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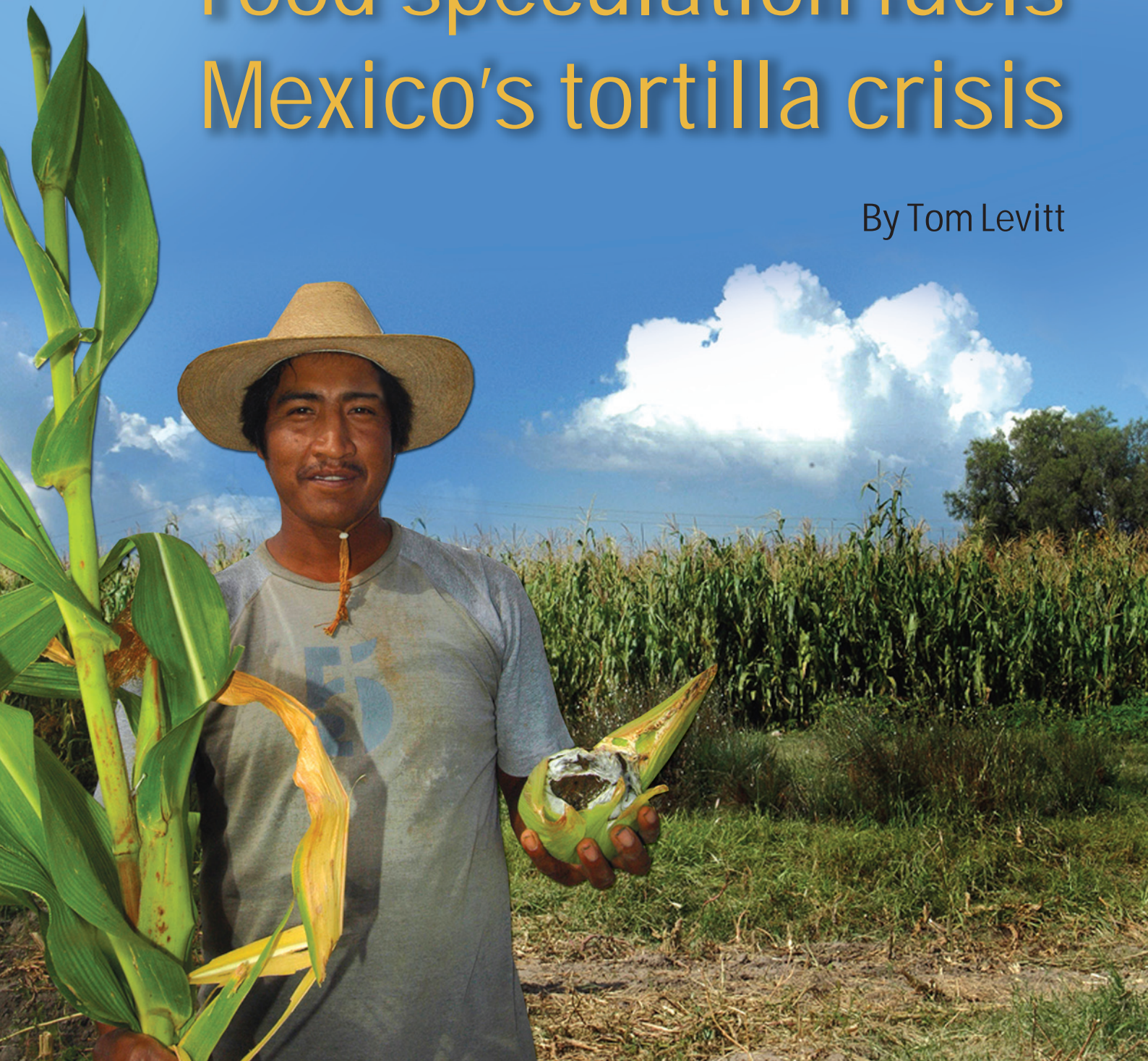
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Food speculation fuels Mexico's tortilla crisis

By Tom Levitt



Wangari Maathai: a tragic loss

Ruth Styles, *Ecologist Green Living* editor



On a December day four years ago, I went to meet Wangari Maathai. I had been asked to interview her as part of a series on exceptional women but even in a list containing such luminaries as Liberia's first female president, Ellen Johnson Sirleaf, Wangari Maathai's name jumped out. Her story is one that has parallels with the other great name so tragically lost to the world this week – Apple's Steve Jobs. Like Jobs, Maathai was a visionary who transcended humble roots and went on to do wonderful things. And as Jobs did, she was also one of the few people who can be said to have truly changed the world.

Born in the 1940s to a peasant family in the tiny village of Ithite in Kenya's central highlands, Maathai's career spent defying the odds got off to a flying start when she was sent to primary school at the age of eight. Unusually for girls at that time, she went on to secondary school, graduated top of her class, and was eventually accepted at the University of Kansas, where she pursued – and won – a degree in biology. An MSc from the University of Pittsburgh followed and, finally, a PhD from the University of Nairobi,

making her the first woman in East Africa to hold a doctorate.

Increasingly drawn to social and environmental causes, Maathai put her academic career on hold and reinvented herself as a campaigner; a career change that put her on a collision course with Kenya's venal president, Daniel arap Moi. In the 1970s, she founded the Green Belt Movement, an NGO focused on grass roots conservation and female empowerment. She joined the Kenyan branch of the Red Cross, became its director, and founded the tree-planting business, Envirocare Ltd. A chance meeting with Peggy Snyder, the head of UNIFEM, at a conference enabled her to expand the Green Belt Movement, turning into a pan-African network in the process and training activists from more than 15 countries. But despite honours – at home and abroad – for her work, it soon became clear that Moi's government didn't share those sentiments.

Things came to a head, when Maathai opposed the construction of a huge tower in Uhuru Park. Her protests met with mockery and intimidation, with the government describing her as 'a crazy woman' in the press. Moi cracked down on the Green Belt Movement but faced with international condemnation, investors in the project pulled out and it was cancelled. Maathai's running battle with Moi didn't end there though. In 1992, she was arrested following the discovery that she, along with other pro-democracy activists, had been placed on a government hit list. After two days in the cells, she was released and headed straight to Uhuru Park to join the ongoing pro-democracy protests. Once there, the police, in an attack that drew international criticism, knocked her unconscious. But despite the intimidation, she continued to get involved in protests, most notably against the privatisation of Karura Forest.

In 2002, things changed again, when as part of the National Rainbow Coalition, she stood for election as an MP. The result was historic. Moi's Kenya African National Union was trounced, with Maathai polling 98.2 percent of the vote in her home constituency and being handed the role of Assistant Minister in the Ministry for Environment and Natural Resources. During her stint in Parliament, she was awarded the Nobel Prize – the first African woman and the first environmentalist ever to do so.

