

Poison in Stomach

Devinder Sharma

After experimenting with rats, goats, sheep and cows, it is now the turn of Indian people. In a few months from now, if the Genetic Engineering Approval Committee (GEAC) of India has its way, the first genetically modified food crop—Bt Brinjal—will be on the dining table.

Whether it is the laboratory rats or higher mammals, the animal kingdom has been more discerning – possibly owing to a sixth instinct which human beings sadly lack. There is otherwise no explanation for why laboratory rats, for instance, should always be spurning GM foods. And when force fed, rats have invariably developed tumours and deformed body organs, including kidneys and livers, as well as serious diseases and ailments.

There are reports of the death of sheep and goats when left to graze in the Bt cotton fields of India. First it was reported from Andhra Pradesh, and now newspaper reports point to the eastern state of Orissa. However, not much is public about how the cattle react. Several farmers in Rajasthan, Madhya Pradesh and Haryana have told this correspondent that cows avoid the Bt cotton fields when left to openly graze.

The Bt gene that has been infused in Bt cotton (or Bt corn on which most of the laboratory rat studies have been conducted) is no different from the same gene drawn from a soil bacterium—scientifically called Bt—that is now being incorporated in Brinjal. This gene releases a toxin within the plant that kills fruit-and-shoot borer insects. The Maharashtra Hybrid Seed Company (Mahyco), which is spearheading research on Bt Brinjal, claims that the genetically-modified Brinjal is safe for human consumption.

For several decades now people were told that cigarette smoking wasn't harmful to human health, that chemical pesticides were completely safe, and that white sugar poses no danger to the human body. These are not the only products that received the safety certificate—the list is endless. And yet decades later, after inflicting a heavy human cost the world over, most of these products are being banned or phased out. Long since sugar-based food products hit the market and were vouched safe, diabetes has suddenly assumed epidemic proportions.

Diabetes is a case in point: notwithstanding that the disease is growing at an alarming scale, the disappearance of the traditionally-cultivated Brinjal from the market will surely take away one of the simple home remedies and widely-practised dietary solutions to combating the Type-2 diabetes. No scientific organisation, including the GEAC, is coming clean on what the genetically modified Brinjal will mean for people affected by Type-2 diabetes.

What about diabetic mummies? Pregnant women are increasingly becoming prone to Gestational diabetes—a temporary form of diabetes. In recent years, the number of affected women who have crossed-over to full-blown diabetes is increasing—almost 25 percent suffer from Type-2 diabetes within 15 years. Whatever the safety claims might say, the fact remains that no medical studies have been conducted to show that the therapeutic properties in a normal Brinjal will not change when the fruit is genetically modified.

So far it has been made to believe that by a proper washing of the Brinjal veggies one could get rid of the harmful pesticide residues. That may not hold true anymore. One will not be able to wash the toxins once the Bt Brinjal arrives in kitchen. The toxin will now be within the Bt Brinjal.

Here is Prof Dave Schubert of the Salk Institute for Biological Studies in California: “The Bt toxin is 1000 times more concentrated than in Bt sprays, which do not themselves have a history of safe use.” In other words, what Dr Schubert says is that genetically modified Bt plants, and that includes Bt Brinjal, carry a toxin that is a thousand times more potent than what is used to kill insects. Strains of Bt have been used as sprays to control harmful insects. Spine chilling, isn't it?

The problem is that once Bt Brinjal enters the market, there is no way one can distinguish it from the normal ones. Vegetable vendor will never be able to sell the normal Brinjal that people are so used to buying. Moreover, once the genie is out, there is no way to call it back. To make matters worse, the GEAC has given permission to conduct multi-location trials on Karnataka's famed traditional Brinjal varieties—Udupi Gulla. Cultivated for its special taste and unique flavour in the Udupi district of Karnataka, these strains are tied in such strong socio-cultural traditions that even today the Gulla Brinjal variety is offered to Lord Krishna on festive *paryaya* ceremonies.

