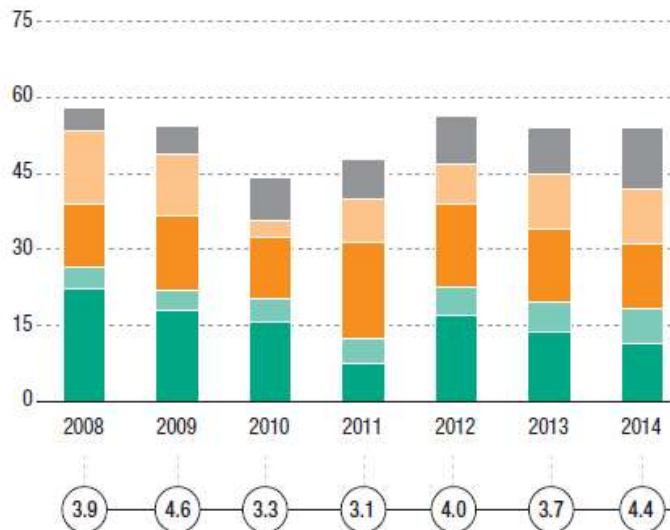


Figure B.

FDI outflows, 2008–2014
(Billions of dollars)

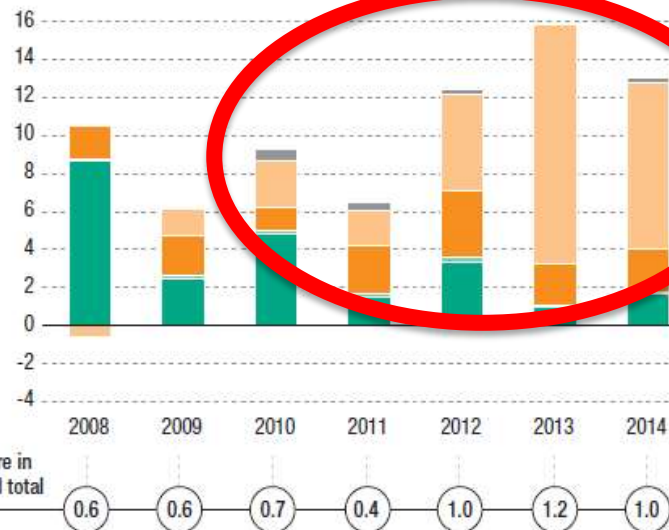


Table A.

Announced greenfield FDI projects by industry, 2013–2014 (Millions of dollars)

Sector/industry	Africa as destination		Africa as investors	
	2013	2014	2013	2014
Total	55 124	88 295	17 402	13 386
Primary	6 114	21 974	7	48
Mining, quarrying and petroleum	3 750	21 974	7	48
Manufacturing	14 722	8 013	8 013	3 848
Food, beverages and tobacco	1 437	2 099	535	1 214
Textiles, clothing and leather	1 744	2 091	126	23
Non-metallic mineral products	3 921	2 213	2 805	1 918
Motor vehicles and other transport equipment	1 642	1 585	98	15
Services	34 287	37 534	9 382	9 490
Electricity, gas and water	11 537	10 648	-	125
Construction	3 536	9 229	1 005	462
Transport, storage and communications	7 774	5 909	2 919	2 305
Business services	7 099	6 323	2 656	4 949

Table B.

Announced greenfield FDI projects by region/country, 2013–2014 (Millions of dollars)

Partner region/economy	Africa as destination		Africa as investors	
	2013	2014	2013	2014
World	55 124	88 295	17 402	13 386
Developed economies	28 010	63 024	2 742	1 112
European Union	16 939	46 957	1 575	939
France	2 070	18 931	297	127
United States	2 559	8 014	1 121	39
Developing economies	27 013	25 180	14 587	12 274
Africa	13 082	10 209	13 082	10 209
Nigeria	2 260	545	2 784	1 321
South Africa	5 379	4 789	343	176
Asia	13 735	14 886	1 421	1 769
China	289	6 132	454	92
India	5 311	1 122	83	107
Transition economies	101	90	74	-

- Southern Africa hardest hit by the outflows of FDI profits in recent years, and in 2014 mining FDI inflows resumed

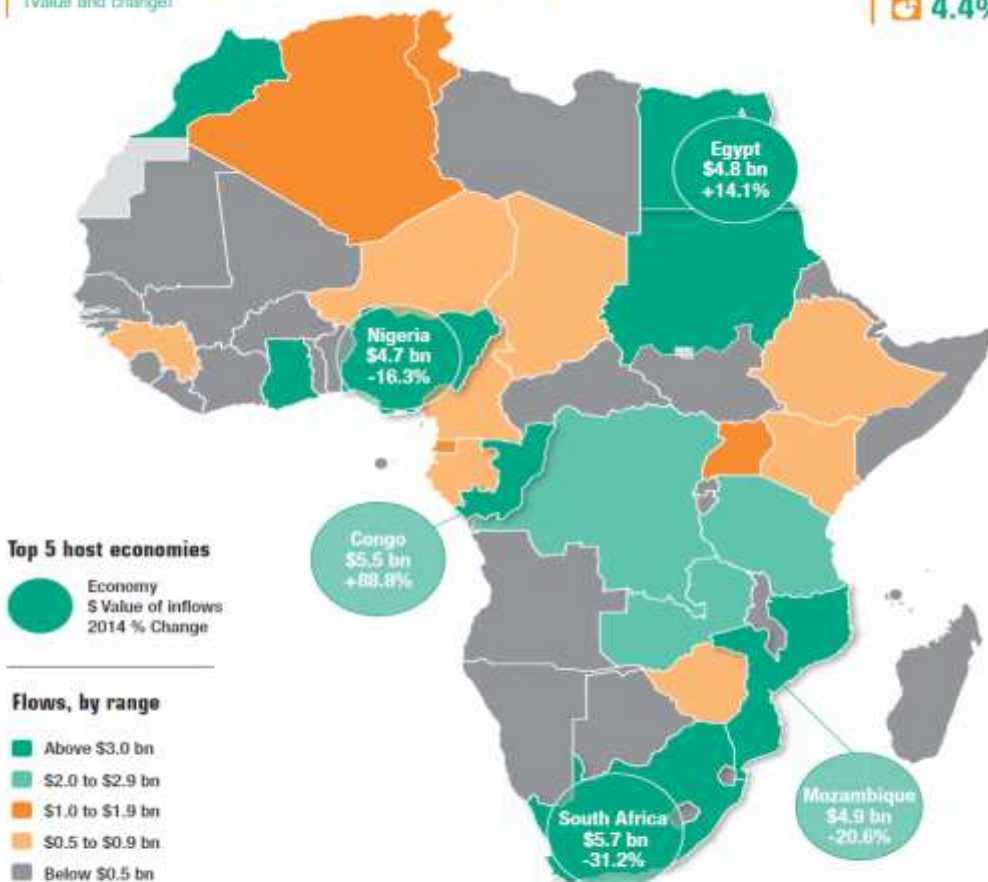
A. REGIONAL TRENDS

AFRICA

FDI inflows, top 5 host economies, 2014

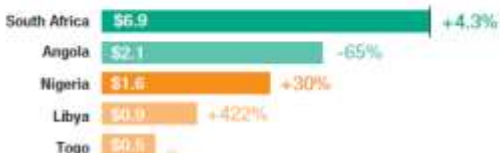
(Value and change)

2014 Inflows
\$ 54 bn
 2014 Decrease
-0.1%
 Share in world
4.4%



Outflows: top 5 home economies

(Billions of dollars, and 2014 growth)



Inward FDI stock by sector

(Percentage of the total inward FDI stock in Africa)

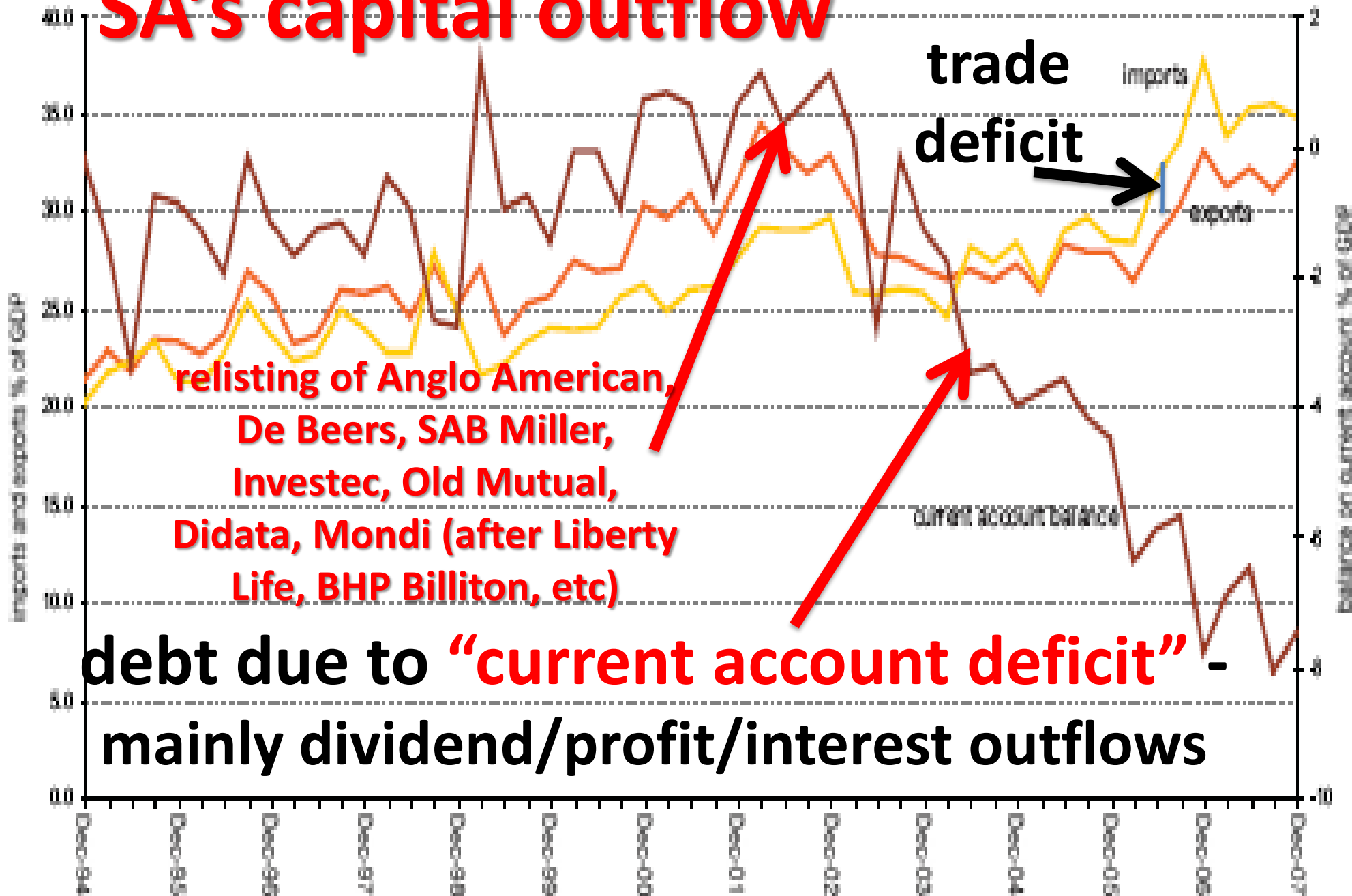
Primary
 Manufacturing
 Services
 Unspecified



Source: UNCTAD.
 Note: The boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by the United Nations. Final boundary between the Republic of Sudan and the Republic of South Sudan has not yet been determined. Final status of the Abyei area is not yet determined.

- South Africa has been most adversely affected by the outflows, including in outward FDI by SA-based TransNational Corporations – yet in turn that has mitigated against recent net profit outflows

SA's capital outflow



Ratio of total foreign debt to gross domestic product



* September 2013

Source: SARB Quarterly Bulletin 1/2014

Moeletsi Mbeki:



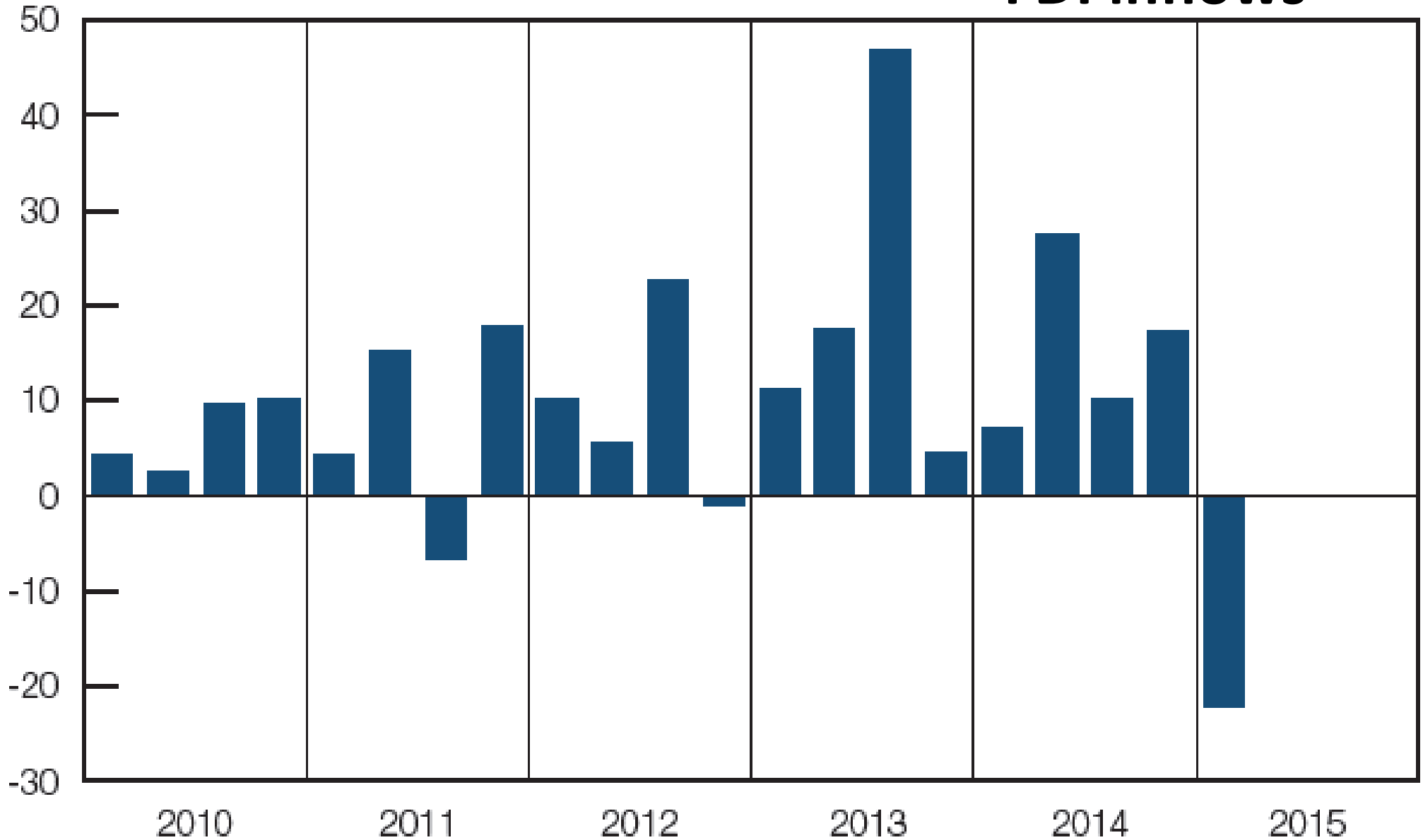
“Big companies taking their capital out of South Africa are a bigger threat to economic freedom than... Julius Malema.”