By the time I met her, Maathai had been an MP for nearly five years and at 66, was still working hard to make things better for both the planet and its people. Despite the muggy heat, she sailed in from the chaotic Nairobi street; beaming and box fresh. While I mopped sweat from my brow, she sat, cool as a cucumber, resplendent in a brightly patterned dress at the head of the long table, beaming round at everyone. Totally unfazed by the hovering photographer, she walked me round the room, showing off photos of her with Bill Clinton, Barack Obama and Bono. White teeth flashing, she smiled and smiled, making me laugh at her anecdotes and bombarding me with questions about my life and family. She was one of the most inspirational people I have ever had the privilege to meet and leaves behind a Kenya transformed for the better by her efforts. A fighter she might have been but it will always be the memory of her overwhelming kindness and sunny charm on a hot Kenyan afternoon that will make me smile when I remember her.

Mexico's poor suffer as food speculation fuels tortilla crisis

Financial speculation on maize is causing inflated prices for corn tortillas - a staple in Mexico - and threatening the health and livelihoods of the country's poor. **Tom Levitt** investigates. Photos: **Adriana Chow**



Corn is a staple food in Mexico which also has huge cultural significance

Lorenzo Canseco Hernandez and his wife Genoveva know little about international markets or food

speculation. But they can explain the impact the recent jump in corn prices has had on their life.

In the isolated mountains of Oaxaca, South Mexico, where they

live, it is coffee production that fuels the local economy. With coffee prices unpredictable, they rely on stable prices for their national staple corn.



Food speculation is causing the price of corn to rise

'It has not only doubled but also in fact tripled. Because 2 years ago, corn cost 2 pesos, but now it costs 6 pesos or even 6.50 per kilo. Before, corn tortillas cost 2 or 3 pesos, but now costs 12 pesos per kilo,' says Lorenzo.

'The effect is that everything that we earn, the most part of it goes on corn and food, but there are also other important things we need money for, like our houses and other things, but we normally don't have any money left over for anything else.'

In Mexico, not being able to afford the daily corn tortilla is unthinkable.

For many Mexicans, particularly the estimated 40 million living on less than \$5 a day (£3), tortillas account for almost half of their

average daily calorie intake. As a whole, the country consumes 23 times more maize than rice.

It is not just that maize is an important part of their daily diet, says Ignacio, a coffee-grower and community leader from the same village as Lorenzo and his family, it's much more than that.

'We have been eating corn tortillas since we were children. Our grandparents and ancestors taught us the importance of what this food means to us. When people are hungry, they ask for corn tortilla, this alone can satisfy our stomachs - *maiz es la vida* - maize is our life.'

Like a growing number of fellow Mexicans, Lorenzo and Ignacio are being priced out of their daily staple - corn tortillas, tacos and tostadas - despite it being a nutritionally

essential and culturally significant part of his nation's diet.

A major factor behind the recent scale of price hikes in maize and Mexico's corn tortilla is a newly emerging capitalist phenomenon - food speculation.

The rise of the food speculator

In brightly lit offices in London, Chicago and other financial centres, traders and investors are tracking the prices of maize and other staple food commodities.

Commodities markets were primarily meant to help producers and buyers find the true market price ('price discovery' in trader-speak) for the product through futures contracts. These contracts have worked well for almost a century, helping to deal with the uncertainty of growing crops by guaranteeing a future market for the producer and stable price for the buyer.

For example a buyer of maize, such as a corn processing company, could protect itself against maize prices going up in future years by buying a corn futures contract to guarantee itself a stable price. This is known as hedging.

However, over the last decade there has been a surge in interest in buying and selling these futures contracts from people with no interest or connection to agriculture or the food sector. These investors are known as speculators.

Speculators do not have any commercial interest in the commodity they are trading - unlike the corn processing company they are not looking to take delivery of any maize any time soon. Their only ambition is to make a profit from the changing prices over the lifetime of these food futures contracts.

The rise in speculators has been facilitated by lax regulations which have allowed investment banks, like Goldman Sachs and Barclays, to create new funds that let people bet

on the price changes of these food futures contracts.

Most large institutional investors, including pension funds, have little knowledge of commodities markets, or the time to learn, so investment banks have tailor-made index funds that track the prices of key commodities like maize and give investors a return based on how they perform.

The banks, in effect, act as the middlemen by taking investments and speculating on the investors' behalf; buying and selling futures contracts in food commodities.

A market that was once largely dominated by commercial hedgers, such as the corn processing company, has now become swamped by financial speculators. Campaigners argue that the banks have turned a stable food market into one driven by the short-term profit motives of speculators.

As Alan Bjerga explains in his newly published book, *Endless Appetites: How the commodities*

casino creates hunger and unrest, 'Physical goods have an obvious appeal to investors: Unlike a company that could go out of business or a country that could default on its debt, corn will always have some sort of value as something people can eat to stay

alive. Every day more children are born who will need corn or some other crop to eat.'

And value they certainly have. In 2000 there was \$6 billion invested in commodities, by 2011 it was \$340 billion, of which \$126 billion, according to data from Barclays

Capital, is reported to be invested in food. The vast majority of this new investment has been by speculators with no interest in the agricultural sector or in actually taking delivery of the commodity.

For some analysts this is only the 'tip of the iceberg' in terms of the amount of financial involvement that will eventually move into food speculation.

But already this sudden influx of large investors over the last decade has destabilised the market and

grossly exaggerated the normal fluctuations in food commodities trading. 'It has been like an elephant jumping into a backyard kiddie pool', explains one commodities expert in Bjerga's book, 'inevitably changing the way food prices are set'.

The price of food futures sets the benchmark for current food prices and so the sudden surges of investment and rising price of futures contracts for foods like maize, is being passed onto consumers, like Ignacio and his family in Mexico, who buy corn products like tortilla.

Of course, it could just as quickly crash if speculators jumped out of one commodity and into something else.

As it stands though, speculators are seeing the same warning signs as everyone else - weather-damaged harvests, soaring demand for maize (for feeding livestock and converting into biofuels), fears about the impact of climate change on future yields and gambling on ever higher prices.

Speculation linked to volatile maize prices

In the short-term at least, the impact of this new volume of speculation is far greater price rises in maize than poor families would otherwise have had to suffer - giving them little time to adapt.

In the case of maize, international trading prices have not only trebled in the past decade but also risen in two sudden and unexpected leaps. After rising from around \$2 a bushel in 2000 to \$3 in 2007, they more than doubled in price in less than a year to reach almost \$8 in 2008. After dropping back in 2009 they have now recently jumped towards \$8 a bushel again.