Tracing out the antiquity of the cultivation and use of Brinjal in India, Ramesh Bhat of the Centre for Science, Society and Culture, Hyderabad, writes in a detailed paper in the journal *Asian Agri-History* that Gulla varieties (especially Mattu Gulla) are a perfect example of 'plant-God-science' relationship. "The example of Mattu Gulla shows how local farmers can choose a variety that meets their local needs and preferences, and is best suited to their specific local ecosystems. The practices adopted by farmers of Udipi have a scientific basis—both traditional and modern."

Realising the uniqueness of the Mattu Gulla Brinjal, the Karnataka State Department of Horticulture is trying to preserve the genetic wealth by seeking a geographical indication on the Gulla strains. Ironically, the same variety for which GI is being sought by the Karnataka government is now ready for genetic plunder. The GVK University of Agricultural Science and Technology, Bangalore, is trying to introduce a Bt gene into the Gulla strains, thereby contaminating the genetic make-up of the traditional variety. The uniqueness of the Gulla varieties, preserved for over four thousand years by local farmers, awaits erosion at the hands of agricultural biotechnologists.

Why worry about this Bt Brinjal, some might ask. Isn't it necessary for improving production and productivity? For one thing there is no shortage of Brinjal. Nor does Bt Brinjal increase productivity and production. But what Bt Brinjal does for sure is bring India's first genetically altered food crop directly onto the dining table. It is time the concerned people wake up before it is too late. □□□

Global Turmoil and Asian Economies

Martin Khor

The global financial turmoil has yet to affect Asian developing countries severely, but it is best to anticipate adverse effects and examine policy options to counter them before the crisis hits. This was the conclusion of a workshop held on 26-28 August 2008 in Penang (Malaysia) by the Consumers' Association of Penang and the Third World Network.

Several experts from international agencies warned that Asian countries face vulnerabilities, especially to the vagaries of capital flows. Though the region is better prepared than during the financial crisis a decade ago, some countries have weaknesses which in ways are different from the old ones but can nevertheless cause problems.

The workshop on the *Global Financial Turmoil, Capital Flows and Policy Responses* was attended by 50 policymakers, researchers and civil society representatives.

Two routes by which the global crisis may affect Asia are through volatility in financial flows and reduced trade caused by recession, said Dr Yilmaz Akyuz, former Chief Economist of the UN Conference on Trade and Development (UNCTAD).

He added that Asian countries are even more integrated to the global financial system than a decade ago, making them more vulnerable to shocks. In some countries, there have also been massive increases in the outflows of capital by residents, who press their governments to enable them to diversify their investments abroad.

If the global crisis leads to less inflows (or a high outflow) of foreign funds, the government may want the local funds to return, but it is not easy to achieve this, warned Akyuz.

China and Malaysia are two countries with large trade surpluses and big increases in foreign reserves. It is not easy to get good returns on the reserves, while there are also costs for the governments in "sterilisation". This refers to the sale of bonds by the Central Banks to banks to mop up excess liquidity caused by capital inflows. The governments incur a loss since they usually have to pay higher interest for the loans they obtain than the interest they earn on their foreign reserves.

Akyuz estimated that Asian developing countries together lose US\$50 billion a year from the cost of holding foreign reserves that are "borrowed." He used the term "borrowed reserves" to refer to that part of foreign reserves built up by a country that results from inflow of capital, as contrasted to "earned reserves" which result from surpluses from the trade or current accounts.

He suggested that Malaysia take measures to increase investment in the country (which at 22% of GNP is much lower than savings, which comprise 38% of GNP), while China should increase wages so that growth can be boosted by higher domestic consumption rather than just by exports.

Several other speakers, including Indian economist C P Chandrasekhar and Yu Yongding of the Chinese Academy of Social Sciences, and Filipino academic Joseph Lim warned that their

countries had become more vulnerable to the volatility of capital flows because of recent financial deregulation and liberalization.

Chandrasekhar said India has a large and growing trade deficit, which is covered by capital inflows. (This is a case of a country's reserves increasing due to borrowed reserves as the contribution of earned reserves is negative).