Inward foreign direct investment flows

• **South Africa losing**

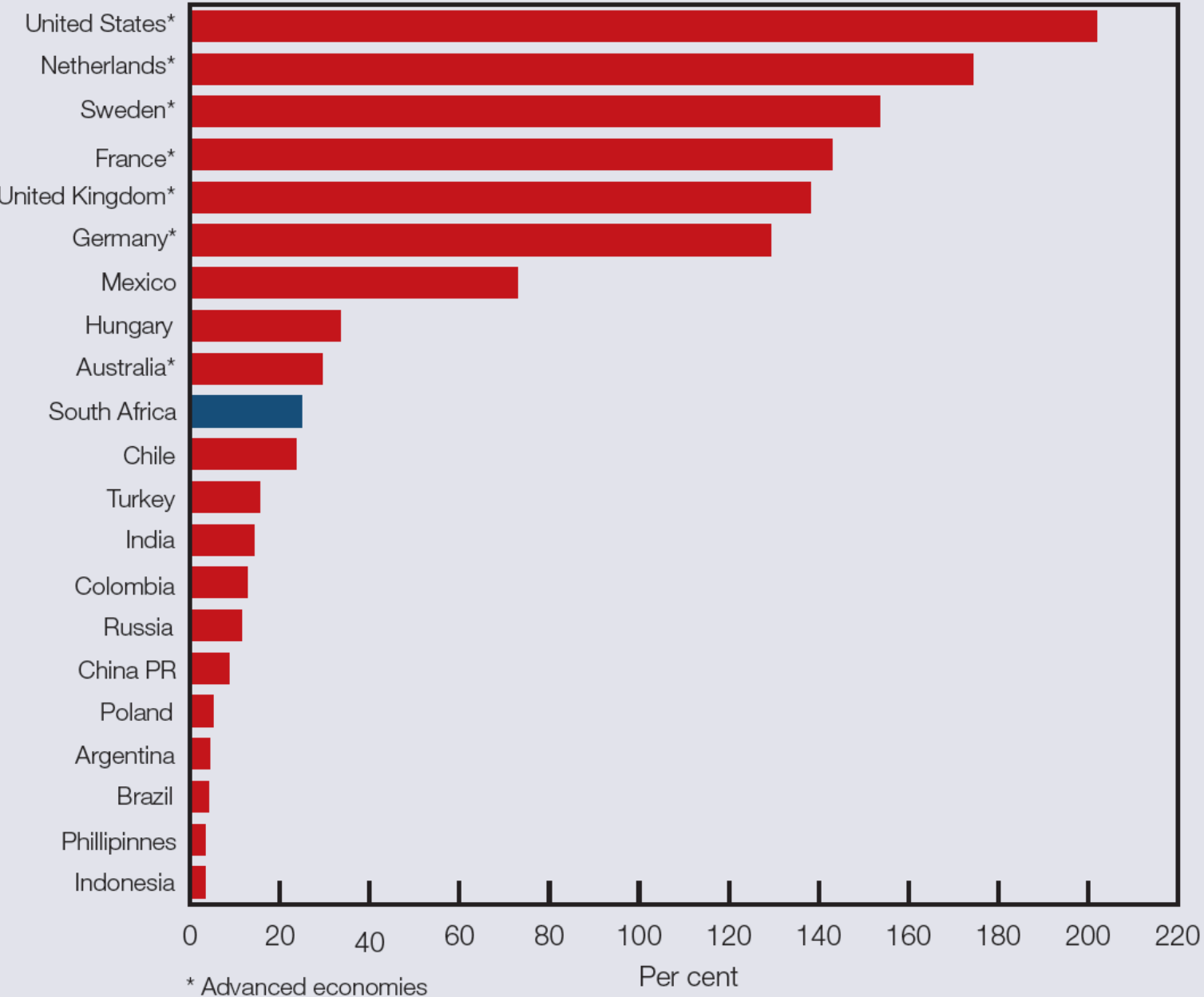
FDI inflows

R billions



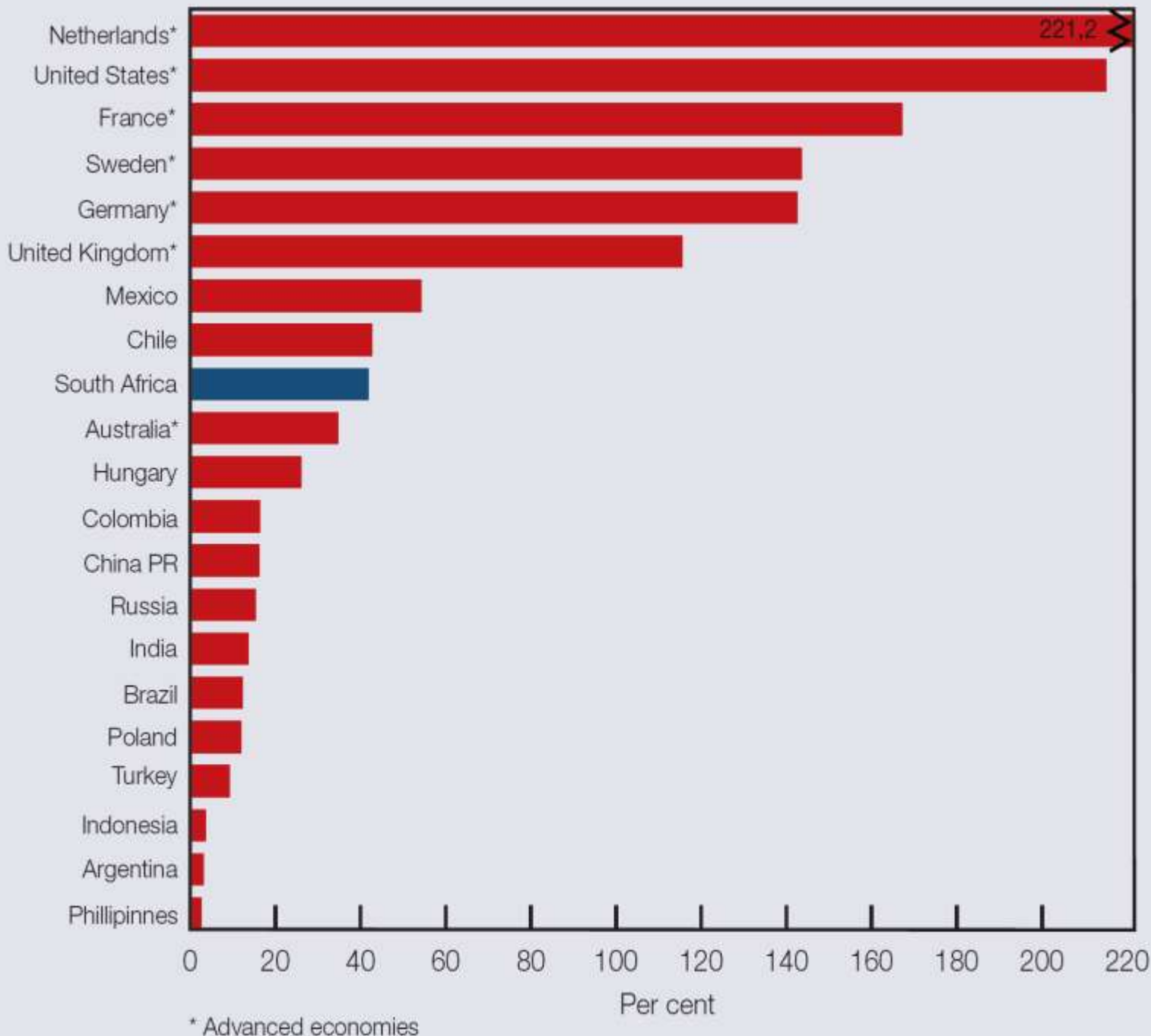
Average dividend receipts as a percentage of dividend payments for selected countries

2009 to 2011



- **South African-based TNCs returned just 33% of dividends back home in relation to TNC outflows from SA, 2009-11**

2012 to 2014



- **South African-based TNCs returned 45% of dividends back home in relation to TNC outflows from SA, 2012-14**

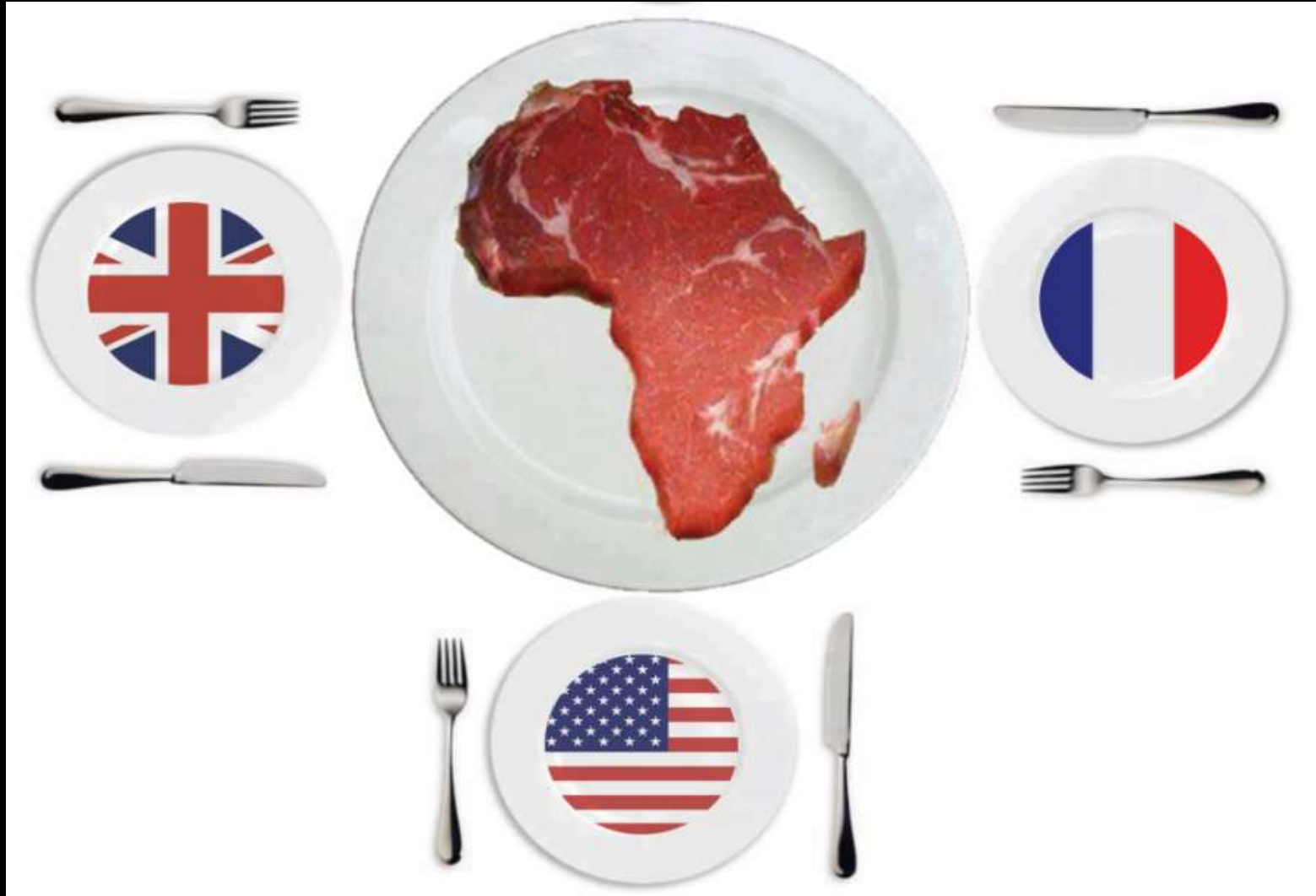
Britain, France, Belgium, Portugal, Germany, Italy, Spain

in Berlin, 1884-85: 'The Scramble for Africa' drew colonial boundaries, mainly for the sake of facilitating extraction



**130-year contest for
minerals, oil, gas, land**

BRICS against colonialism, neocolonialism, neoliberalism



or

within?



new seats at the table?

