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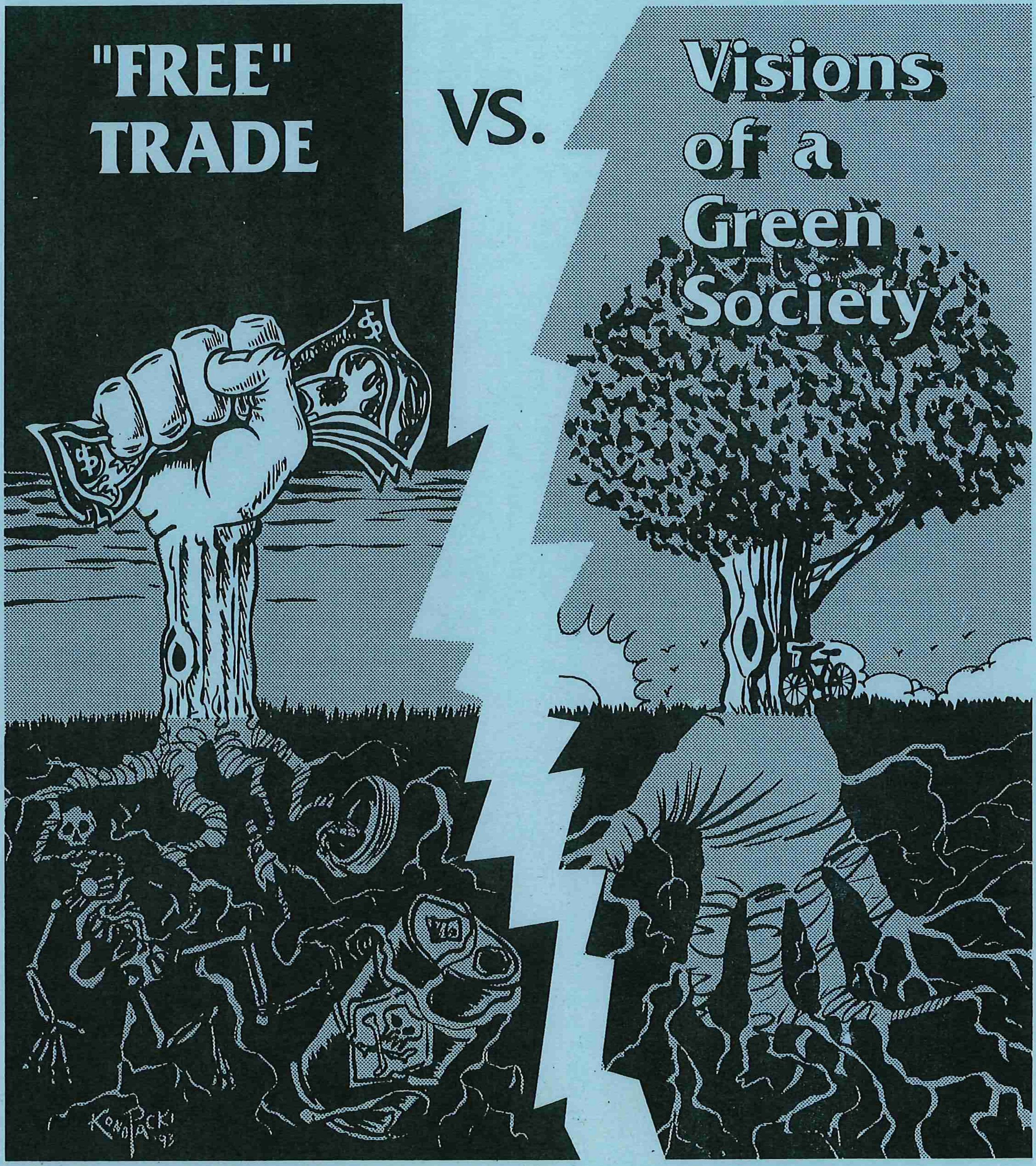

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The Politics of Transportation

by Kristin Dawkins, Institute for Agriculture & Trade Policy

One out ten workers in the United States workforce is engaged in transportation services. One out of five dollars in the US economy is spent on transport. And one quarter of US energy consumption is for transportation purposes. The "ever increasing expansion of our transportation network of roads, canals and airways has stimulated the specialization of economic activity and tied the country together," wrote the US Department of Transportation (DOT) in 1989.