Former city broker Brett Scott explains how this influx of new speculators - now thought to be making up as much as 80 per cent of all trades in some food markets - could be causing these sudden

A major factor behind the recent scale of price hikes in maize and Mexico's corn tortilla is a newly emerging capitalist phenomenon – food speculation.



Many farmers have no idea of the complex economics at play

jumps in the market price of maize.

‘It may be the case that a market with 30 per cent of activity accounted for by speculation might work well, but what about a market with 60 per cent? What about 85 per cent speculation? These are not linear relationships – a market does not inevitably get more and more efficient as more speculators come in, and it is easy to imagine that there’s a tipping point where too many speculators destabilise prices rather than help them. Most speculation is short-term trading for short-term profit and it works if it’s done amidst a market concerned with long-term fundamentals. But what if it’s done amidst a market that’s already largely constituted by speculators? That’s speculation on speculation, and that’s how bubbles form.’

Olivier de Schutter, the UN’s rapporteur on the right to food, is adamant that speculators are to blame for the jumps in food prices. He says prices of key cereal crops like maize have, ‘increased very significantly but this is not linked to low stock levels or harvests, but rather to traders reacting to information and speculating on the markets.’

While the poor suffer, investment banks are making massive profits. While they remain notoriously secretive about their earnings from food speculation, it was reported that Goldman Sachs made more than \$1 billion from commodities trading in 2009, and, in the UK, Barclays is believed to be making up to £340 million a year.

Mexico’s tortilla price wars

Back in Mexico, any profits made from escalating tortilla prices are being reaped by the large agribusinesses that now dominate the maize market.

Traditionally maize was grown all over the country. Such is the importance of the crop that, according to the sacred book of the

Popol Vuh, the gods created people out of a corn mill, giving the ancient Mayan civilisation their name as ‘People of the Corn’.

But the birthplace of the first maize plants in the world is no longer even self-sufficient in maize. Since being forced to open its domestic markets to international trade domestic farmers have struggled to compete against heavily subsidised cheap imports from the US.

The picture is somewhat complicated by the two different types of maize consumed in Mexico – white and yellow. There are many other varieties but they are not

grown on a large scale.

White maize is largely grown in the north of Mexico in one state, Sinaloa, to create food such as tortillas for human consumption. The yellow maize is largely imported from the US and fed to livestock to meet Mexico’s growing meat consumption.

It is the rising demand for yellow maize for Mexico’s growing livestock sector that has seen imports from the US increase and left the country with a substantial deficit in maize production. Politicians may say Mexico has ambitions to be self-sufficient but already one-third of the country’s



The urban poor are being hit hardest by food price hikes

corn needs are imported. Mexico is the second largest importer in the world, after Japan.

This maize deficit is amplified when, as happened in 2006/7 and again this year, the native white maize harvest is badly affected by poor weather leading to lower than expected yields. Mexico is forced to import maize for food from an international maize market gripped by speculators.

With climate change and more unpredictable weather events it is possible that Mexico will become more, rather than less, dependent on imports.

The sudden leaps in the cost of maize after the poor harvest of 2006 reached a peak in January 2007 when tortilla price inflation officially hit 19 per cent year-on-year – the real figure may have been much higher. That peak coincided with a mass protest on the streets of Mexico City when thousands held up cobs of corn and complained about the rapid spike in the cost of their daily staple.

Some Mexican commentators say a recent close presidential election was the main spark for the protests, but there is no doubt the public anger shocked the authorities and international observers. The protest has since been seen as the first early warning sign of the 'food riots' that spread across the world in 2007/8 and again earlier this year in Africa and the Middle-East.

At the time, the surge in biofuels demand in the US and the monopolistic control of agribusiness giants in Mexico were blamed for the rises – food speculation was largely unheard of or not understood. Even now the

'So as tortilla prices are going up 15 per cent that means you're spending more on tortillas, which means you have less disposable income to spend on other things like books, schools, clothing and health.'



About a third of Mexico's corn is imported

extent of its impact is questioned.

Alfonso Murillo, vice-president of the council for agribusiness in Mexico, is one of the few who is well aware of the growing numbers of speculators in the corn market. 'They are just making a contract and reselling a contract and they go into the market or out of the market depending on the profit margin. They don't need the corn for any purpose. This speculation is growing stronger and stronger,' he says.

However, Alfonso, who also works for Maseca, the world's biggest producer of corn flour and tortilla, is sceptical about how much impact speculation is having on the consumer food prices. He believes higher maize prices are stimulating more production in both Mexico and around the world and that the government can control prices.

Food price hikes creating nutritional crisis

While the impact of speculation is disputed - the impact of volatile food prices is clearer.

This year a bad frost in Sinaloa destroyed around one half of Mexico's harvest and forced the import of large quantities of white maize again - at the same time international prices have been rapidly escalating, led by



speculation.

With tortilla price inflation currently running at more than three times the minimum wage, analysts say the situation is getting out of control, with poor families being condemned to poverty.

'Mexicans spend 20-30 per cent of their expenditure on food which is a lot higher than the expenditure in Europe or North America,' says Ken Shwedel, head of food and agriculture for Rabobank in Mexico. 'So as tortilla prices are going up 15 per cent that means you're spending more on tortillas, which means you have less disposable income to spend on other things like books, schools, clothing and health.'

Luis Hernandez, a journalist with Mexico's *La Jornada*, who has written on the maize crisis, says people have also had to vary their diet to include less nutritional but cheaper foods such as pasta soup. In some cases, people cannot even prepare their own food as the cost of traditional ingredients like tortilla become unaffordable and are forced instead to buy cheaper western junk food.

However, the group hardest hit by rising prices is not the urban

population who protested on the streets in 2007 but Mexico's rural poor, typified by cash-crop farmers like Lorenzo and Ignacio from Oaxaca, who, according to Shwedel, face a growing nutritional crisis.

'The rural poor are probably the poorest of the poor. Their diets are poor and they are making no more than minimum wage in most cases. They don't produce enough corn to live on and are going to have to go, later in the year, to the market to buy corn. So when the prices have gone up, they're the ones that can least afford to pay the higher prices for corn,' he says.

While jumps in food prices may be temporary, the social impact of the high costs are felt for much longer. 'As well as eating less nutritious food, we've seen households having to eat into their savings or take out loans just to afford food and cut back on expenditure on healthcare and education,' says Murray Worthy from the campaign group World Development Movement (WDM). 'All of these have much longer term impacts than just the impact of high prices in the short-term.'

Limit speculators grip on market

The group is campaigning to reduce the influence speculators can have on food prices by both limiting the amount of the market they can hold and making their transactions more open and transparent.