AUGUST 9-14 2013



FINANCIAL MAIL
FM

WWW.FM.CO.ZA

**FOOD SECURITY
AND THE NIA**

**FASTJET FLIES
INTO SA**

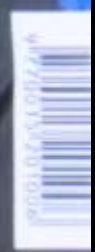
**SA'S MOST PAMPERED
WORKERS**

**FIRST STRUT: SA WAKES
UP TO BOND DEFAULTS**

**NOW YOU CAN STUDY TO
BE A COMPANY DIRECTOR**

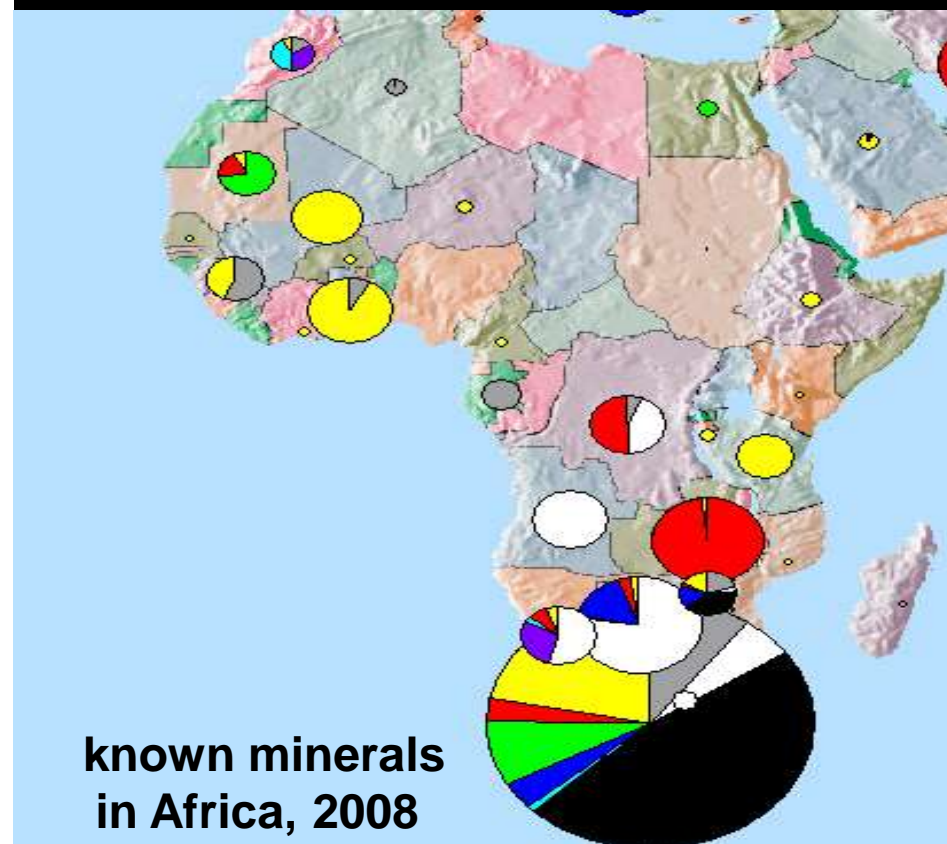
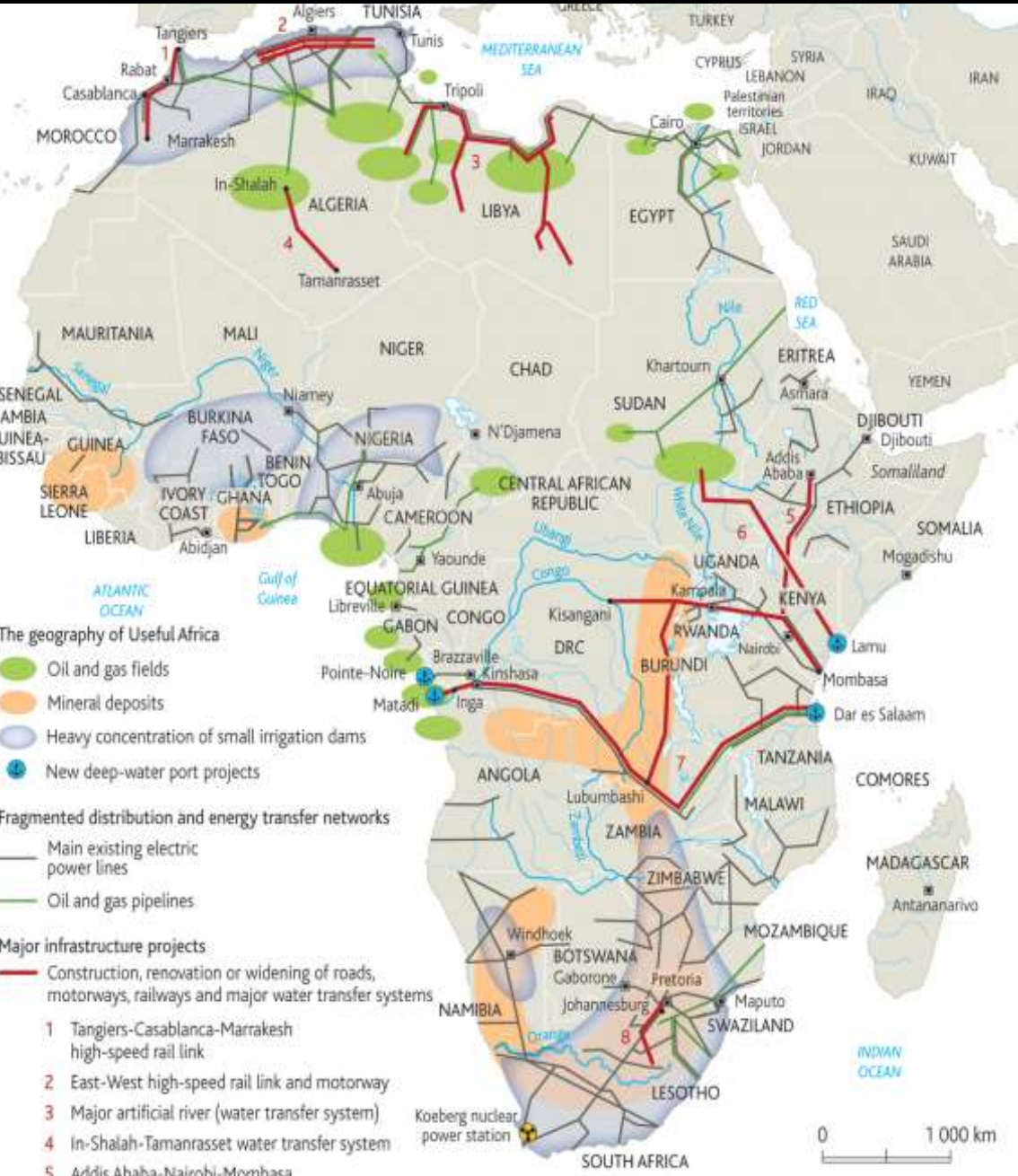
SCRAMBLE FOR AFRICA

Is SA getting trade and foreign policy right?

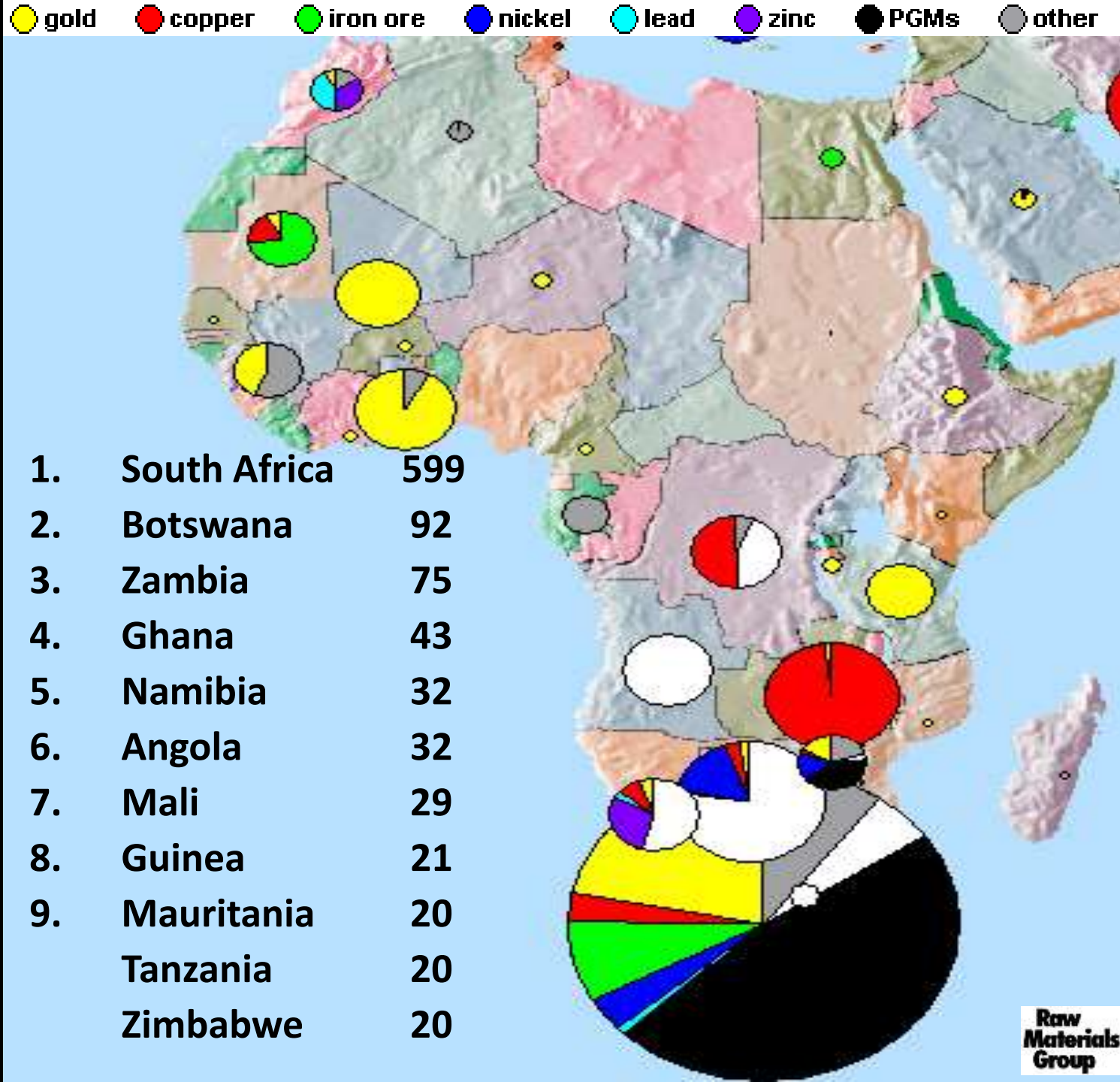


'Useful Africa'

Source: Le Monde
Diplomatique, Feb 2011



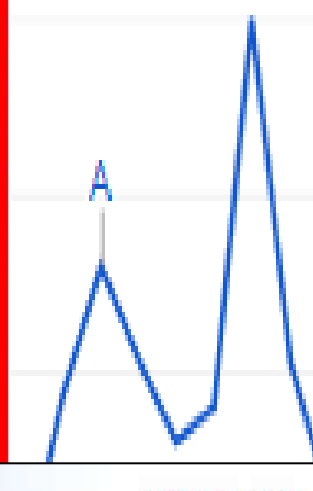
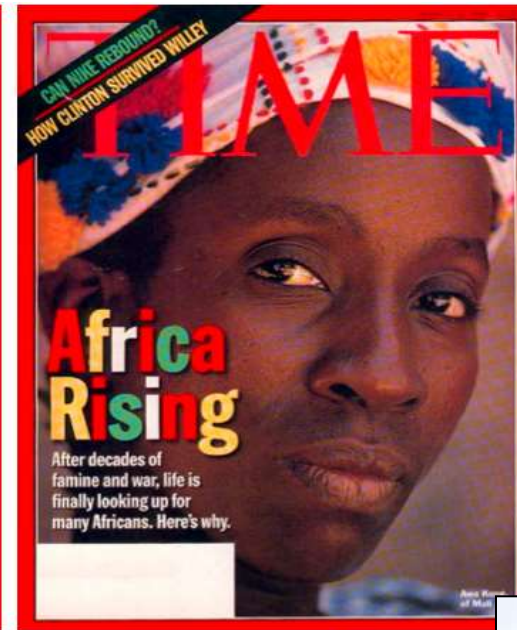
Africa's mining production by country, 2008



“Africa Rising” (# of citations)

The number 100 represents the peak search interest

News headlines Forecast (?)



