

# Rachel's Environment & Health News

## #568 - The Nature Of World War III -- Part 2

October 15, 1997

We saw last week (REHW #567) that the U.S. economy is no longer working for the benefit of most people. Although business is booming (stock prices, corporate profits and executive salaries have never been higher) --the average worker's wage has declined 19% during the past 25 years, family income has fallen 6% since 1989, good jobs with benefits are disappearing (being replaced by part-time, temporary jobs without benefits), while the tax burden has increasingly been shifted from the wealthy and from corporations onto the middle class and the working poor.

We are told that these changes are the result of "globalization" of the economy. And we are told that "globalization" is a natural phenomenon, like continental drift, impossible to resist or control.[1]

But globalization is the result of intentional laws and policies devised by corporate elites. Their goal is to further insulate corporations from control by governments, to enable corporations to continue consolidating wealth and power in the hands of a few people.

Most politicians are on board. Because TV is essential for election campaigns and because TV ads are very expensive, private wealth is now essential for election or re-election. This means politicians are beholden to the wealthy from the day they take office, and in recent years they have behaved accordingly: passing laws to reduce taxes on the rich and on corporations, helping corporations evade democratic control by enmeshing the U.S. in "free trade" agreements.

Take the GATT (General Agreement on Tariffs and Trade). The GATT was passed by Congress and signed by President Clinton in December 1994. The GATT agreement established the World Trade Organization (WTO). The WTO makes and adjudicates rules governing international trade but WTO officers and judges are not elected, so they are not democratically accountable.

WTO rules make a subtle legal distinction between traded products and "processing and production methods." Governments are allowed to use trade restrictions (import bans, for example) against products on scientifically-established health grounds, but they cannot limit imports because of social or environmental concerns over the way products are produced. For example, the European Union (EU) is trying to keep out milk produced by cows treated with Monsanto's bovine growth hormone (RBGH, or BST). Monsanto insists there are no health effects from drinking such milk (and there certainly is not worldwide scientific agreement on the matter), so WTO rules will eventually force the EU to accept milk from hormone-treated cows. Governments have lost their power to control products in ways that their citizens see fit. Through "free trade" agreements, corporations have gained immense power over government regulators.

A new "free trade" agreement is being debated at this moment --the Multilateral Agreement on Investment or MAI (sometimes called MIA). The MAI has been called a "corporate bill of rights" because it will greatly diminish the power of governments over corporations. As Scott Nova and Michelle Sforza-Roderick of the Preamble Collaborative in Washington, D.C. [phone: (202) 265-3263] have pointed out,[1]

"As proposed, the MAI would force countries to treat foreign investors as favorably as domestic companies; laws violating this principle would be prohibited. Under these conditions, transnational corporations would find it easier and more profitable to move investments, including production facilities, to low-wage countries. At the same time, these countries would be denied the tools necessary to wrest benefits from such investment --like laws mandating the employment of local managers.

"Efforts to promote local development by earmarking subsidies for home-grown businesses and limiting foreign ownership of local

resources would also be barred. If adopted, the MAI will mean foreclosure of Third World development strategies, increased job flight from industrial nations, and new pressures on countries, rich and poor, to compete for increasingly mobile investment capital by lowering environmental and labor standards.

"A key MAI provision could also threaten corporate accountability laws championed by progressives in the U.S. The MAI takes aim at statutes in any nation that link subsidies, tax breaks and other public benefits to corporate behavior. This ban could be used to challenge a host of local, state and federal measures, including laws requiring subsidized firms to meet job-creation goals, community reinvestment rules that require banks to invest in underserved areas, and the 'living wage' laws that are the focus of activist campaigns across the country.

"Perhaps most disturbing, the MAI would preempt strategies for restricting corporate flight to low-wage areas --a major cause of job loss and income stagnation in the industrialized world. On top of the damage done by plant closings and layoffs, corporations use the THREAT of flight to undermine the bargaining power of unions and scare policymakers away from the tough regulation and strong public investment necessary to raise living standards. Though remote from today's policy agenda, rules limiting the capacity of corporations to flee are essential to restoring the ability of government and labor to deal with corporations on a level playing field. The MAI would bar such rules in any country that is a party to the agreement.

"In its scope and enforcement mechanisms, the MAI represents a dangerous leap over past international agreements. It grants any corporation with a regulatory gripe the right to sue a city, state or national government before an international tribunal --with a binding outcome. Governments would enjoy no reciprocal right to sue corporations on the public's behalf. And the MAI ignores most of the exceptions in previous agreements allowing governments leeway in critical areas like public health and resource conservation. The full extent of the drafters' ambitions is reflected in WTO Director General Renato Ruggerio's recent characterization of the MAI negotiations: 'We are writing the constitution of a single global economy...'[1]

(To enlist in the fight to stop Congress from approving the MAI, contact the Public Citizen Global Trade Watch; telephone (202) 588-7777 or (202) 547-4996; or: <http://www.citizen.org/pctrade/tradehome.html>. You can find the full text of the MAI at that web site as well.)