It believes speculators shouldn't make up more than 25 per cent of the market - and not the 60 per cent or more they currently make up in the case of some food futures market. It also believes forcing banks to report positions they hold would allow regulators to properly assess if a market was functioning to supply and demand fundamentals.

Others say regulation won't be enough and that food should not be allowed to be speculated on at all. 'This device [the futures market] that was put in place supposedly

to create price certainty at a given time has been a way of getting rich off the backs of others and giving rise to food insecurity,' says Luis Hernandez.

He believes Mexico should focus more on increasing its self-sufficiency in corn - now a national campaign *Sin maíz, no hay país* (no corn, no country) - and supporting rural communities that have been devastated by free-trade and now suffering from higher food prices.

The Mexican government acknowledges the volatile maize and tortilla prices but rather than reducing the grip of agribusinesses or capping prices, it has taken the unusual step of speculating on maize prices itself. It announced in December 2010 that it had bought maize futures contracts on behalf of corn processing companies, to 'guarantee prices'.

Ken says the move fits with the Mexican government's recent policy of not wanting to intervene directly in the market. Up until the 1990s it controlled food and tortilla prices to keep them affordable for poor Mexicans.

However, the government move has been seen as too pro-agribusiness, which many feel is to blame for exerting too much control over tortilla prices. Either way, the intervention shows no signs of reducing the current tortilla price inflation.

In the village of Chuxnaban, in Oaxaca, the young children in the village school are the only signs of a youthful population. Most of the older children and young adults have already left in search of a better future. Lorenzo is not optimistic. 'I think there will be much more migration. Young people will go to other states, to other countries like the US in the hope of finding money and food,' he says.

The irony is that these migrants may well end up as cheap labour in the US, helping to produce maize that will eventually make its way back to their homeland.

Water trading: how the world's most vital resource is up for sale



Women collect water, Niger. Photo: Matilde Gattoni

Like carbon trading, REDD and food speculation before it, the buying and selling of water is just the latest example of market principles being applied to natural resources. But just how ethical is it? **Debika Ray** reports

It was a sign of the times that the villain in the last Bond movie was not chasing diamonds or gold, but water. In the 2008 blockbuster

Quantum of Solace, billionaire businessman Dominic Greene aimed to seize control of Bolivia's water supply, and then instate his firm as the country's sole supplier of freshwater. The plot — allegedly

inspired by the 2000 protests against water privatisation in the city of Cochabamba — may have been implausible, but there was no refuting its central premise: water

has become one of the world's most precious substances.

'We believe water is turning into the new gold,' said Ziad Abdelnour, president of US private equity firm Blackhawk Partners, to Reuters last month. Indeed, a combination of climate change and a rising population is making the liquid increasingly unattainable – and, therefore, valuable. The total volume of water on earth is about 1.4bn km³, of which only 0.01 per cent is usable freshwater. Water use, meanwhile, has been increasing at more than twice the rate of population growth over the past century. By 2025, 1.8bn people will be living in regions of scarcity.

It is no surprise, then, that the impending water crisis has become a central preoccupation of academics, politicians and businesspeople. Of all the solutions mooted, the introduction of tradable water rights has gained traction in recent times. These schemes — under which parties buy or sell entitlements to water — already exist in such countries as the US, Chile, South Africa and Australia, with the market in the last of these worth an estimated \$3bn. The UK looks to be heading in a similar direction.

But the proposals are controversial. While advocates believe applying market principles to natural resources encourages conservation and accurate pricing, critics question how well this operates in practice and the ethics of commodifying such as precious resource.

These proposals are part of a wider move towards using market mechanisms to tackle environmental problems, of which carbon trading is most famous. At present, water in most countries is publicly owned. To establish a trading scheme, rights to access it

would have to be separated from land ownership and then allocated to private parties. Supply and demand would then determine price.

Privatising water

Institutions such as the World Bank have been interested in the idea since the mid 90s. In England and Wales, there have only been 55 such transactions over the past seven years, but Defra's recent environmental white paper signalled reforms to the water abstraction system.

It is not yet clear what form these changes would take, but Claire Dinnis of the Environment Agency says the government is considering a 'better balance between regulatory and market mechanisms, of which trading may form a part.' She says reforms are necessary to ensure we cope with the pressures of the next 15-20 years. Another white paper will expand on this later this year.

The idea of privatising water may be unpalatable for some — not least because constrained supply and rising demand would inevitably lead to escalating prices. But Switzerland-based senior soft commodities trader Valerie Issumo says the price we pay for water now does not reflect its true value. 'Society insists water should be a public, freely-supplied good,' she says. The problem is, most states can't afford to maintain water infrastructure anymore.'

Providing clean water costs money, she explains, and many governments subsidise this. She

believes a market mechanism would be more cost-effective and transparent. She has devised an 'ethical' water futures market, which would involve those who generate waste water selling treated water to those — businesses, governments — who need it. Locally, this would be to parties near where it is sanitised; internationally, through goods produced using this water. Under this system, she says, the purchaser would gain procurement security, the vendor would secure an income and water would be treated.

Dominic Moran, environmental economics professor at the Scottish Agricultural College, agrees that water is too cheap. 'There is a misguided concept that water should be free,' he says. 'But someone has to extract it and treat it.'

Douglas Crawford-Brown, executive director of the Centre for Climate Change Mitigation Research

at the University of Cambridge, picks up on the issue of treatment. Referring to the World Bank's claim that 'free water is deadly water', he says reduced infant mortality is just one positive outcome of treating water.

At present, one in six people have insufficient access to clean water.

Issumo agrees — indeed, she frames the global water crisis as primarily one of a lack of clean water, rather than water per se. 'There is enough freshwater for 10 billion people, but 90 per cent of waste water is not treated and a lot of the rest of it is not treated well enough,' she says. She believed focusing on this would go a

'There is enough freshwater for 10 billion people, but 90 per cent of waste water is not treated and a lot of the rest of it is not treated well enough'

substantial way towards ensuring there is enough usable water for all.

Crawford-Brown raises a pertinent issue, though: how can treated water be kept affordable? Trading might mean better quality, but this water may no longer be accessible to the world's poorest.

Who pays?

Indeed, Dan Yeo, senior policy analyst at Wateraid, says the poor are often hardest to reach, so the price they pay may be disproportionately high.

Mary Ann Manahan, Philippines-based research associate at NGO Focus on the Global South, agrees: 'The expense of water could escalate and those who can't afford it would have to fend for themselves.' She does not believe a market can accurately reflect the differing value of water for different regions. 'Subsidies for the poor are essential to ensure their minimum needs are met.'

Moran points out, though, that large businesses with high water use pay barely anything — demand-based pricing may mean they pay their way.

Another claim is that water trading would discourage waste. For example, if a farmer knew he could sell surplus water, he would be cautious about his use. Also the fact that a limited number of access rights would be issued in the first place should mean that water usage can be limited to a sustainable level overall.