Jan 2010

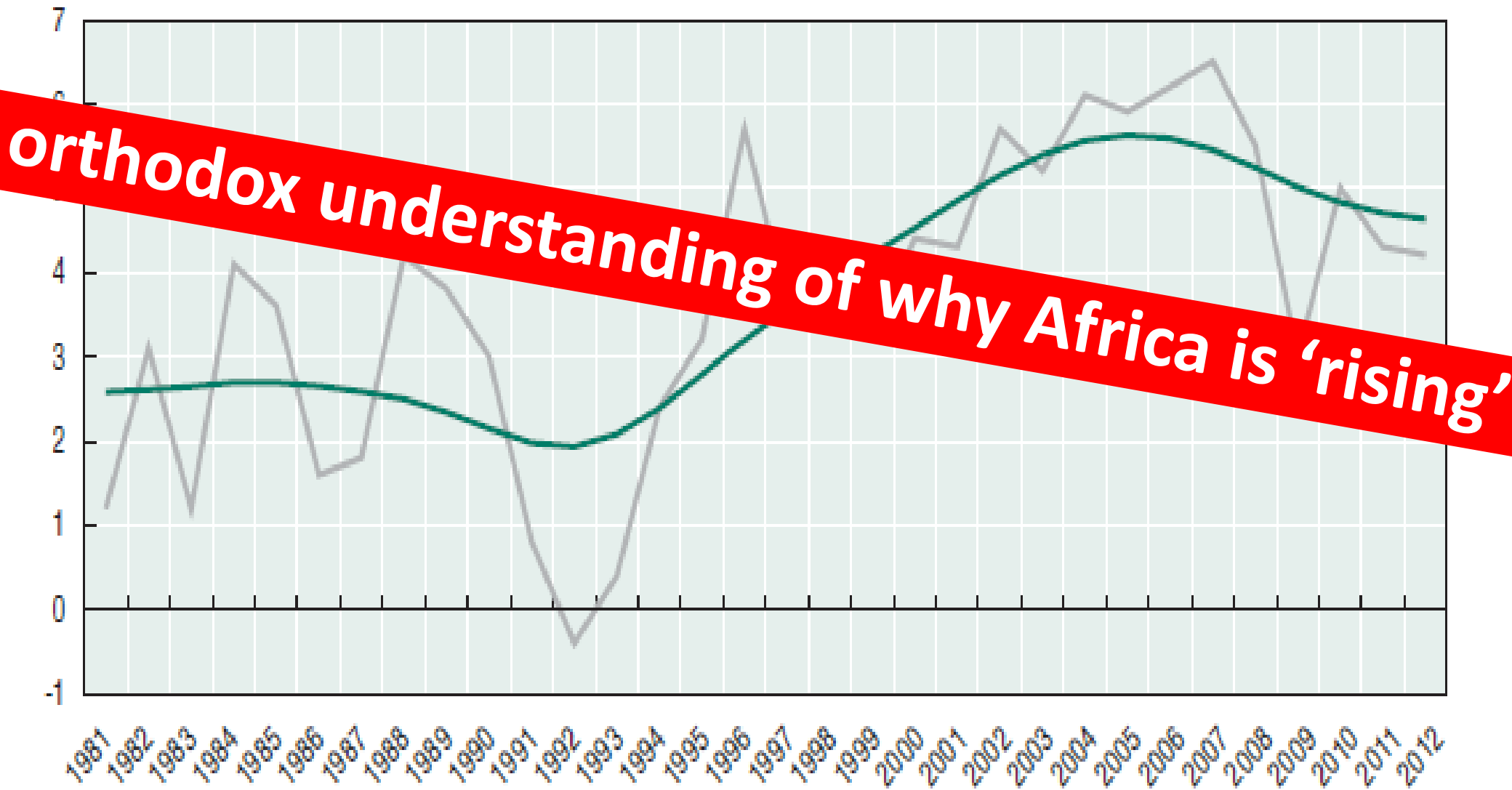
Jan 2011

Jan 2012

Jan 2013

“Africa Rising”

GDP percentage increases, 1981-2012



Note: 2011 and 2012 excluding Libya.

Source: Leibfritz and Flaig (2013).



**the turn to 'natural capital' accounting
by 10 African states, 24 May 2012**

THE GABORONE DECLARATION

We, the participants at the Summit for Sustainability in Africa, meeting from 24 to 25 May 2012 in Gaborone, Botswana,

REAFFIRM OUR COMMITMENT TO IMPLEMENT ALL CONVENTIONS AND DECLARATIONS THAT PROMOTE SUSTAINABLE DEVELOPMENT, IN

TO ENSURE THAT THE CONTRIBUTIONS OF NATURAL CAPITAL TO SUSTAINABLE ECONOMIC GROWTH, MAINTENANCE AND IMPROVEMENT OF SOCIAL CAPITAL AND HUMAN WELL-BEING ARE QUANTIFIED AND INTEGRATED INTO DEVELOPMENT AND BUSINESS PRACTICE;

Through:

- **integrating the value of natural capital into national accounting and corporate planning and reporting processes, policies, and programmes, in agreed efforts, including the appended Communiqué on Natural Capital Accounting,**
- **Building social capital and reducing poverty by transitioning agriculture, extractive industries, fisheries and other natural capital uses to practices that promote sustainable employment, food security, sustainable energy and the protection of natural capital through protected areas and other mechanisms,**
- **Ecosystem restoration measures, as well as actions that mitigate stresses on natural capital,**

COMMUNIQUÉ ON NATURAL CAPITAL ACCOUNTING

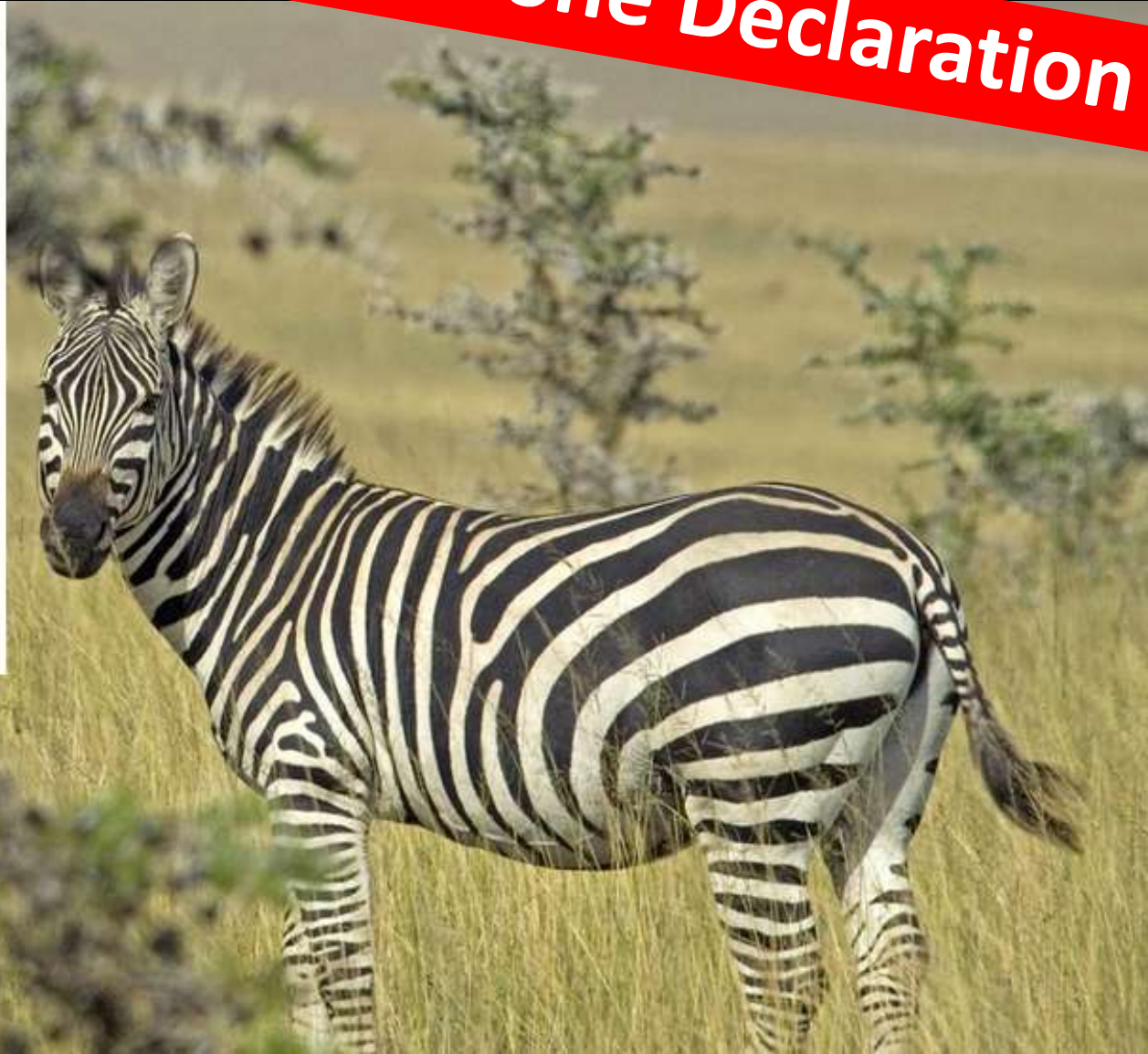
Recognizing the limitations of GDP as a measure of well-being and sustainable growth that values environmental and social aspects of progress,

Gaborone Declaration

By the numbers

10 Signatory Countries

Visionary leaders from **10 African countries** have committed to moving the value of nature to the center of their development strategies. The signatory countries are Botswana, Gabon, Ghana, Kenya, Liberia, Mozambique, Namibia, Rwanda, South Africa and Tanzania. Membership is still open to other interested countries.



WAVES '50/50' Campaign for Natural Capital Accounting

Glenn-Marie Lange, Program Manager for WAVES Global Partnership, Environment Department, The World Bank

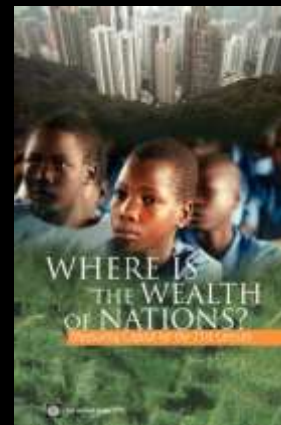
Building on the Gaborone Communique on NCA

from the African Sustainability Summit, hosted by Botswana May 24-25, signed by 10 African countries

