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Special Rapporteur's Study on the Impacts of the Global Crisis on
Indigenous Peoples

The Global Economic Crisis and its Impacts on Indigenous Peoples

Special Rapporteur, Victoria Tauli-Corpuz

Thank you Madame Chair. This is a report which was requested by the Forum in its 9th Session to be presented this year.

This report looked into the global economic and financial crisis which hit the world in 2008 and still have lingering impacts of indigenous peoples. What this report wants to highlight is that this crisis is not just a fluke but a result of systemic and structural weaknesses in the global economic system.

There is no doubt that worst impacts of this crisis had been felt by indigenous peoples, especially those in the USA where it all started. Jacqueline Johnson Pata, the executive director of the National Congress of American Indians, stated in a testimony she presented before the Congress, that "unemployment rate soared between 50-90 % . Many tribal communities were affected by this because of massive lay-offs done by gaming operations . Many of the tribal communities which are engaged with the construction business also suffered tremendously because of the slow down in construction.

She requested that the stimulus package of the Federal Government to help ease the impacts of the crisis, should also go to the Native Americas. Eight of the 10 poorest counties in the United States are on reservations and the stimulus funds could go far in helping with projects on the ground -- repaving roads, building schools and health clinics, and generating employment. I saw data which showed that some Native Americans benefitted from the American Recovery and Reinvestment Act of 2009 which included approximately \$2.5 billion to create jobs and economic opportunity in Indian Country. The report has not gone into what was achieved in terms of alleviating the impacts of the crisis by this support.

Aside from the impacts on the Native Americans, the report also looked into what happened to indigenous peoples from Mexico and the rest of the Americas. Many indigenous persons who migrate temporarily or permanently to the US had their remittances to their families drastically reduced because they were laid off from their jobs. Similarly, indigenous peoples from Asia who come to the US to work as domestic helpers suffered the same fate. Those in the manufacturing sector which are mainly producing and exporting goods to the United States and Europe also have been affected. Several indigenous persons are workers in these factories and when many of these closed down many have been out of job.

What was striking about the crisis, which the report noted, is that mining exploitation has decreased in many countries because of the crisis. There was no appetite for

investors to speculate in the mining industry while there is much uncertainty on who will invest. Thus, to a certain extent, the mining of minerals like copper, iron, etc. slowed down for a while. However, mining in gold has risen because in times of financial crisis, hoarding of gold increases. So indigenous communities which are rich with gold still suffer from the operations of gold mining companies.

What I want to highlight in this introduction, though, is what has to be done in the light of this crisis which is not going to really go away if the world proceeds with business as usual. A common conclusion reached by various reports is that the theory of self-correcting and efficient markets is debunked by this crisis. It is not just a result of a temporary malfunctioning or aberration of the economic growth model, but a clear failure on its own terms. Its promise of endless, stable growth and increasing incomes for most people has not come about. Instead we have witnessed gross inequities, volatility and ecological degradation.

The New Economics Foundation, a respected think-tank based in the UK, said that “these are not anomalies but a natural and increasingly severe expression of the 'normal' functioning of the system..” Similar conclusions were contained in the Stiglitz Commission Report which says that the present crisis demonstrates failure at many levels – of theory and philosophy, of institutions, policies and practices, and, less overtly, of ethics and accountability. This report states;

The current financial crisis, which began in the United States, then spread to Europe, has now become global. The rapid spread of the financial crisis from a small number of developed countries to engulf the global economy provides tangible evidence that the international trade and financial system needs to be profoundly reformed to meet the needs and changed conditions of the early 21st century. The crisis has exposed fundamental problems, not only in national regulatory systems affecting finance, competition, and corporate governance, but also in the international institutions and arrangements created to ensure financial and economic stability. These institutions have proven unable to prevent the crisis and have been slow to design and implement adequate responses. Indeed, some policies recommended by these institutions have facilitated the spread of the crisis around the world.”