Manahan is unconvinced, claiming the issue of efficiency is better tackled through existing methods. Singapore, for example, has developed a sophisticated water recycling system, while Hong Kong has separate pipe systems for treated and untreated water.

Yeo says there is no reason why a market would be better at pricing

water than conventional means. The cost of creating these systems, for one thing, would be substantial. He believes governments should lead in tackling these problems.

Who wins?

Evidently not everyone is convinced. Indeed, the practical barriers to implementing trading systems are enormous. First, water is inconvenient to transport. Second, separating land and water rights is complex. Also, water does not stay still, which means rights would not equate to fixed amounts all year round and other parties — for example, people downstream on a river — would be affected by arrangements.

Then there are ethical considerations. Manahan questions the motives behind trading such a valuable resource, asking: 'Whose interests would such a system serve?'

With carbon trading, she explains, the big polluters – corporations, powerful governments – can best afford credits. With water, the same people would have the advantage. She is concerned about how international trading would be regulated. Would corporate interests and those of wealthy countries triumph, while those with informal rights are left vulnerable?

The impact of speculation is also a worry. Trading for financial gain is in its infancy, but shows signs of developing as investors wake up to water's value. In 2007, US billionaire T Boone Pickens spent \$75m on buying up water rights in Texas, from which he expects to recoup \$1bn over 30 years. A year later, a Canadian hedge fund bought 95-year rights to three glaciers in northern Europe. Blackhawk Partners' Abdelnour said in August that 'smart money' was moving towards water.

Manahan explains: 'Water is the perfect commodity — it's inflation proof, there's no substitute for it and it's getting scarce. Countries go to war over it.'

Crawford-Brown says he would worry if speculation was unrestricted. 'When prices are torn loose from the physical item, the poor suffer most.' He says this should not be allowed, and that trading should be highly regulated. This, however, may be hard in countries without strong institutional capacity. 'In developing countries, how would rights be distributed, for example? What would happen after a change of government?' he asks.

Moran echoes this: 'We can't think of systems that share out scant resources before creating the right institutions.' He is doubtful about the viability of trading globally, but sees no reason why it could not work within regions. He is certain the UK is heading in this direction.

While there is no concerted international push towards commodifying water rights, there is an undeniable enthusiasm for market-based solutions to all global problems. The debate in future is likely to revolve around the extent to which such systems are used and how they are regulated, rather than whether they are used at all.

But schemes such as those in Arizona, where municipal bodies agreed on transfers between regions, demonstrate that water rights trading need not be out of control — there is scope for exchanges within a strict regulatory framework. Indeed, some regions may soon have no choice

UK charity dogged by 'monocultures and rights violations' claims



The Jewish National Fund UK has always denied a swirl of claims over its history and activities in the Middle East, including allegations of land grabbing Palestinian villages. But campaigners want the organisation stripped of its charitable status. **The Ecologist** investigates

When, earlier this year, Prime Minister David Cameron announced he

was stepping down as patron of an environmental and humanitarian charity few people in Britain took notice. The Jewish National Fund (JNF) UK, an organisation that prides

itself on making the desert bloom in Israel, does not have the coverage of Greenpeace or Friends of the Earth.

Yet for some it was highly

significant: activists from the Stop the JNF campaign declared it a small victory in their bid to have the outfit's charity status revoked in the UK. It is the first time JNF UK has not had a British Prime Minister as patron since its inception more than one hundred years ago. Gordon Brown and Tony Blair, however, are still listed as honorary patrons.

Stop the JNF had written an open letter to the Prime Minister in May asking him to reconsider his position as patron. They accused the charity, along with its Israeli counterpart KKL-JNF [Keren Kayemeth LeIsrael – KKL – in Hebrew], of being historically complicit in human rights violations against Palestinians, particularly through the afforestation of land they allege was stolen from Arab villages during Israel's creation in 1948. However, the accusations contained in Stop the JNF's letter were not reportedly amongst Cameron's reasons for leaving.

'The charitable status of the JNF UK should be nullified as the first step towards nullification of its tax exemption and towards declaring the JNF an illegal organisation in the UK,' says Dr. Uri Davis, a professor of

Israel studies at the Palestinian Al-Quds University. 'Because the JNF is complicit in crimes against humanity by developing the British Park over ruins of two ethnically cleansed Arab villages inside the Green Line, inside what is conventionally regarded as Israel proper.'

During the 1950's, JNF UK used

money from its donors to establish the British Park, which activists claim is planted over the ruins of depopulated Palestinian villages, Ajjur and Zakariyya, emptied by Israeli soldiers less than ten years earlier. Many residents fled to areas of the West Bank and across the border into Jordan, eventually ending up in UN refugee camps – where their families still live today.

JNF UK strongly denies any wrongdoing however: 'JNF does not plant trees on top of razed Arab villages,' chairman Samuel Hayek says. 'JNF is not a political organisation and does not get involved in Israel's political agenda. Money raised by JNF UK does not go towards any projects in the West Bank or Gaza.'

The JNF was set up in 1901 at the fifth Zionist Congress to obtain land in Palestine for the settlement of Jews, in preparation for what would eventually become the future state of Israel. It made its first purchase two years later and, according to the World Zionist Congress, 80 per cent of the Israeli population now live on land acquired by the JNF.

Today it is a global organisation with affiliate charities across the world, from Canada to Italy.

After achieving NGO status in 2004, the KKL-JNF was invited to the UN climate change talks in Copenhagen and Cancun – holding seminars on the fringes in Mexico

on the role of arid land forestry. The opening lecture was given by Itzik Moshe, the deputy director of KKL-JNF's southern region – an area dominated by the Negev

desert, where afforestation and development projects are being pursued in earnest.

A promotional video on the JNF UK website states that 'developing the Negev is the primary mission of JNF UK', including schools and reservoirs to help 'modern pioneers' the Israeli government wants to settle in the desert. This includes the community of Haluzit, who lived in the illegal settlement Gush Katif on the Gaza Strip prior to Israel's withdrawal in 2005. The pictures of happy Jewish families belies the fact that the Negev is also the epicentre of the latest controversy involving the KKL-JNF.

A struggle for land

In the 1950s the Israeli government forced Bedouin people living in the Negev into a North Eastern corner of the desert called the Siyag ['closure'], turning the rest of the area into a closed military zone and citing 'temporary security concerns'. Instead of allowing the Bedouin to return to their villages the Israeli government began building planned townships at the start of the 1970s, where around half of the Negev Bedouin now live. They began encouraging limited Jewish settlement on the now vacated land.