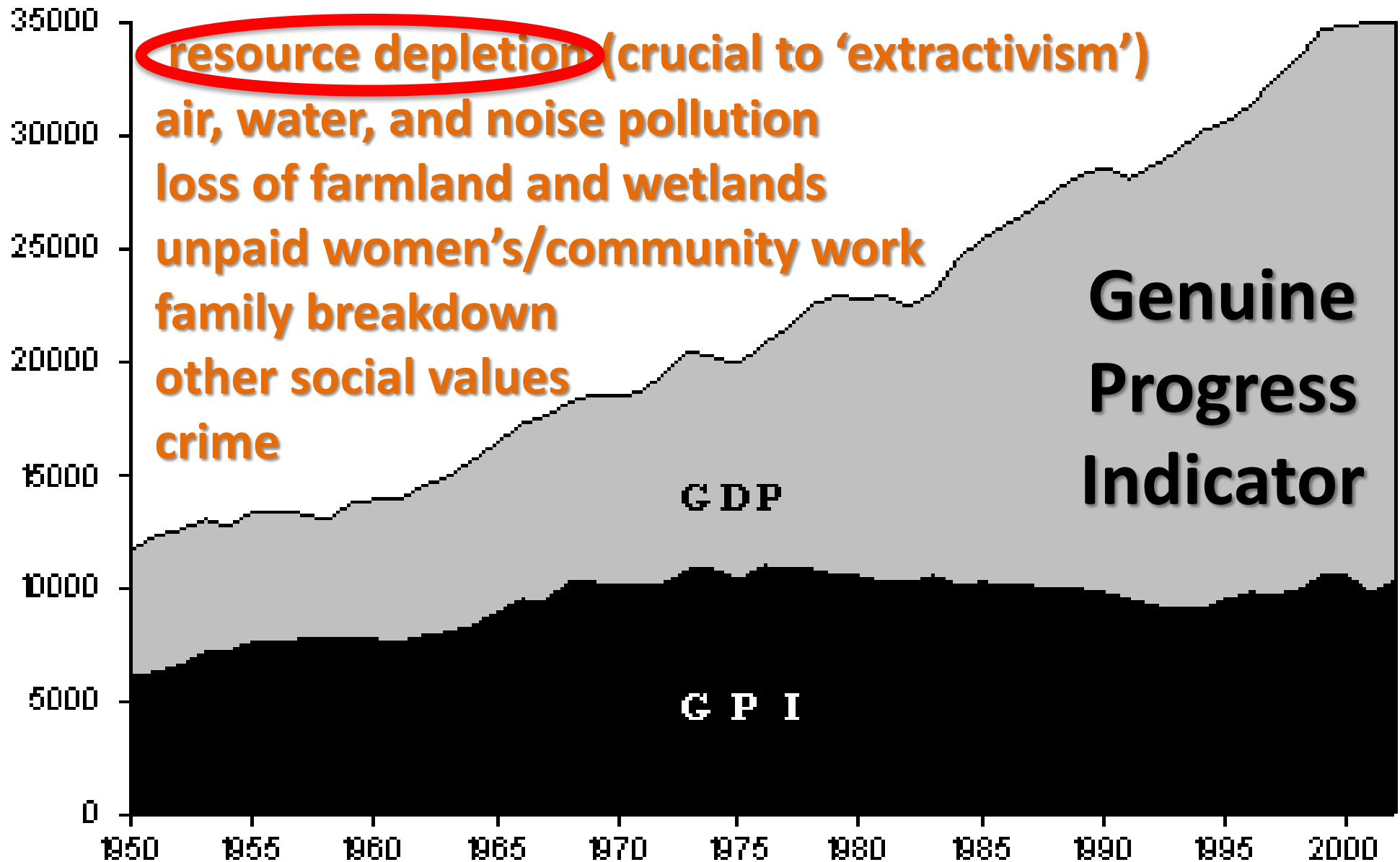


62 (32 developing) countries signed the NCA Communique, endorsing

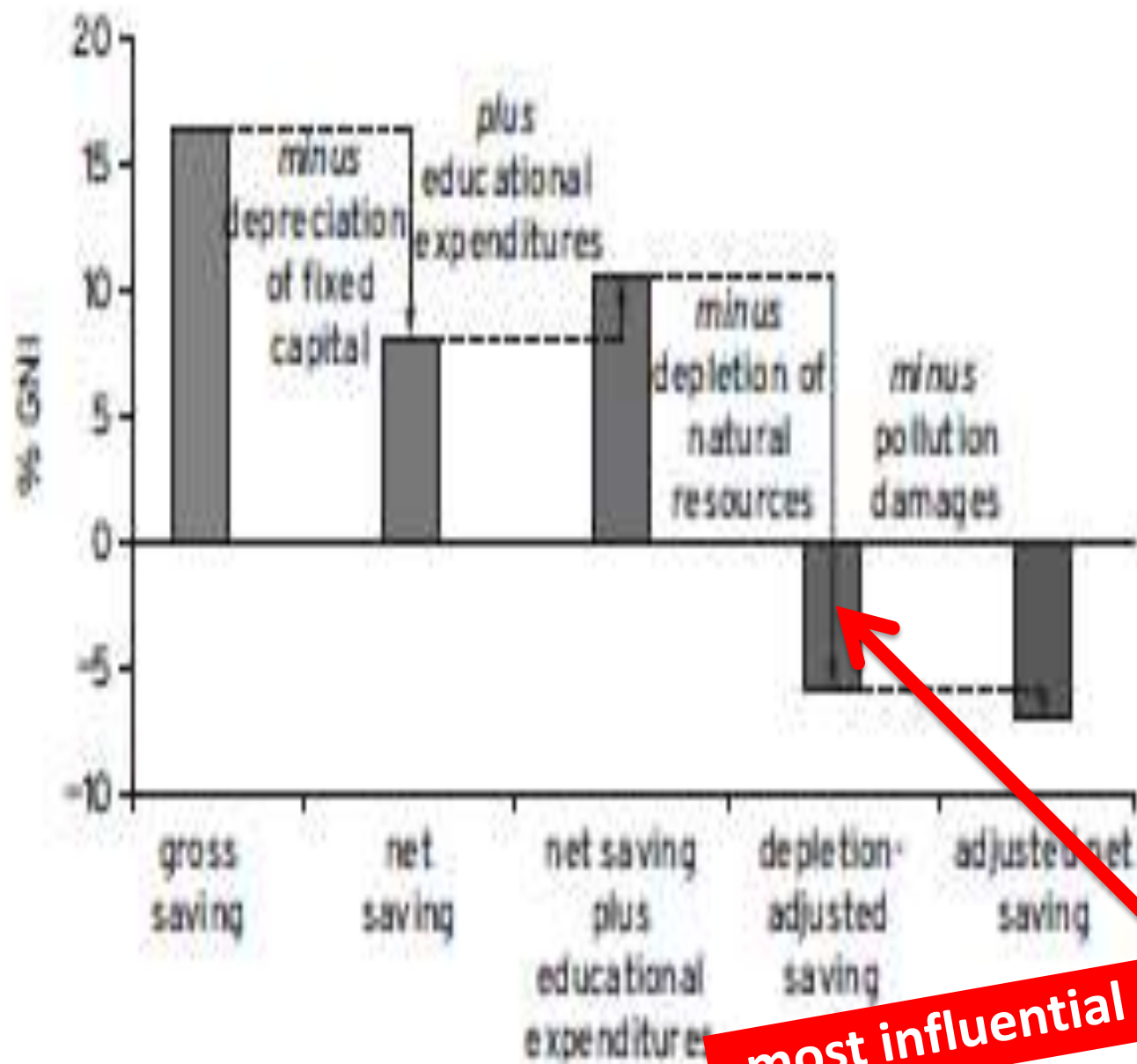
- **Implement natural capital accounting** where there are internationally agreed statistical standards –the SEEA
- **Develop methodology** for the more difficult to measure natural capital – ecosystem services
- **Demonstrate how NCA can support decision-making** for sustainable development



what's missing from GDP as growth?



Calculating Adjusted Net Saving for Sub-Saharan Africa, 2008

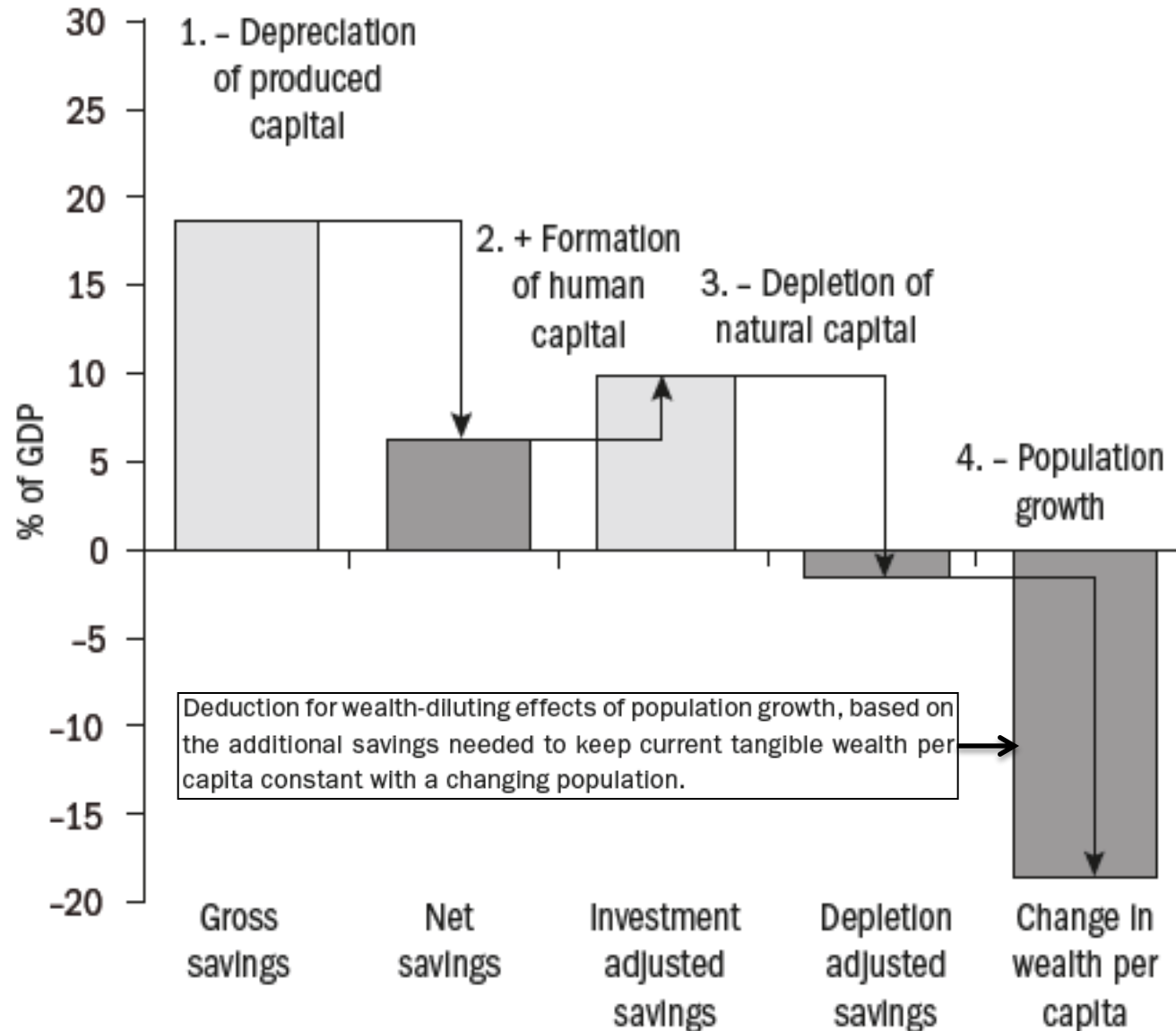


**World Bank
(minimalist)
adjustments
to 'genuine
savings'**

fixed capital (-),
education (+), natural
resource depletion (-),
and pollution (-)

most influential natural capital accounting

Figure 1: Decomposing change in wealth per capita, Sub-Saharan Africa, 2010



Source: World Bank, *Wealth database*, 2014.

**World Bank
(minimalist)
adjustments
to 'genuine
savings'**

**fixed capital (-),
education (+), natural
resource depletion (-),
and pollution (-)**

World Bank adjustments to 'genuine savings'

2014 | THE LITTLE GREEN
DATA BOOK

Change in wealth per capita offers a comprehensive framework to look at sustainability threats to the twin goals. It is derived from standard national accounting measures of gross national savings by making four types of adjustments (Figure 1):

- (1) Deduction for depreciation of produced capital, measured by capital consumption of produced assets;
- (2) Addition from human capital formation, measured by current expenditures on education;
- (3) Deduction for depletion of natural capital, including minerals, energy, and forest resources; and
- (4) Deduction for wealth-diluting effects of population growth, based on the additional savings needed to keep current tangible wealth per capita constant with a changing population.

As the case of Sub-Saharan Africa in 2010 illustrates, aggregated gross savings and formation of human capital are not sufficient to compensate for depreciation of produced capital, depletion of natural capital, and population growth. The result: the region is wealth depleting (Figure 1).

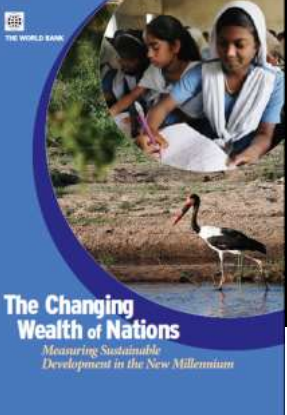
Furthermore, Sub-Saharan Africa is the region with the poorest record on sustainability. 88 percent of its countries were found to be depleting their wealth in 2010 (Table 1). The share of countries with wealth depletion—globally at about 45 percent—decreases as income levels increase (Table 1), indicating that poorer countries face severe sustainability challenges.

In many resource-rich countries, reinvesting natural resource rents in other forms of productive capital is one important way of avoiding wealth depletion.

Table 1. Overview: Data and Wealth Depletion in 2010

	<i>Number of countries with data</i>	<i>Share of countries with wealth depletion</i>
Global	136	45%
High income countries	41	22%
Upper middle income	35	34%
Lower middle income	33	58%
Low income	24	88%
South Asia	6	17%
Europe & Central Asia	15	27%
East Asia & Pacific	11	36%
Middle East & North Africa	7	43%
Latin America & Caribbean	21	57%
Sub-Saharan Africa	32	88%

Source: World Bank, *Wealth database*, 2014.



South Africa's natural capital accounts a first cut in the World Bank's Changing Wealth of Nations (2011)

substantial 'subsoil assets' within 'natural capital' (\$/capita)

Economy/Group	Population	Subsoil Assets	Timber	Nontimber Forest Resources	Protected Areas	Crop Land	Pasture Land	Natural Capital
South Africa	46,888,200	2,595	89	47	93	1,915	985	5,723

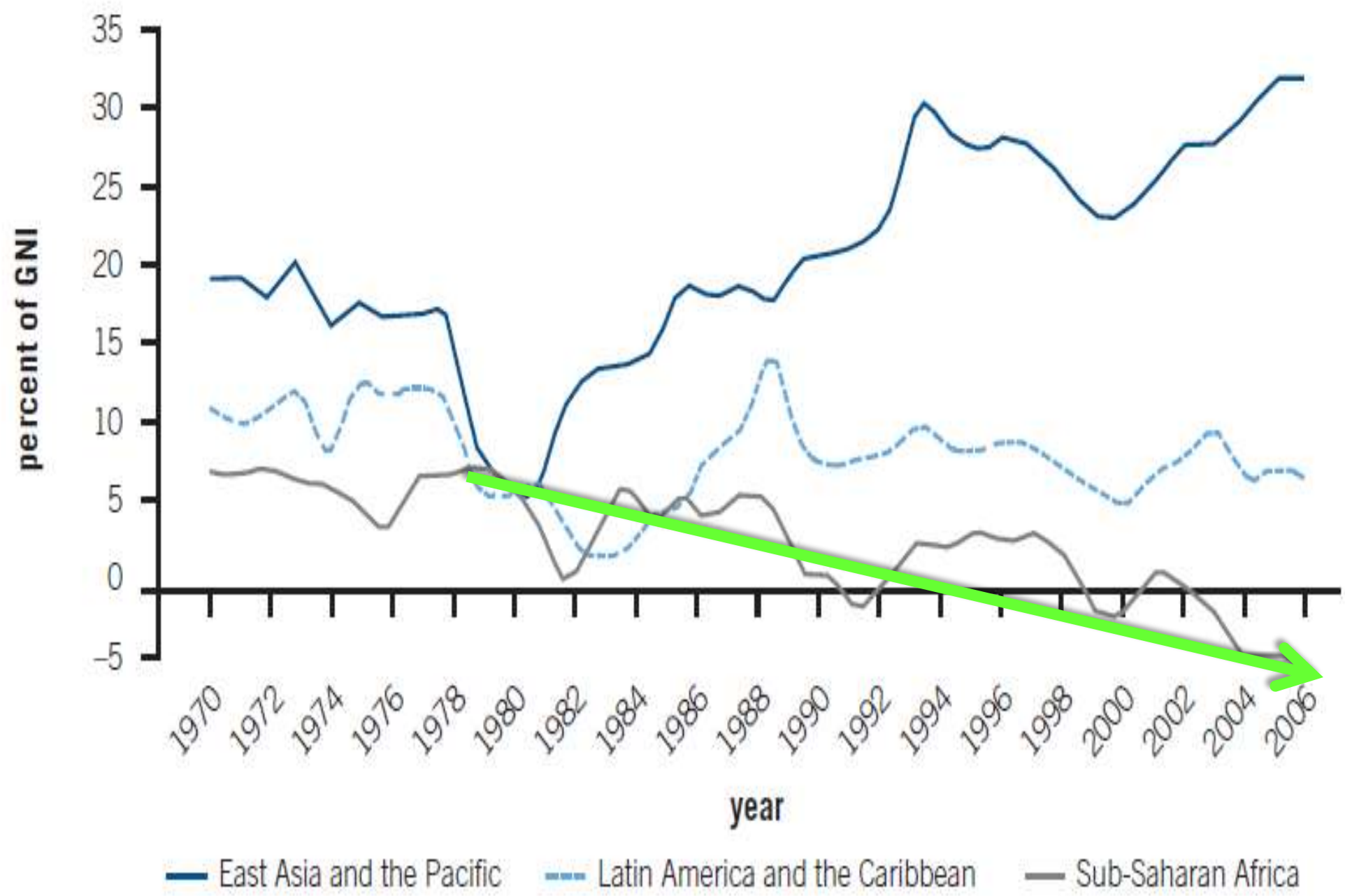
depletion of subsoil (mineral) assets = 9% of income