NAFTA, as drafted by the Bush Administration, could make Mexico the world's trade center and transportation hub. There are a number of sections in the text that ensure global access to the North American consumer market via Mexico. Mexico would lose much of its rural agrarian social structure to become an urban industrial economy--losing some jobs, gaining some others, and building up its infrastructure. But the profitability would accrue to transnational investors.

Opportunities for big business

One provision of the NAFTA would allow US trucking companies to take over 100% ownership of Mexican trucking companies after 10 years. Since Mexican carriers do not have to pay workers' compensation and unemployment benefits, nor must they meet more stringent US licensing and safety regulations, and they can pay drivers $7 per day instead of the $140 per day earned by many US drivers--as the International Brotherhood of Teamsters notes, it is easy to imagine that this NAFTA provision could lead to a trucking industry dominated by a few huge U.S owned companies based in Mexico.

Other sections of the text concerning "rules of origin" for components of manufactured goods would let foreign firms continue to transport components to Mexico, evading North American tariffs as long as their products are "substantially transformed" in the region. As a result, Mexican hopes for developing high value-added domestic industries may not be realized.

Yet another section is designed to encourage investors in transportation infrastructure, allowing 100% foreign ownership of Mexican port facilities for enterprises that handle their own cargo. Already, foreign shippers are investing in numerous ports where, handling their own cargo, they would be able to avoid even Mexico's low-wage labor. The Los Angeles port, now the largest in the US, could be ruined by the competition and "our Mexican brothers won't have a fair shot at organizing," comments a longshoreman.

In the spirit of competition, some states are subsidizing improvements to create "seamless intermodal facilities" between ship or air ports with rail and trucking connections to and from Mexico. Southern Pacific, the largest of these companies, now uses intermodal facilities to route goods by rail to Mexico from trans-pacific vessels docking in California. Union Pacific, the US railroad with the most freight routes into Mexico, has offered to purchase shares of Mexico's national railway. Meanwhile, the airports of Dallas/Fort Worth, New Orleans, and Houston are "jostling for position" to compete with Miami for the anticipated southern cargo routes to Mexico and the rest of Latin America and Tijuana is expanding its airport and adding a maintenance facility.

NAFTA's "accession clause" would allow any country in the world to sign onto the agreement providing it accepts the text with no re-negotiation and that the original parties accept the newcomer. Already, Chile, Australia, New Zealand and a number of Asian countries have expressed interest in acceding to NAFTA. The Chief Executive Officers of the three largest shipping companies in the world praise the NAFTA, noting that these "stunning geopolitical and macroeconomic forces" and "anti-trust immunity" would give "fewer carriers" "a wider berth on how we deal with our competition."

Undermining safety and environmental protection

In a report to the US President and Congress, the Congressional Labor Advisory Committee for Trade Negotiations and Trade Policy summarized that the NAFTA would "liberalize land transportation and certain landside maritime activities at the expense of US domestic transportation carriers and their employees, and at the risk of compromising safety throughout our transportation network. This is unacceptable and ... the draft agreement must be renegotiated."

On October 4, 1992, Bill Clinton said he would not renegotiate Bush's NAFTA although, in a speech outlining the various conditions under which he endorsed it, he did call for stricter standards for Mexican drivers operating vehicles in the US. This concession would counter a Bush Administration order requiring states to honor Mexican commercial drivers' licenses.

Generally, safety rules would be undermined by the NAFTA. As the Teamsters note, Mexican licensing is not now based on the same rigorous certification required of professional drivers in the US. And even if regional licensing requirements were upgraded to US standards, our federal regulatory and enforcement scheme for highway safety has proven ineffective--as "anyone who has witnessed first-hand the safety hazards that continue to plague US highways" can affirm, says the Congressional Labor Advisory Committee. Likewise, faulty maintenance of aircraft is already a problem in the US. Recent de-regulation of the industry would allow the new Tijuana facility to contract out repair work to sources not certified by the Federal Aviation Administration while the airlines "police themselves," explains the International Association of Machinists and Aerospace Workers. And the handling risks and volume of hazardous materials and toxic wastes would also increase in de-regulated tri-national trade under NAFTA.

Trade in natural resources, too, would expand under NAFTA. The Bush Administration text reinforces rules obliging Canada to export gas, water and hydropower to the US in proportions no less than that supplied during the prior three years, even in the event of a national shortage. Already, major construction firms are building immense "megaschemes" for canals, pipelines and powerlines. And foreign investors in Mexico will be allowed to participate in "non-basic" activities including refining, independent power production and energy transportation, although Mexican opposition blocked Bush's hopes for entirely free access to their constitutionally-protected oil reserves.