A number of Bedouin have since returned and re-established villages, which the Israeli government refuse to recognise. Homes now face a constant threat of demolition; the village of al-Araqib has been destroyed more than twenty times since July 2010. Each time its 250 residents rebuild temporary tents in a simple act of defiance, only to watch them demolished again.

'Immediately after the establishment of the [Israeli] State, the Bedouins were forced to move

Many of these forests are monocultures, making them susceptible to disease and adverse weather.

to the Siyag, a triangle between Beersheba, Demona and Arad,' says Faisal Sawalha, from the Regional Council for the Arab Unrecognised Villages in the Negev. 'People who were living outside the Siyag had to leave their land. They are entitled to demand it when negotiating a solution with the government.'

The problem, argues the Israeli government, is that the Bedouin want the whole Negev – a claim Sawalha denies. 'This is not true. The Bedouin now claim the ownership of about five per cent only of the whole Negev. They are approximately twenty seven per cent of the population [of the Negev] and they are the indigenous population of this region,' he says.

One way to keep the Bedouin off the land is to plant trees, and Israel's government have signed agreements with the JNF giving them more access to the Negev. Now forests are springing up with the help of international donors, including Christian satellite channel GOD TV. A recent Amnesty International mission to the Negev reportedly witnessed KKL-JNF vehicles preparing land for afforestation on the outskirts of al-Araqib.

'Once the forest is there it means "you can graze on my land only with permission'," says Prof. Avi Perevolotsky, who heads the Department of Agronomy and Natural Resources at Israel's Volcani Center, although he urges caution as to the culprits.

'I would not put the burden on the JNF here, it is a conflict between the state and the Bedouin; and the state is not that willing to resolve it because it is difficult to resolve. So they have ignored it over the years. But they encourage nature reserves

and afforestation as a means to declare ownership.'

Yet the lines become blurred because of close links between the JNF and the Israeli Land Administration [ILA]. The administration is headed by a council comprising of 12 governmental representatives and ten from the KKL-JNF. In contrast to its afforestation programs, the ILA has been accused of uprooting Bedouin olive trees in the Negev. They are also the government agency responsible for managing state land and a driving force behind the demolition of Bedouin villages, critics say.

'I don't think the colonisation of the Negev could happen without the JNF, but it is complex because of the number of agencies and overlap,' says Jesse Benjamin, associate professor of sociology at Kennesaw State University, and a member of the International Jewish Anti-Zionist Network. 'You have the JNF, the ILA, then you have municipal regional planning agencies. And they all collaborate to create what they call master plans for the development of the Negev.'

Managing the forests

Tied up within this political aspect is an ecological one. The KKL-JNF have planted over 240 million trees and since the late 1980s has repositioned itself as an environmental organisation. Whilst specialising in afforestation throughout its entire existence, it is argued by some that forestry management is not something KKL-JNF do particularly well. The majority of forests have been planted and maintained following a commercial model, lacking diversity and alien to local ecology.

'It is definitely a case of glass half full, half empty,' says Prof. Perevolotsky. 'On one hand they have this tremendous achievement of establishing, more or less, viable sustainable forests on a large area of Israel from nothing over the last one hundred years. On the other, they have not yet found the correct way to manage it that completely fits to the environment here.'

The KKL-JNF have been criticised for planting Aleppo pine forests, which are not native to all areas of Israel, as well as invasive species such as prosopis. Many of these forests are monocultures, making them susceptible to disease and adverse weather.

'If there is a problem like the drought we have been experiencing in recent years you may lose large areas of forest because it is even-aged monoculture,' says Prof. Perevolotsky. 'Fifteen to twenty years ago we had a problem with pathogens, so again we lost many trees and complete stands.' However he acknowledges the British Park is one of the better managed JNF forests.

Despite the criticism Samuel Hayek remains defiant. 'JNF UK is proud to be associated with the many important and vital accomplishments of KKL-JNF,' he says. 'JNF UK is independently operated but remains a close partner of KKL-JNF in many aspects of its work. JNF UK undertakes projects both in conjunction with and independent from the KKL-JNF.'

Xayaburi dam divides Laos and stirs tension over Mekong hydropower

Supporters of a controversial dam in one of Asia's poorest countries say it will bring huge economic benefits. Critics say it could threaten fisheries and rice cultivation, threatening the livelihoods of millions.

Brendan Brady reports from Laos



The dam could impact communities downstream. Photo: Brendan Brady

Standing over various maps and charts outlining dam proposals, Viraphonh Viravong says the plans that lie before him promise to herald better times for his country. Viraphonh is the director of Laos' Department of Electricity and point-person for the Xayaburi dam, which, depending on who you ask, is the first step in a new initiative to lift Laos out of poverty and under-development, or the beginning of a precipitous decline in the health and stability of the Mekong River.

Laos is one of the poorest and least developed countries in East Asia, a status that its communist government says it can shed by drastically expanding the country's hydropower capacity. Doing so, it says, will provide electricity countrywide and fund better public infrastructure and services with electricity export

revenues. Already, hydropower projects draw more than half of total foreign direct investment in Laos, according to the Ministry of Planning and Investment. But in the un-dammed 1880-kilometer main channel of the Mekong running through the country, the government sees too much hydropower potential to leave unharnessed.

Viraphonh says that enlarging the country's hydropower scheme is a natural evolution. 'If you want to develop hydropower on a small scale to supply to only the domestic market, because of the small scale, it becomes fairly expensive,' he says.

A detailed report published ... said the proposed cascade of mainstream dams through Laos would rupture the Mekong's equilibrium.

'So after a few years, we realised it's much cheaper to develop a larger scale and use the export earnings to subsidise the rural electrification. That's why the project started to get bigger and bigger.'

In the late 1980s, China became



the first – and still only – country to install dams along the river's main channel. China escaped major international opprobrium at the time, but further scientific research and advocacy work by environmental groups in subsequent years have shed more light on the intensified risks of altering the mainstream, which, as the spine connecting the river's many tributaries, is the most essential part of the wider Mekong river system.

Living from the Mekong

As such, the \$3.5 billion, 1,260-megawatt Xayaburi dam – the first of Laos' nine proposed mainstream dams – has stirred tensions with other countries that share the Mekong and heightened concerns about the fate of those who survive off of the river. Downstream from Laos, in Thailand, Cambodia and Vietnam, tens of millions of people depend on the river for fish and irrigation. Cambodia's Tonle Sap lake holds one of the largest freshwater fisheries in the world, and the copious rice harvest of Vietnam's fertile delta, where the Mekong meets the sea, makes that country the world's second-largest rice exporter.