Economy/Group	Gross National Savings	Consumption of Fixed Capital	Net National Savings	Education Expenditure	Energy Depletion	Mineral Depletion	Net Forest Depletion	CO ₂ Damage	PM Damage	Adjusted Net Savings
South Africa	16.1	13.9	2.2	5.1	6.4	2.6	0.5	1.3	0.1	-3.4

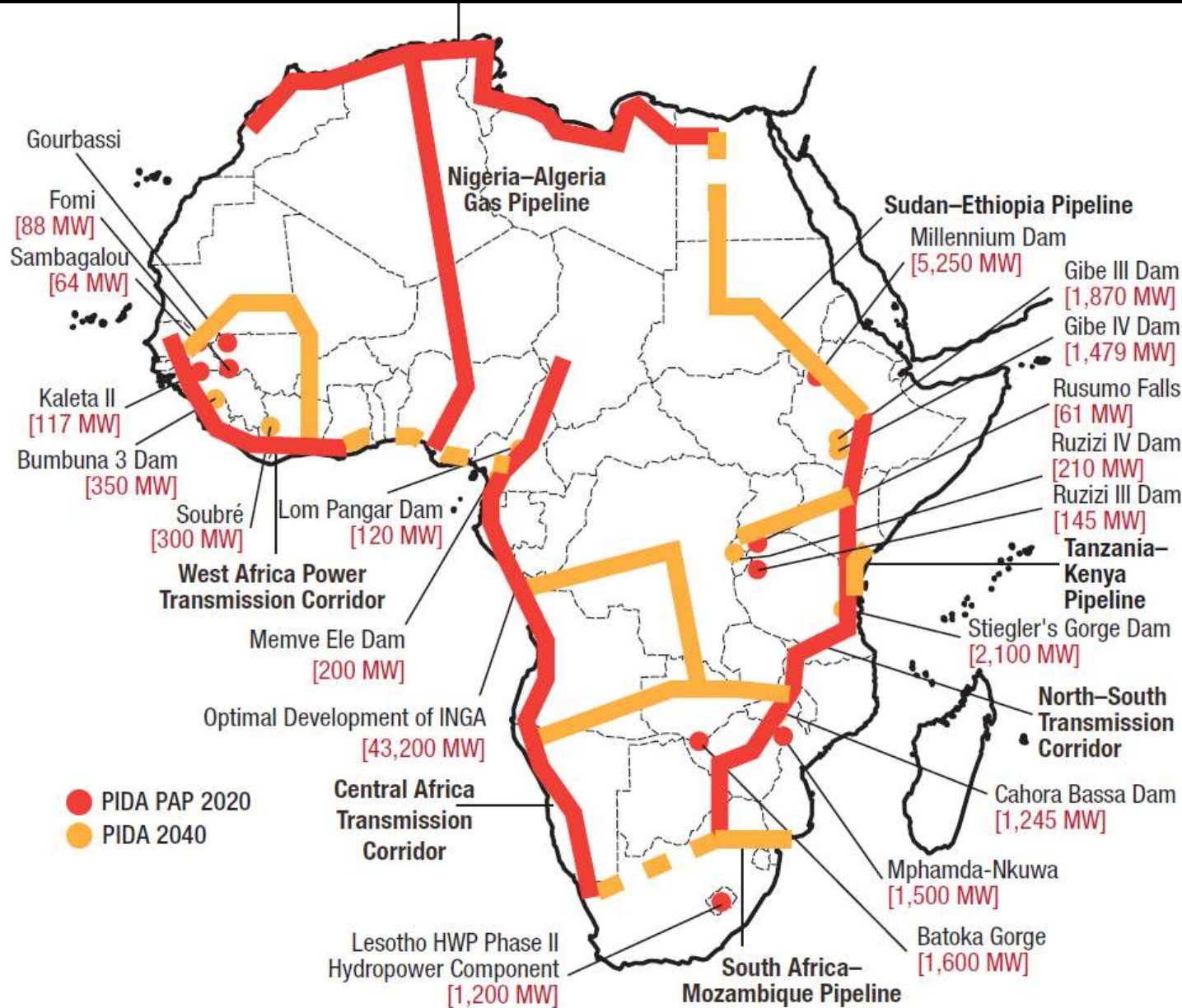
net decline in SA's per person wealth: \$245

Economy	GNI Per Capita (US\$)	Population Growth Rate (%)	Adjusted Net Saving Per Capita (US\$)	Change in Wealth Per Capita (US\$)	Adjusted Net Saving Gap (% GNI)
South Africa	5,073	1.1	-63	-245	4.8

Adjusted Net Savings as a Percentage of GNI for Selected Regions, 1970–2007



AfDB's plans for nat-cap extraction

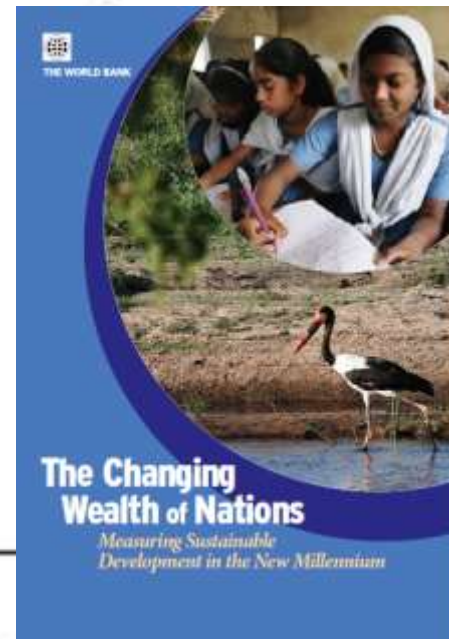
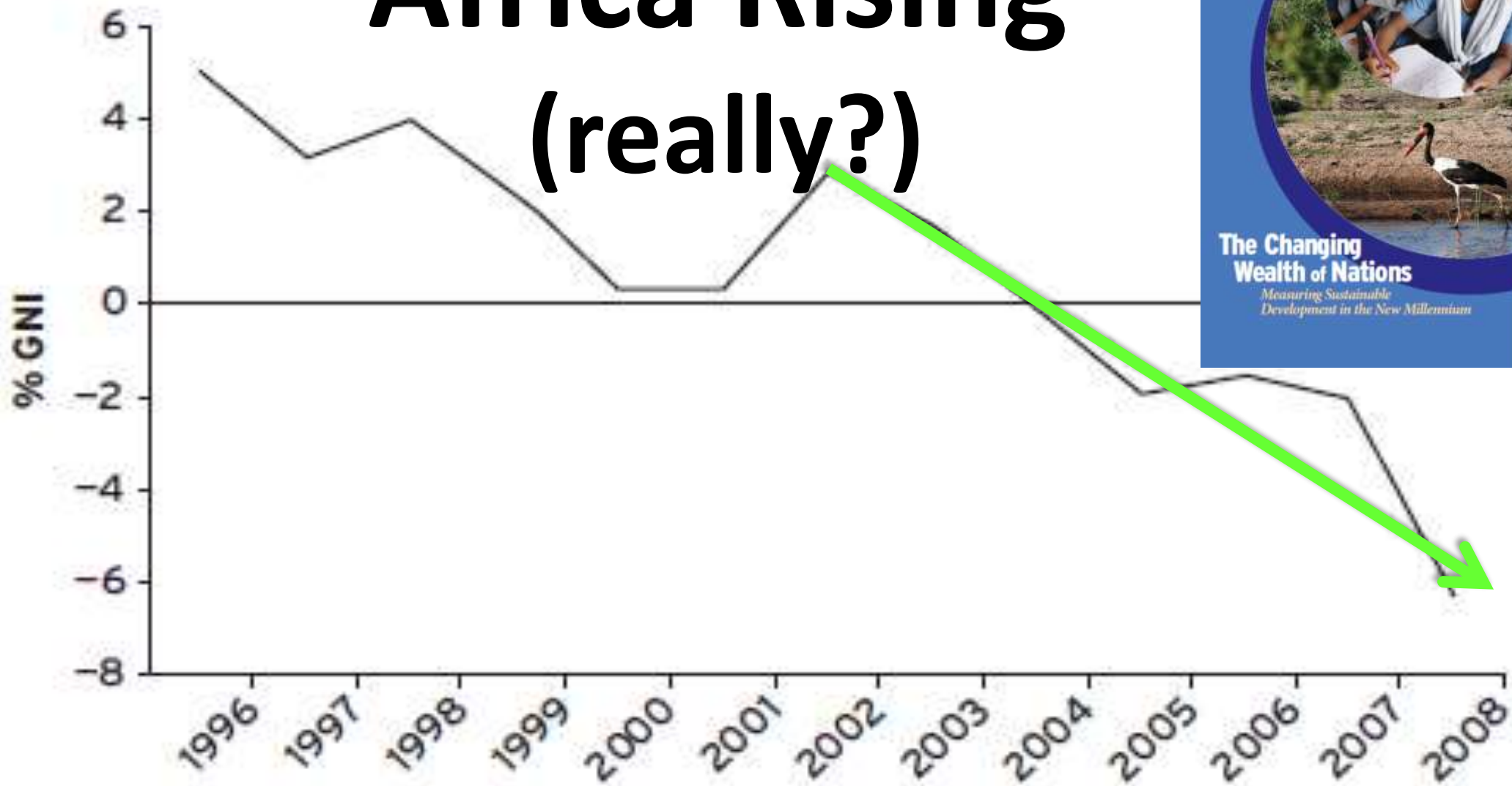


reality check:
PIDA will shrink natural capital, communities and economies

Programme for Infrastructure Development in Africa
 Interconnecting, integrating and transforming a continent

Adjusted Net Saving in Sub-Saharan Africa as a Percentage of Gross National Income

“Africa Rising” (really?)



Source: Authors' calculations based on World Bank data.

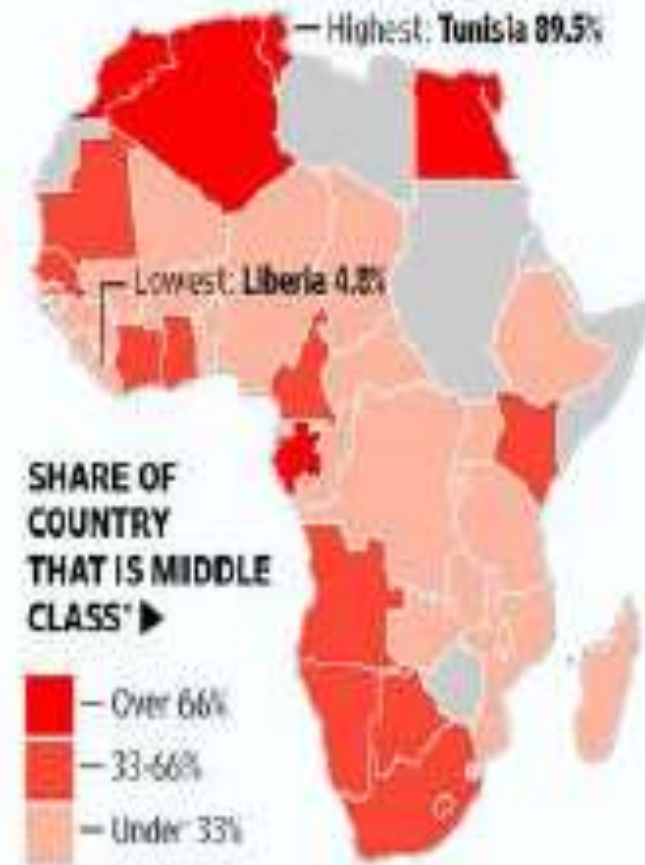
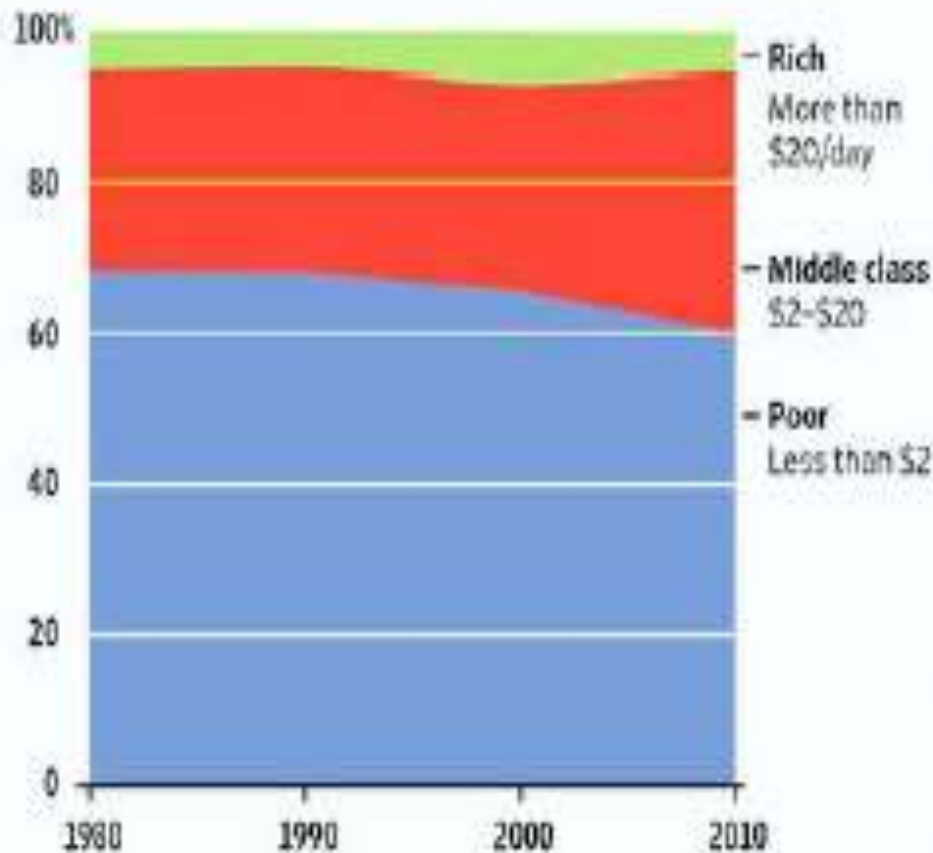
“Africa Middle Class Rising” (hmmm, a \$2/day ‘middle class’?)