US demand for energy is by far the greatest in the world. As a nation, we consumed nearly 60 barrels of oil equivalent per person per year in 1988, compared to about 25 per person in Europe and Japan and less than 5 per person in the developing countries. About 10% of US energy consumption is for transporting freight--80% of which travels across our highways.

Many 18-wheel trucks display stickers proclaiming their owners' substantial tax contribution to highway maintenance, evidence of the extraordinary wear-and-tear caused by these mammoth vehicles. And yet these payments only cover, on average, about one third of the $71 billion budget for highways in the United States--a figure which ignores environmental and social costs. A more accurate budget for the costs of automotive transport would reflect the costs of air pollution, the risks of climate change, health and safety risks from congestion and accidents, noise pollution and vibration damage, the security costs of importing oil, and the almost incalculable losses due to paving 2% of all the land in our vast nation. This budget, as calculated by the World Resources Institute, actually reaches $300 billion annually.

Of course, merely accounting for these costs does nothing to reverse the trend toward ever-greater dependency upon oil and automotive transport in this country. And the NAFTA does nothing to steer North American transportation energy use in a more sustainable direction, either. First, the text on automotive goods eliminates barriers to investment in the production of combustion-engine vehicles in low-cost Mexico. Second, the rules of origin encourage ever-wider sourcing of ever-cheaper parts. And third, it modifies the "fleet content definition found in [the US] Corporate Average Fuel Economy (CAFE) standards... After 10 years, Mexican production exported to the United States will receive the same treatment as US or Canadian production." This would allow the big automakers to effectively block citizens' campaigns for ever-stronger miles-per-gallon requirements, as their Mexican-made vehicles--which presently face no such regulations--could hold down the North American fleet average until at least 2003.

Economies of scale

Transportation is just one of the sectors of the economy in which the provisions of the current NAFTA (and other so-called "free trade" agreements) harm the environment and society as a whole while promoting deregulation and the consolidation of huge corporate interests. But it is transportation on a global scale which is most problematic with an unregulated trade policy. As Wendell Berry put it, "we have allowed our suppliers to enlarge our economic boundaries so far that we cannot be responsible for our effects on the world. The only remedy for this that I can see is to draw in our economic boundaries and shorten our supply lines so as to permit us literally to know where we are economically."

At a time when "fresh food" is practically an oxymoron--food in the US already travels an average of 2,000 kilometers before it is eaten--Berry's advice seems attractive. Indeed, representatives of non-governmental organizations from all over the world at last summer's Earth Summit in Rio de Janeiro wrote in their Alternative Treaty on Trade and Sustainable Development that "[t]he distance and relationship between consumers and producers has to be narrowed."

Bioregionalism envisions a world in which economic boundaries are narrowed, so that commodity production could become more responsive to that region's natural resource base. Local farmers' markets, rural-urban exchange programs, and state procurement policies are a few mechanisms that would shorten supply lines, saving fuel and eliminating irradiation and chemical preservatives from our food supply.

Another concept--"subsidiarity"--is gaining currency in Europe, where people are engaging in fierce debate over the Maastricht proposal to build a federal European Community. This concept embraces "two platitudes as old as politics itself: that political authority should be exercised at the level most appropriate to the function in question; and that government of any kind should supplement, not replace, action by individuals and families." In conjunction with other principles like multilateralism, transparency, representation, and accountability--subsidiarity provides a framework for evaluating foreign policy proposals and devising just international instruments that recognize local institutions.

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"Exchanges of goods and physical resources between local economies should be oriented to compensating for differences in their respective natural resource endowments," suggests David Korten of the People-Centered Development Forum. David Morris of the Institute for Local Self Reliance writes, "The movement toward sustainability is ultimately a movement against waste and inefficiency. Its goal is one that economic developers share: extracting the maximum value from a given resource." Elmwood Institute's Ernest Callenbach comments, "Companies need to be viewed as living, breathing and excreting organisms. We have to look at everything that goes in and everything that goes out."

NAFTA does just the opposite. It does not compensate local communities for their role in trade, nor does it minimize waste and inefficiency, nor does it enable the public to examine the companies' balance sheets. Increasingly, economic power is being centralized globally while political power is decentralized to the national, state and local levels.