Studies warn that this cascade of mainstream dams will block migration routes necessary for



Working the Mekong. Photo: Rick Valencia



*Fishermen could be affected too.
Photo: Brendan Brady*

fish to spawn as well as damage huge swathes of Vietnam's highly-productive delta farmland by blocking the flow of sediment that fertilises it and curtailing the volume of water traveling down the river, thus letting more crop-destroying saline sea water seep upstream.

A detailed report published last year by the International Centre for Environmental Management said the proposed cascade of mainstream dams through Laos would rupture the Mekong's equilibrium. The Australian organization was commissioned to carry out its 16-month assessment by the Mekong River Commission, a consultative body created in 1995 by Thailand, Cambodia, Vietnam and Laos for collective

management of the river. The report predicted, among other serious consequences, a 25 per cent loss in the load of sediment that would reach the lower stretches of the river and a 16 per cent to 32 per cent drop in fish stocks. It recommended a 10-year moratorium on any such projects to give time for more detailed research on their impact.

A subsequent report, published in March by the Mekong River Commission itself, found that, from the Xayaburi dam alone, the migrations of anywhere from 23 to 100 species of fish would be curtailed, and the river's iconic engendered giant catfish, which can span 3 meters and weight more than 270 kilograms, would likely fall extinct. The Commission's report also estimated that the dam's power output would drastically diminish within decades from silt accumulation in the dam's reservoir.

Regional and international environmental and human rights groups have petitioned for an immediate cancellation of the Xayaburi dam. A letter co-submitted in March by 263 NGOs

from 51 countries to the Laos government said the project would be 'exceptionally destructive' and 'cause unprecedented damage to the river's ecology'. Even Vietnam, which as a fellow communist country is typically hesitant to publicly reproach its neighbor, ran a series of articles in its state-run newspapers that warned of reckless damage from Laos' proposed mainstream dams.

Ignoring the evidence

The Laos government had hoped its Xayaburi project would gain some legitimacy from the environmental impact assessment commissioned by the Thai company contracted to build the dam. The report, however, was slammed by environmental groups, which seized upon its apparent shortcomings: the report looked no farther than several miles downstream in considering the dam's impact, even though experts believe it will reverberate river-wide; it also ignored readily available scientific research on the Mekong ecosystem, and overlooked entirely the issue of the dam's effect on sediment movements.



Hydropower means development, say supporters. Photo: Brendan Brady



The proposed dam has implications for people and environment. Photo: Rick Valencia

Struggling to mobilise expert opinion behind it, the Laos government has framed efforts to halt its hydropower scheme as a roadblock to the development of the country and its people. The proposed mainstream dams are essential to the country's rise out of poverty, and will help wean it off dependency on foreign aid, it says. 'If you say, No, you cannot develop the project, you are actually depriving a lot of people. So I feel very sad to see this,' says Viraphonh.

This is a tact that resonates with communities around the site of the proposed Xayaburi dam, in northern Laos, who have been told that the project will offer them a stable supply of electricity, better roads as well as new schools and hospitals but have not been informed of the project's risks. As

such, fisherman like the 48-year-old Aoun praise the dams – 'they will help my community,' he says – even as, environmentalists warn, they are likely to make worse Aoun's main daily concern: that 'it's become harder in recent years to catch fish.'

The Electricity Department head Viraphonh also points out that, in providing hydropower-generated electricity to neighboring countries, Laos is likely reducing the number of fossil fuel-burning power plants that would be constructed in the region. The Laos government has already signed a soft agreement – a Memorandum of Understanding – pledging to their governments to sell 7,000 megawatts to Thailand, 5,000 to Vietnam and 500 to Cambodia. (Indeed, the rising opposition of Laos' neighbors to the Xayaburi dam is complicated

given that it is in part their demand for more electricity that has encouraged Laos to pursue such drastic measures). These 12,500 megawatts, he says, are 'clean, renewable and [produce] no carbon emissions. [So] we reducing the use of fossil fuels, this is how we see it.'

A done deal?

But any insistence by the Laos government that its proposed series of mainstream dams is driven by a desire to assist the region is challenged by its apparent unwillingness to deal openly with its neighbors about the Xayaburi project. In a meeting of the Mekong River Commission in April, representatives of Thailand, Cambodia and Vietnam demanded more information on the dam's impact and kicked the issue up

to the ministerial level. The next month, in response to rising pressure, the Laos government said it would defer its decision on the dam, pending further research. And as recently as July, the government reiterated that it's intention was to reassess the Xayaburi dam – for such willingness to reflect on this issue, the Laos government was praised by U.S. Secretary of State Hillary Clinton, then in Bali for a regional talks, for having ‘a forward-leaning position.’

But most signs suggest the Laos government has no intention to reconsider the Xayaburi dam. Construction on access roads and

a work camp continues near the project site, and leaked documents suggest Laos’ officials have already told the Xayaburi dam’s developer, Thailand’s CH. Karnchang Public Co., to complete the project. In a letter postmarked June 8 and addressed to the construction company, the head

...the region is challenged by its apparent unwillingness to deal openly with its neighbors about the Xayaburi project.

of Laos’ energy department says the government had allowed its neighbours to ‘evaluate, discuss and comment on the Xayaburi Project,’ and ‘we hereby confirm that any necessary step in relation to the 1995 Mekong Agreement has been duly taken in a spirit of cooperation...’

This development appears to defy hopes that hydropower

development along the Mekong would increasingly be managed at a regional level. ‘I think collective management of the Mekong is essential because the Mekong is by definition a trans-boundary river system that many countries are dependent on,’ says William Rex, a sustainable hydropower development specialist for the Laos office of World Bank, which has supported dam projects in Laos but not the government’s mainstream plans, favoring instead dams along the country’s many tributaries. ‘So I think over time countries will work out how to work together in order to better manage their common interests.’ For critics of the Xayaburi dam, that time has yet to arrive.



Photo: Rick Valencia

San Francisco's scavengers: a story of gangs, poverty and recycling



Scavenging is on the rise in the US and is no longer the exclusive domain of the poor. **Felicity Carus** reports on San Francisco's attempts to close down this informal sector and its impact on a burgeoning recycling culture

A few steps away from San Francisco's Golden Gate Park lined with eucalyptus and palm trees, a dozen men and women queue with trolleys overflowing with salvaged trash. At 9.30am they are allowed to start the noisy process of separating the cans, glass and plastic bottles before being weighed.

The Haight Ashbury Neighbourhood Centre (HANC) echoes with the clink of glass and the crunch of cans. Years of discarded dregs from fizzy drink cans and bottles of beer and wine makes the weighing area sticky underfoot, and the air stale and sweet.

The majority of those who arrive every morning at the recycling yard with plastic bags and shopping trolleys are some of the keenest recyclers in San Francisco - not for the sake of the environment, but because it's their only source of income. But that is now under threat.