Buying In

Africa's middle class has risen to 34% of the population, expanding to 313 million people.

SHARE OF AFRICA'S POPULATION, BY CLASS ▶

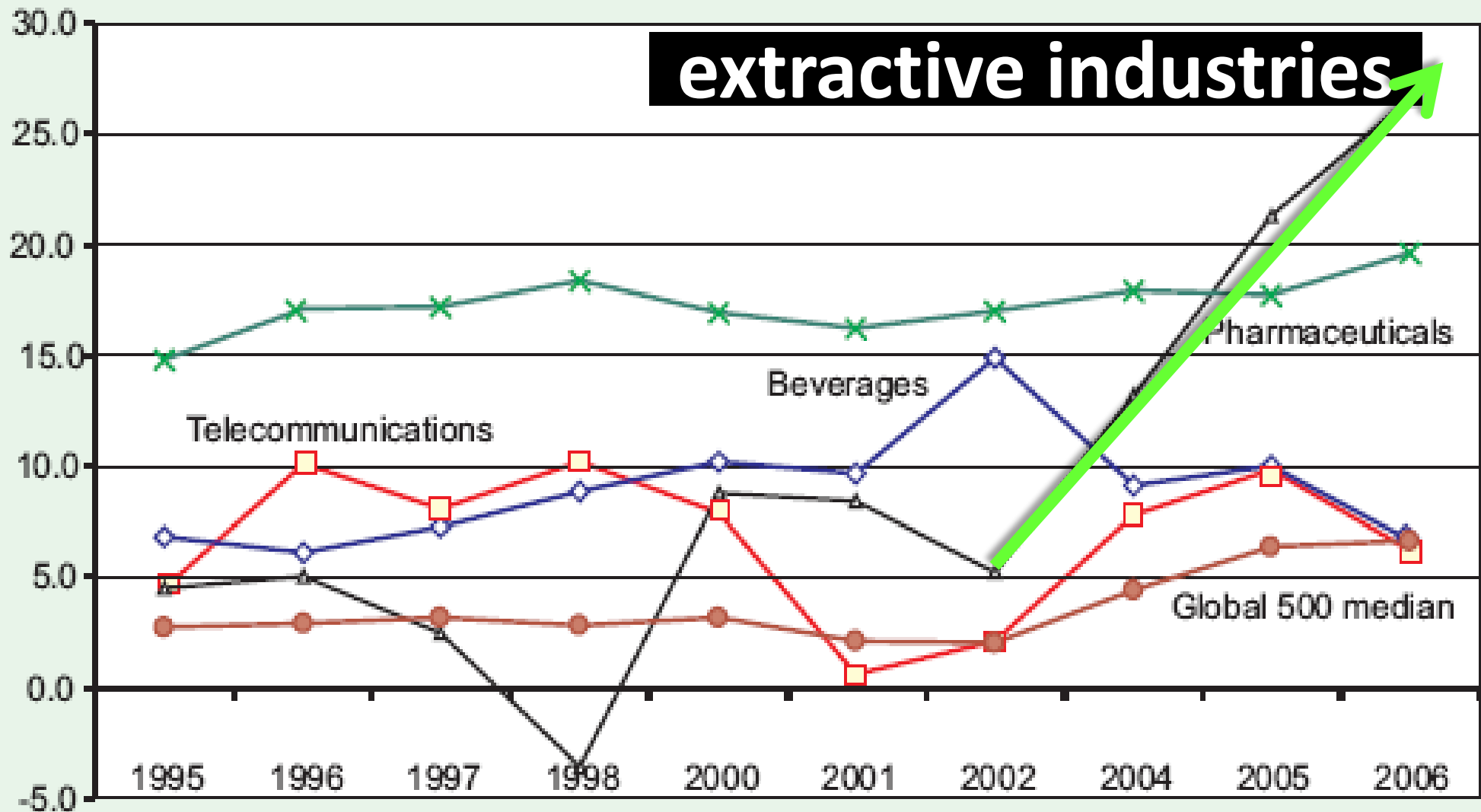
† Data not available for all countries; Source: African Development Bank Group



Source: *Wall Street Journal*,

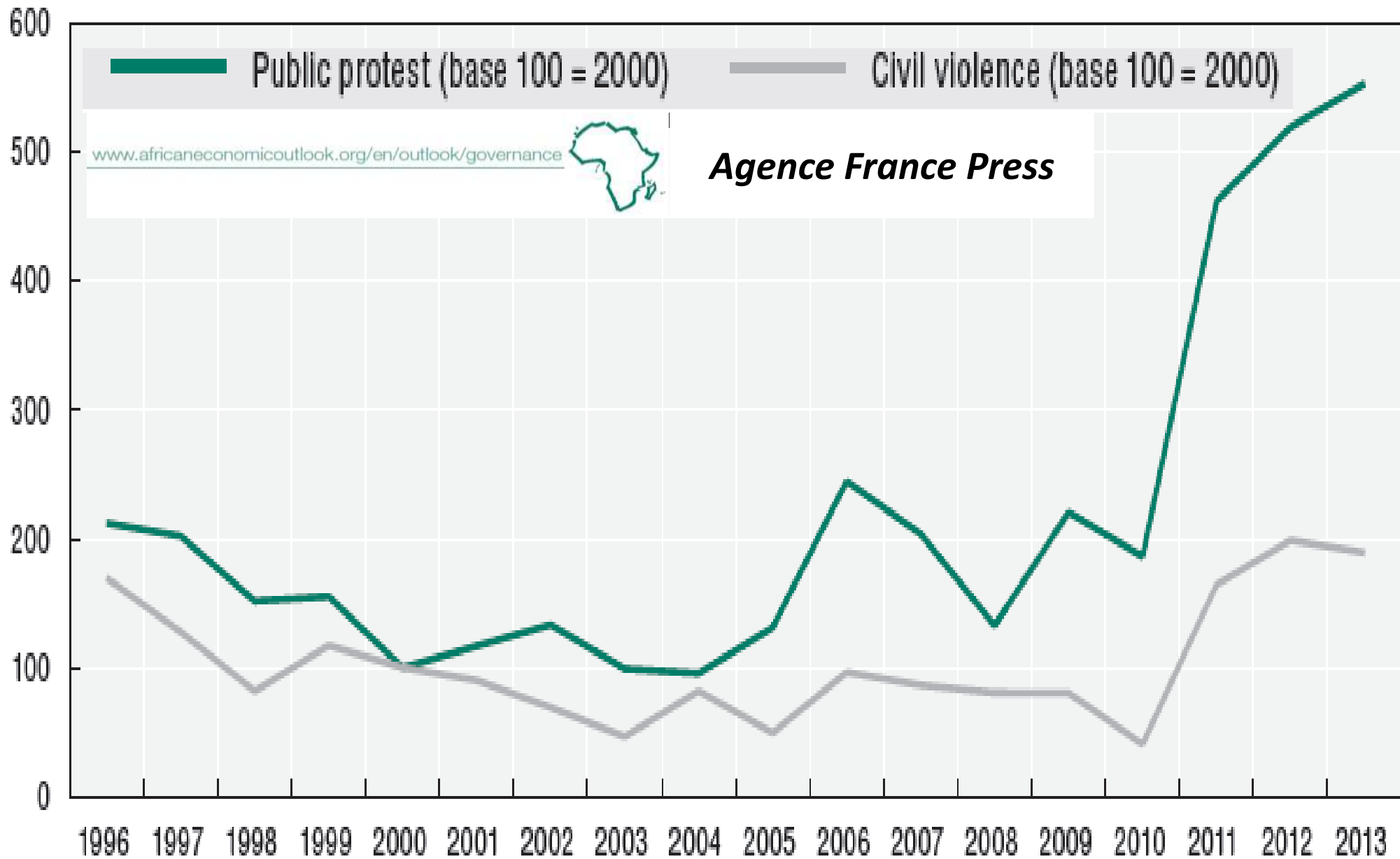
<http://online.wsj.com/article/SB10001424052748703703304576296663397991894.html>

what's rising? multinational corporate profits as a percentage of firm equity

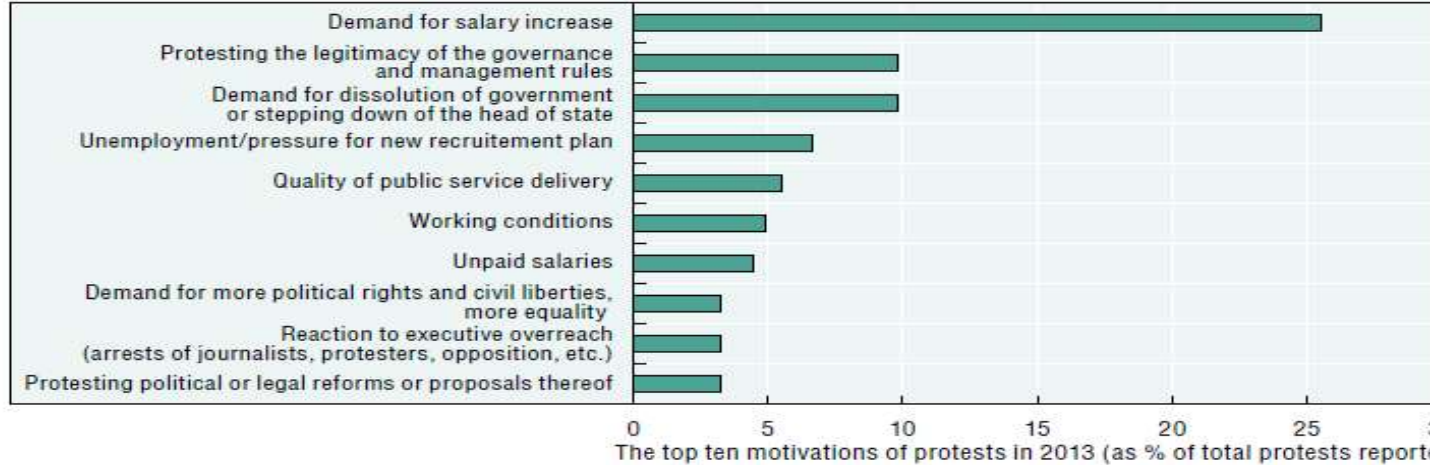


Source UN Conference on Trade and Development (2007), World Investment Report 2007, Geneva.

and African *protests* Rising



African *protests* rising



Public protest (base 100 = 2000) Civil violence (base 100 = 2000)

Source: Authors' calculations based on AFP information.
 StatLink <http://dx.doi.org/10.1787/888932807474>

www.africaneconomicoutlook.org/en/outlook/governance



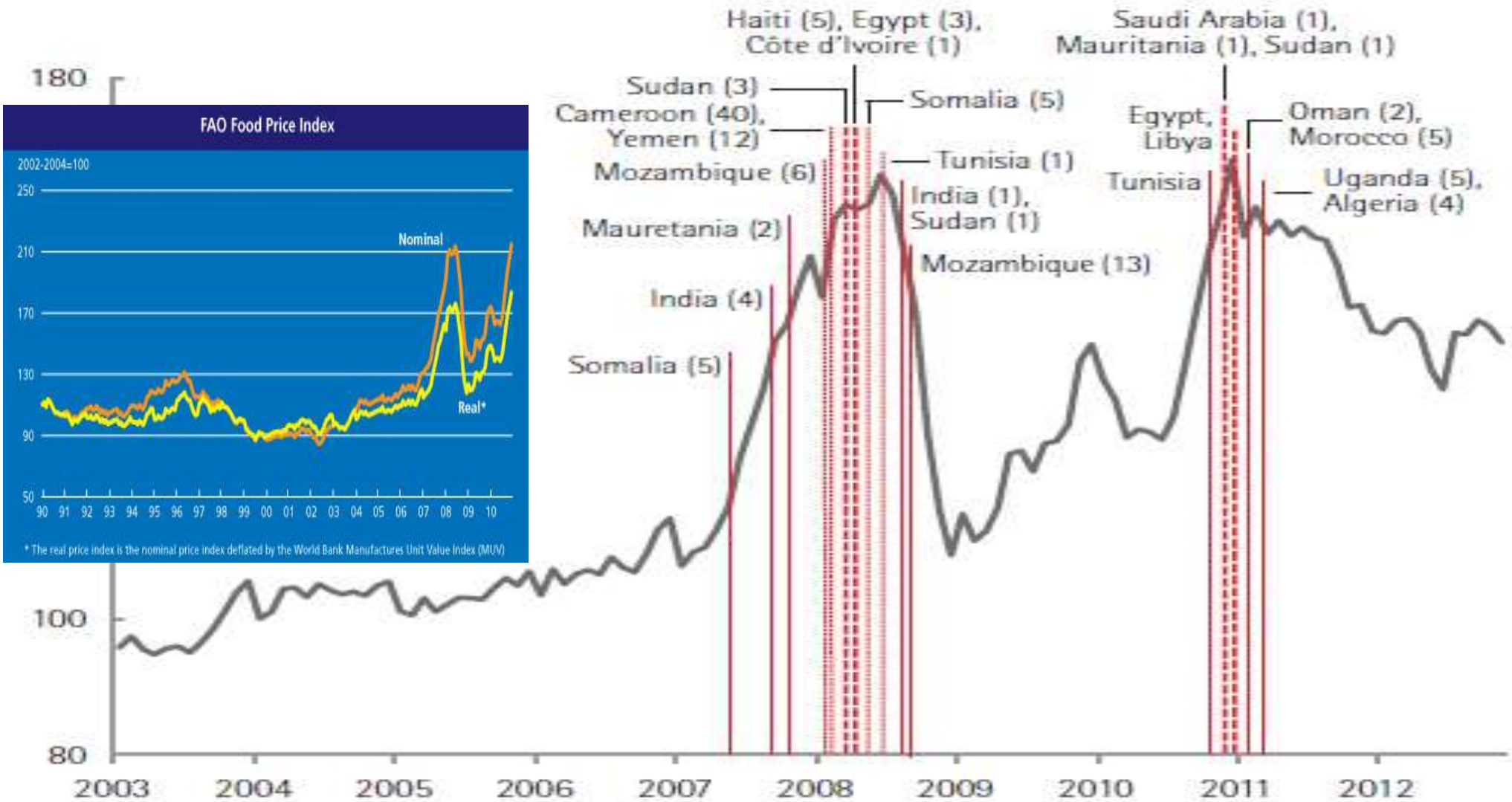
African *protests* work





African protests (and food prices) rising

(number of food riot deaths in parenthesis)