If the inflow of capital is reversed, India could face significant weakening of its balance of payments. Deregulation has also increased banking fragility, including fears of India's own domestic sub-prime crisis, besides exposure of local institutions to losses due to their investments abroad (including a US\$2 billion loss in the US sub-prime crisis).

Yu Yongding gave a comprehensive presentation on China's capital controls and macro-economic management. He said China had previously been sheltered by capital controls but due to liberalization, the country has been inundated by a flood of inflow of hot money, which had destabilisation effects, such as over-heating of the economy and inflation.

With the large capital inflows, there was a dramatic increase in foreign reserves. The "sterilisation" measures were not sustainable due to its negative impact on commercial banks and its high and increasing costs.

He argued against liberalizing the capital account now, saying that such liberalization should be a matter of long-term reform and not short-term expedience. Both inflows and outflows should be well managed, said Yu.

Joseph Lim of the Ateneo de Manila University said that financial and capital account liberalization in the Philippines had led to increased volatilities in the GDP, the balance of payments, portfolio investments and the exchange rate.

Although there was high growth in 2003 to 2007, this is deceptive as the growth was jobless and it was accompanied by a fiscal crisis (both of which were linked to liberalization), while the poverty rate increased from 30% in 2003 to 33% in 2006.

Dr Razali Ramli, former Coordinating Minister of the Economy of Indonesia, traced the adverse effects of IMF policies on Indonesia and said the country had failed to learn the lessons of the crisis. Continued liberalization has led to the inflow of hot money, driving up stock market and property prices.

"The more hot money flows into Indonesia, the more vulnerable the economy becomes," he said, urging the policy makers to learn from the recent policies of other countries like China and Thailand.

Andrew Sheng, former deputy head of the Hong Kong Monetary Authority and former Chairman of its Securities Commission, said that it was now even clearer that reform of the global financial system is needed, as recent events showed that the central countries can also face financial crisis and thus the world requires the changes.

However, the international financial institutions are not designed to cope with crisis occurring in the central countries. Asian developing countries should get their act together for regional cooperation to increase their global voice, but it may take a new threat through a global financial crisis to lead them to a common view and approach.

Heiner Flassbeck, director of UNCTAD's Division on Globalization and Development Strategies, said that GDP growth is slowing down across the world. There is a downturn in developed economies resulting from effects of the US sub-prime crisis. While growth in developing countries has been fairly resilient due to stable domestic demand dynamics in large economies, it appears that they are beginning to be affected.

There is a gloomy outlook for the world economy as well as risks for the developing world, added Flassbeck. Firstly, there is uncertainty and instability in international financial, currency and commodity markets, with speculation being a major destabilisation factor. Secondly, there are doubts about the direction of monetary policy in some major developed countries.

He also warned that the commodity prices boom could come to a halt due to cyclical factors. Developing countries remain highly vulnerable to commodity price fluctuations, and diversification and industrial development are the best long-term strategy.

In the workshop's final session, the prospects of Asian regional financial cooperation were discussed. Flassbeck spoke on how Europe achieved monetary cooperation (including the present common currency) through steps taken over many decades.

"Political will was key, there were strong leaders who pushed this forward," he said, adding that Asia could learn from this and start monetary cooperation now as it will take many years to achieve.

Chandrasekhar said regional cooperation was needed in three areas - to prevent financial crises, to manage them if they occur, and to provide financing for growth, as was being attempted by the Bank in the South in South America.

President of the Philippine Institute for Development Studies, Josef Yap, said there has to be an overhaul of the unipolar global financial system. The democratic deficit in IMF voting rights has to be addressed.

He advocated regional integration and cooperation, including capital market integration in East Asia and giving more teeth to the objective of "channelling East Asian savings into regional projects in the region."

Participants of the workshop concluded that attempts towards regional monetary cooperation must be accelerated, in view of the need to counter the impending effects of the global crisis. □□□

—*Third World Network Features*