Victor, 59, turns away with \$27.95, after weighing in two barrels of glass, one barrel of cans and 10lbs of plastic. He comes to HANC with recycling he has collected in the city every week. It's the only work he knows, he says.

Patrick, 51, sleeps rough in the Golden Gate Park, and reckons his haul is worth around \$5. He comes to HANC most days because 'I want a drink and I'm hungry'.

California's 'bottle bill' was introduced in 1987 to encourage recycling and reduce litter by adding a deposit of 5¢ for containers up to 24 ounces, and 10¢ for larger containers. Deposits on aluminum cans and glass and plastic bottles are then redeemed at recycling centres.

Statewide, the bottle bill

represents rich pickings for recyclers. Of the 21 billion drinks purchased in cans and containers in 2009, 17.2 billion of those were recycled, according to California's Department of Resources Recycling and Recovery.

The California Beverage Container Recycling and Litter Reduction Act has been a huge success. Last year, San Francisco recycled 77 per cent of its total waste, and has set itself a zero waste target by 2020.

Some of this success is down to innovative policies such as a city-wide kitchen scrap and garden waste collection service, resulting in 20,000 tonnes of high-grade compost a year - much of which ends up spread over the vineyards of Napa.

Scavengers who scour the streets of San Francisco for cans and bottles also contribute to this high recycling rate, creating a symbiotic relationship that turns trash into cash and provides an income to some of the city's estimated 8,640 homeless people.

Homeless men and women pushing shopping trolleys loaded with their possessions and empty cans and bottles are now as much a feature of the city as the fog that sweeps in under the Golden Gate Bridge. And although it is illegal, police are reluctant to arrest people for scavenging which can carry a fine of \$2,000.

Dr Dan Knapp, a sociologist and founder of Urban Ore, a salvage company in Berkeley, said: 'Scavengers are hand separating the recycling before it reaches the depot, and they're willing to work for almost no money - a dollar an

hour on average. It's a cheap way to access labour, that's why it works and why it's hard to stamp out. The police don't want to enforce the law because they know that they're the working poor trying to make a living and don't have many alternatives.'

The recycling economy

But San Francisco's scavengers are not all homeless or disaffected like Victor and Patrick. HANC is

one of around three recycling centres in San Francisco and returns \$60,000-worth of deposits to recyclers each month. But only some of that money goes into the pockets of

Homeless men and women pushing shopping trolleys loaded with their possessions and empty cans and bottles

the homeless because the 'bottle bill' also props up other poor communities.

Immigrants from Latin America turn to recycling when they are unable to find work or claim welfare, while elderly Asian men and women top up their pensions.

However, since the economic crisis, the numbers of scrap and traders have ballooned to their thousands, operating in an informal industry estimated by San Francisco's official waste disposal company to be worth at least \$5m a year. But where once the homeless, immigrants and Asian pensioners turned up with trolley loads worth a few dollars, increasing numbers of working- and middle-class people are driving to the centre with boot loads of recyclables worth \$100 or more.

Kevin Drew, the residential recycling coordinator at the city's environment department, says: 'More people are scavenging as the economy suffers. It used to be the homeless and the really disaffected

and little old Asian ladies but now organized gangs drive around the streets with trucks. As government budgets shrink, more workers will be laid off and suddenly collecting bottles and cans has value. It used to be marginalised, but now middle class families are turning to it.'

Wayne Wiley, 25, one of 10 staff at HANC says 'better dressed' people in nice cars are increasingly using the centre, and cites a

flight attendant who turns up with bottles and cans collected at airports during layovers when his hourly rate drops to \$1.50.

After the weigh in begins at 10am, the cars become increasingly flash – brand new VW and Audi SUVs park alongside modest family sedans.

Elisa B, a 38-year-old teacher, has brought \$14-worth of her family's recycling in the boot of her Cherokee Jeep. She says: 'Times are hard and my salary is so low. I used to leave my recycling out on the street, but now I bring it here.'

Jason Stone, 39, a bar tender, arrives in his truck with around \$100 worth of cans and bottles that took him eight hours to collect from bins in his neighbourhood.

He says: 'I need the extra cash. I'm divorced, with one child, and \$600 a week in wages isn't enough, so the extra \$400 makes a big difference.'

Gangs taking over recycling profits

San Franciscans are mostly sympathetic to the scavengers, and HANC is popular with its neighbours who use the centre to drop off their recycling and include Hollywood actor Danny Glover, who lives a few blocks away and has voiced his

opposition to closure.

But Bob Besso, recycling manager at Recology, the city's official waste collectors, says his company loses at least \$5m a year to the scavengers. He estimates that there are 400 vehicles operated by

organised gangs that earn up to six-figure incomes. The company has resorted to employing private patrols because the city cannot afford the cost of enforcement, he

says.

'These people are poachers and are stealing a commodity. Not one container on the streets of San Francisco doesn't get opened between 8pm when it's left out on the street by the householder and 8am in the morning when it's collected by our trucks.

'Scavengers are creaming the crop, taking the most valuable materials and leaving us the rest. It's parasitic and is the Achilles' heel of California's bottle and recycling laws. They should be scrapped. What went from a consumer law turned into a poachers' opportunity law.'

Recycling plant now due to close

The improvised social safety net created by the bottle bill was an unintended consequence that Gavin Newsom, San Francisco's former mayor, appeared determined to crack down on by closing HANC.

Ed Dunn, HANC's executive director, accused Newsom of a vendetta against the centre: 'It's class warfare because poor people use this centre the most. These are people who have no hope of getting work and it would be a gigantic obscenity to

close the centre.'

Now Newsom has gone to Sacramento to be Governor Jerry Brown's second in command, an eviction order from March has yet to be fully enforced.

It's too late to put the brakes on legal proceedings started under Newsom and executed by the City and County of San Francisco, says Robert Devries, the lawyer representing HANC.

HANC has challenged the appeal which could be ruled on at any time - tomorrow or three months. Until then, HANC's regulars live in a state of limbo, expecting the gates to be closed for good without warning as the battle with city hall continues.

Devries says: 'The centre is arguing that the eviction order is political retaliation and is not legal. The eviction is a minor skirmish in a wider political debate about the value to the community of the recycling centre.'

Supervisor John Avalos hopes that the eviction order will eventually be overturned, and that San Francisco's world-renowned social tolerance will prevail.

He said: 'Evicting HANC is part of an effort to remake San Francisco into a city that looks better for the wealthy and not one that takes care of low-income people.

'We had the summer of love here in San Francisco, it's a place where people come hoping for something different. Gavin Newsom's approach went way against the notion of San Francisco as a sanctuary city and as a place where people can remake themselves.

'People come from all over the world to be in San Francisco. Some come with means to find a home and others have to scabble for years to find economic security. That's just the reality.'