Source: Adapted from New England Complex Systems Institute, USA

Table 3: Africa's relative worker militancy, 2013, amongst 148 countries

(10 most pliable, along with 39 African countries, with 1 as most militant and 7 as least)

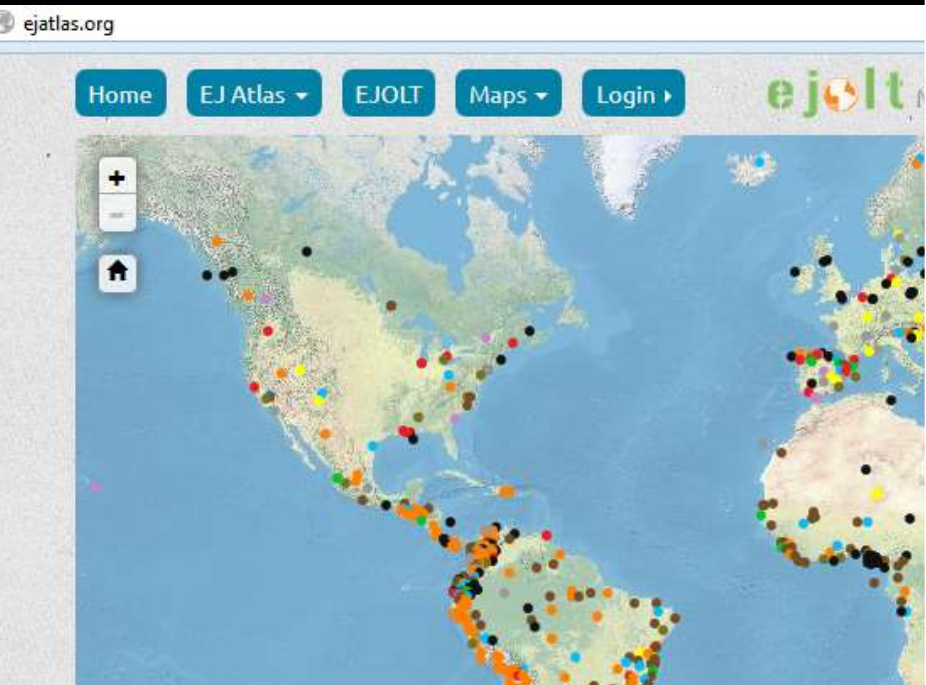
1 Switzerland 6.0	93 Uganda 4.1
2 Singapore 6.0	95 Malawi 4.1
3 Denmark 5.8	100 Nigeria 4.1
4 Norway 5.8	102
5 Netherlands 5.7	
6 Sweden 5.7	
7 Qatar 5.6	
8 Hong Kong 5.6	
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38 Mauritius 4.8	116 Tanzania 3.9
45 Seychelles 4.6	117 Egypt 3.8
54 Mali 4.5	118 Cape Verde 3.8
57 Senegal 4.5	119 Tunisia 3.8
63 Sierra Leone 4.4	121 Ethiopia 3.8
66 Madagascar 4.4	122 Lesotho 3.8
67 Zambia 4.3	123 Zimbabwe 3.7
69 Ghana 4.3	126 Cameroon 3.7
73 Kenya 4.2	127 Benin 3.7
78 Liberia 4.2	130 Mozambique 3.6
85 Libya 4.2	137 Algeria 3.4
91 Morocco 4.1	141 Chad 3.3
	142 Mauritania 3.3
	143 Burundi 3.2
	145 Angola 3.1
	148 South Africa 2.6

Source: World Economic Forum (2013)

broader resistance to extractivism: African working classes are extremely militant



<http://ejolt.org> maps eco-social conflict metabolism



10
YEARS



Pambazuka News

PAN-AFRICAN VOICES FOR FREEDOM AND JUSTICE

- Biodiversity Conservation Conflicts
- Industrial and Utilities Conflicts

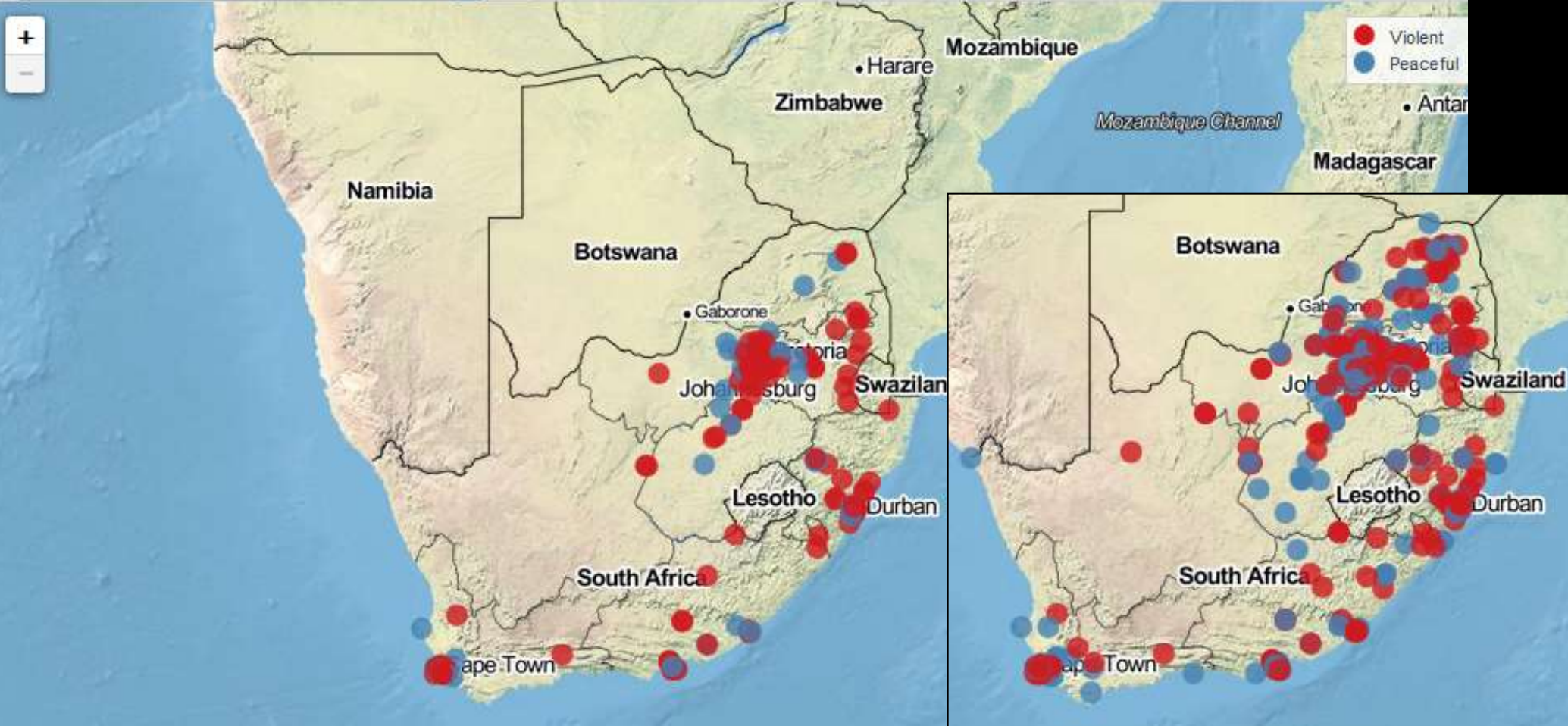
South Africa's Protest Map

Produced by Code for South Africa and eNCA | Data source Institute for Security Studies | CSV



1 March, 2013 - 1 March, 2014

Start Date: End Date: Type:





**FRIEDRICH
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NEW YORK OFFICE

Initiative for Policy Dialogue and Friedrich-Ebert-Stiftung New York
Working Paper September 2013

World Protests 2006-2013

Isabel Ortiz
Sara Burke
Mohamed Berrada
Hernán Cortés

September 2013

The full paper can be downloaded from IPD at policydialogue.org/programs/taskforces/global_social_justice/ or from FES at fes-globalization.org/new_york/ny-publications/publications-on-global-economic-governance/. We encourage distribution through websites and blogs; the executive summary and paper may be distributed without alteration with an attribution statement about the authors and their institutions and a clickable link to the original.

Our analysis of 843 protest events reflects a steady increase in the overall number of protests every year, from 2006 (59 protests) to mid-2013 (112 protests events in only half a year). Following the onset of the global financial and economic crisis began to unfold, there is a major increase in protests beginning 2010 with the adoption of austerity measures in all world regions. Protests are more prevalent in higher income countries (304 protests), followed by Latin America and the Caribbean (141 protests), East Asia and the Pacific (83 protests) and Sub-Saharan Africa (78 protests). An analysis of the Middle East and North Africa region (77 protests) shows that protests were also prevalent prior to the Arab Spring. The majority of violent riots counted in the study occurred in low-income countries (48% of all riots), mostly caused by food-price and energy-price spikes in those countries. Interestingly, the period 2006-2013 reflects an increasing number of global protests (70 events), organized across regions.

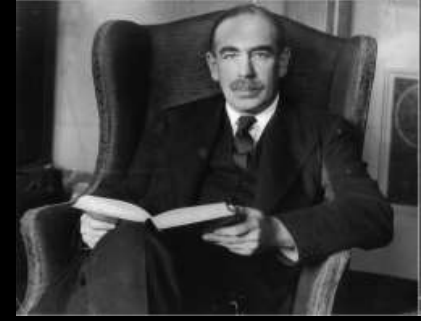
The main grievances and causes of outrage are:

- Economic Justice and Anti-Austerity: 488 protests on issues related to reform of public services, tax/fiscal justice, jobs/higher wages/labor conditions, inequality, poverty/low living standards, agrarian/land reform, pension reform, high fuel and energy prices, high food prices, and housing.
- Failure of Political Representation and Political Systems: 376 protests on lack of real democracy; corporate influence, deregulation and privatization; corruption; failure to receive justice from the legal system; transparency and accountability; surveillance of citizens; and anti-war/military industrial complex.
- Global Justice: 311 protests were against the IMF and other International Financial Institutions (IFIs), for environmental justice and the global commons, and against imperialism, free trade and the G20.
- Rights of People: 302 protests on ethnic/indigenous/racial rights; right to the Commons (digital, land, cultural, atmospheric); labor rights; women's rights; right to freedom of

what economic policies are needed?

- reimpose exchange controls, lower interest rates, audit SA's 'Odious Debt', control illicit capital flows & trade
- **adopt industrial policy aimed at import substitution, sectoral re-balancing, social needs, eco-sustainability**
- increase state social spending, paid for by higher corporate taxes, cross-subsidisation and more domestic borrowing (& loose-money 'Quantitative Easing', too, if necessary)
- **reorient infrastructure to meet unmet basic needs, and expand/maintain/improve energy grid, sanitation, public transport, clinics, schools, recreational facilities, internet**
- adopt 'Million Climate Jobs' strategies to generate employment for a genuinely green 'Just Transition'

'globalisation of people, deglobalisation of capital'



*I sympathise with those who would minimise, rather than with those who would maximise, economic entanglement among nations. Ideas, knowledge, science, hospitality, travel – these are the things which should of their nature be international. But let **goods be homespun whenever it is reasonably and conveniently possible and, above all, let finance be primarily national.***

-John Maynard Keynes (1933), 'National Self-Sufficiency,' *Yale Review*

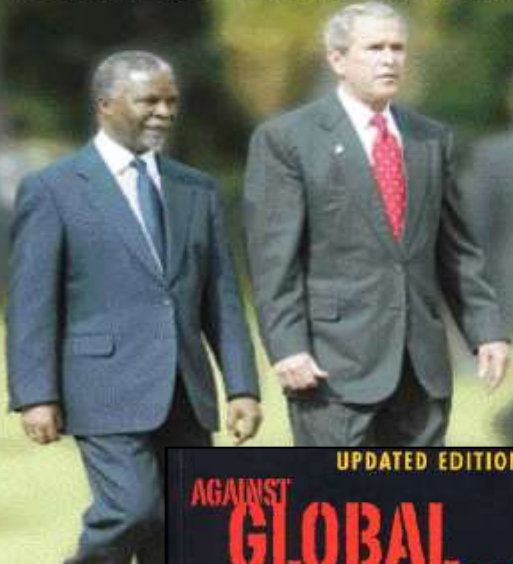
...the Treasury View



assumes that it is right and desirable to have an equalisation of interest rates in all parts of the world. In my view ***the whole management of the domestic economy depends upon being free to have the appropriate interest rate without reference to the rates prevailing in the rest of the world. Capital controls is a corollary to this.*** – *Collected Works of J.M.Keynes, v.25, London, Macmillan, p.149.*

TALK LEFT WALK RIGHT

South Africa's Frustrated Global Reforms



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