In opposition to "globalization" is a growing grass-roots movement, worldwide, to assert the importance of place, to insist that the local economy, based on local materials, local skills, local capital, and local markets is the only economy that can serve the needs of people while preserving the resources that will be needed by our grandchildren. Because few places can provide all of the energy, food, water, and materials required by the local economy, it is really REGIONAL economies that are being developed. Regional trade, not global trade. The goal is to keep supply lines and transportation routes as short as possible, to keep money circulating in the local economy, and to keep the economy and local entrepreneurs (even if they are organized in the form of corporations) under some semblance of democratic control. The issue is not "corporate accountability" --a concept that does not go far enough to curb corporate abuses --the issue is democratic control of corporate behavior so that corporations serve human needs (and the needs of the environment), not merely the needs of financial elites.[2] The issue is democratic control of the local (regional) economy to serve the needs of people without wrecking the environment.

Most of the elements of this "other" economic vision would be made illegal by the MAI. As we have seen, some of the elements of this vision have already been made illegal by the GATT agreement.

Basically, it boils down to a struggle between corporate rights and human rights. Next year will be the 50th anniversary of the adoption of the Universal Declaration on Human Rights by the United Nations (and signed by the U.S. in December, 1948). (The text of the Declaration can be found at <http://www.ngo.org/UDHR.html>.) It is worth recalling some of the rights guaranteed to all humans --rights that are currently being eroded by grasping corporations and their "globalization" strategy:

Article 3 says "Everyone has the right to life, liberty and security." But if your environment is poisoned do you have security?

Article 16 says, "The family is the natural and fundamental group unit of society and is entitled to protection by society and the state." But how seriously is this being taken in the U.S. (or, for that matter in a country like Mexico where families are broken up as corporate-style agriculture forces people off their traditional lands)?[3]

Article 22 says, "Everyone, as a member of society, has the right to social security...."

Article 23 says, "(1) Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment.

"(2) Everyone, without any discrimination, has the right to equal pay for equal work....." Women in the U.S. don't receive equal pay for equal work.

Article 25 says, "Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing, and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age, or other lack of livelihood in circumstances beyond his control." These and other international covenants[4] need to be dusted off and brought into our struggles for an economy that works and an environment that can sustain. Internationally-recognized human rights include more than protections against arbitrary imprisonment and torture, as important as those rights are.

One organization that is seeking to rebuild regional economies, and do so within the constraints of the natural environment, is Sustainable America in New York. It's time to roll up our sleeves and take back our economy and our environment. To contact them, telephone Elaine Gross at (212) 239-4221 or E-mail them: [sustamer@sanetwork.org](mailto:sustamer@sanetwork.org) or <http://www.sanetwork.org> (omit the hyphen).

More next week.

--Peter Montague (National Writers Union, UAW Local 1981/AFL-CIO)

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[1] Scott Nova and Michelle Sforza-Roderick, "Worse Than NAFTA" in Trent Schroyer, editor, *A WORLD THAT WORKS* (New York: Bootstrap Press, 1997), pgs. 32-34. An earlier version of this essay appeared in *THE NATION* Vol. 264, No. 2, (January 13-20, 1997), pgs. 5-6. The extraordinarily interesting book, *A WORLD THAT WORKS* is available for \$19.50 plus \$3.50 shipping from: Bootstrap Press, Suite 3C, 777 United Nations Plaza, New York, NY 10017. Telephone and fax: 1-800-316-2739.

[2] For a discussion of the distinction between "accountability" and "democratic control," see Jeffrey Barber, "The Role of Corporate Accountability in Sustainable Development," and Richard Grossman, "Only the People Can Be Socially Responsible," in

Trent Schroyer, editor, *A WORLD THAT WORKS*, cited above, pgs. 160-184.

[3] See for example, Tom Barry, *ZAPATA'S REVENGE; FREE TRADE AND THE FARM CRISIS IN MEXICO* (Boston: South End Press, 1995).

[4] See *TWENTY-FIVE HUMAN RIGHTS DOCUMENTS* (New York: Columbia University Center for the Study of Human Rights, 1994). Available for \$10 from: Center for the Study of Human Rights, Columbia University, 420 West 118th Street, 1108 International Affairs Building, New York, NY 10027. Phone: (212) 854-2479; fax: (212) 864-4847 or (212) 316-4578.

Descriptor terms: human rights; corporations; economy; economic development; united nations' universal declaration of human rights; sustainable america; sa; globalization; economic redevelopment; sustainable development; multilateral agreement on investment; mai; gatt; wto; world trade organization; preamble collaborative; scott nova; michelle sforza-roderick; regulation;