According to Miguel D'Escoto, the GA President, in his foreword to the report of the Commission, this crises “...are not the result of a failure or failures of the system. Rather, the system itself – its organization and principles, and its distorted and flawed institutional mechanisms – is the cause of many these failures.”

While there are claims that the world is overcoming this crisis and indeed, now there is not much talk about the crisis, evidences show that most countries, both developed and developing, are still undergoing economic decline and economic recovery is far from being reached. Yilmaz Akyuz, an economist who has looked deeply into this crisis concluded that “the combination of sharply declining commodity and manufacturing export earnings, collapse of remittances, reversal of private capital flows, rising risk spreads, an extreme degree of credit squeeze affecting even trade finance and losses of asset values is giving rise to a sharp economic downturn and even contraction in many parts of the developing world.” Despite the massive bail

out operations through the infusion of capital into weakened financial institutions and industrial firms, there is not much to show in terms of economic recovery.

For many indigenous peoples, they look at this global economic and financial crisis as just one side of the coin. The other side is the global ecological crisis of biodiversity loss, resource depletion (e.g. peak oil) and climate change. This situation the world faces now is, clearly, the direct result of the economic growth model which promotes unfettered markets, export-orientation, debt-dependency, overconsumption and over-production. Development has exceeded the carrying capacity of ecosystems in various geographic areas, whether measured by the footprint analysis or by the number of endangered species, degraded ecosystems and land, deforestation or decrease in fish stocks. It is also clear that social inequalities are not being reduced with growth and globalization.

After this economic and financial crisis we now witnessing a global food and water crisis which are hitting many indigenous peoples in all parts of the world. There are massive land grabs taking place not only in Africa but also in Asia where richer countries are buying off lands to raise food for their people. The current food crisis in particular has been estimated as being responsible for pushing more than 150 million people back into poverty – with serious consequences for health outcomes and nutritional status making it more difficult to achieve the Millenium Development Goals.

The World Bank's Global Food Price Index shows that in March 2011, the food index remained 36% above its level a year earlier. Key staples that remain significantly higher than what they were at this point last year include maize (74%), wheat (69%), soybeans (36%) and sugar (21%). There are many reasons for this including the continuous provision of perverse subsidies to the production biofuels such as corn, palm oil, among others. Ethanol subsidies, for example, are provided to almost one third of all corn grown in the United States to be used as biofuels. This is putting a lot of stress on the price of corn. The rapid loss of topsoil in one third of the world's cropland which is much faster than the formation of new soil through natural processes is another factor.

The fact that the world is heavily dependent on oil to produce food is another factor. Agricultural production has increasingly depended on the use of fertilizers which are petroleum-based. Exportation of food through long distances within and between countries is very heavily dependent on oil. With oil prices increasing everyday, the cost of food also increases.

Clearly there is a need to revisit the economic and ecological crisis to see how indigenous peoples are coping with these and for us to come up with more concrete proposals in terms of reforming or changing the ways development or economic growth are being pursued. The report strongly recommends that indigenous peoples document the ways in which they are pursuing their self-determined development which are actually examples of green economies. These experiences will be important contributions to the Rio + 20 discussions which are addressing the themes of green economy and emerging issues. These reports can also contribute to the World

Conference on Indigenous Peoples which, hopefully, will have an outcome report which will contain indigenous peoples visions and experiences in promoting their self-determined development.

The report reiterates that this is the moment for indigenous peoples to come up with their proposals which address the systemic economic and financial crisis and the environmental, food and water crisis. The report urges all of us to try our best to put together proposals on how to restructure the global economic system so that we, indigenous peoples, will not continue to suffer from marginalization and increasing poverty. In particular, the report requests the Permanent Forum to support the efforts of indigenous peoples at the local, national, regional and global levels to influence the processes around Rio + 10 and the World Conference on Indigenous Peoples.

Thank you Madame Chair.