Regulation and public policy

The need for multilateral, representative, transparent and accountable institutions that can regulate transnational corporations is plain. Financial mechanisms must be coupled with political instruments that can influence both commercial and public policy choices, in order to make resource allocations conditional upon social and environmental welfare. Several current national and international public policy options that could move the debate in this direction include:

1. Re-negotiation or parallel negotiations of NAFTA and other Bush Administration trade proposals;

2. President Clinton's proposed energy tax on the BTU content of fuels, which should account for the full social as well as ecological costs of energy consumption;

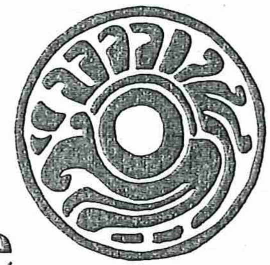
3. Full funding for the Intermodal Surface Transportation Efficiency Act of 1991, which engages the public in local transportation planning and implementation, emphasizing alternative modes of transportation, land use and environmental considerations;

4. Regulation of transnational corporations according to the laws of the home or host country, whichever are most stringent;

5. International standard-setting of "floors," not "ceilings," to eliminate pre-emption of more stringent national, state and local regulations;

6. Participation in official international negotiations by binational or multinational citizens committees representing communities that share international resources, such as Great Lakes United which works with the International Joint Commission on the Great Lakes Water Quality Agreement or the Border Health Environmental Council proposing to engage in US-Mexican negotiations for the border region; and

7. Establishing alternative international dispute resolution mechanisms which engage all potentially affected parties from all disputing countries in negotiated settlements.



Thoughts on Fair Trade

by Howie Hawkins, Syracuse Greens

Fair trade is not possible as long as a few hundred transnational corporations (TNCs) dominate the world economy. Their sheer size, the massive volume of their internal cross border trade as well as normal sales and purchases across borders, and their enormous lobbying powers render any hope of a fair trade system nil as long as they continue to dominate the world economy.

We need radically democratizing structural changes in our political and economic institutions to create the conditions in which fair trade becomes possible. Greens call for a continent of decentralized regions of self-governing communities in place of centralized nation-states and global corporations. In the Green vision of free cities and municipal confederations, fair trade systems would be built up by agreement from below. The people, through democratic political and economic institutions, not elites through nation-states and TNCs, would determine conditions of trade. The Greens want a measure of self-reliance at the local and regional level. But we shouldn't want total self-sufficiency. Sharing resources among communities and across regions is a way to unite a Green society on the basis of shared material needs as well as shared cultural values.

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Here are six reforms Greens can consider as steps toward a grassroots-democratic system of fair trade:

1. *An Environmental Home Rule Amendment to the US Constitution.* Give municipalities the absolute right (with no exceptions national security, etc.) to refuse the siting and transhipment of toxic and radioactive hazards in their jurisdictions. As soon as people have this right, good-bye nukes and toxic industries.

2. *Repeal the Interstate Commerce Clause in the US Constitution.* Just as GATT and NAFTA remove many regulatory powers from the national level, the Interstate Commerce Clause establishes federal pre-emption of state and local regulation of trade between US states. Let's restore these regulatory powers to states and municipalities.

3. *Develop International Social and Environmental Standards from Below.* Clinton and Gore are saying that they won't sign NAFTA until certain social and environmental conditions are written into it. This is just a sop. The standards Clinton/Gore will set are not those the people would set if they had the opportunity. The alternative to centralized standard setting and beggar-thy-neighbor competition between countries for corporate investment is to keep raising the floors of social and environmental standards internationally through cooperation among localities and regions.

4. *Restrict Capital Mobility through Local Ownnership.* Capital's mobility is what gives it its power to blackmail communities into complicity on tax and regulatory issues. One social standard we could raise in order to decrease capital's mobility is local ownership requirements, akin to local content requirements for protected manufacturers. To remain local, ownership has to mean non-transferable ownership by municipal or regional governments or by worker co-ops and not local private proprietors, partners, stockholders, or employee stock ownership plans, all of which can sell out their holdings to absentee owners.

5. *Eliminate Migration Restrictions.* If capital can be mobile, so should labor. The borders of the world have set up a system of international apartheid. The most blatant example in the world is the US/Mexico border. Mexico has been the US's bantustan, a cheap labor reserve. Mexicans have been let in when their cheap labor was needed, and deported when it was not, many times over the last century. Now, with the maquiladoras, the site of cheap labor exploitation has simply moved south of the border. No other single act would serve the goal of equalizing opportunities, income, and wealth as quickly and as much as tearing