

**KRISTIN
DAWKINS**

WITH AN INTRODUCTION BY
NOAM CHOMSKY

NAFTA

THE NEW RULES OF
**CORPORATE
CONQUEST**

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NAFTA: The New Rules of Corporate Conquest

by **Kristin Dawkins**

"...when the global economic system enters the picture, the indigenous social order is disrupted and quickly destroyed. Traditional agriculture systems ... are displaced and eventually destroyed by corporate agribusiness that produce cash crops for exports, crops that the indigenous people in those communities cannot even eat. The cash crops, in turn, generate foreign exchange that is used to pay off debts to the World Bank ..."

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Kristin Dawkins

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NAFTA

The New Rules of Corporate Conquest

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NOTES ON NAFTA

By Noam Chomsky

Throughout history, Adam Smith observed, we find the workings of "the vile maxim of the masters of mankind": "All for ourselves, and nothing for other people." He had few illusions about the consequences. The invisible hand, he wrote, will destroy the possibility of a decent human existence "unless government takes pains to prevent" this outcome, as must be assured in "every improved and civilized society." It will destroy community, the environment and human values generally—and even the masters themselves, which is why the business classes have regularly called for state intervention to protect them from market forces.

The masters of mankind in Smith's day were the "merchants and manufacturers," who were the "principal architects" of state policy, using their power to bring "dreadful misfortunes" to the vast realms they subjugated and to harm the people of England as well, though their own interests were "most peculiarly attended to." In our day the masters are, increasingly, the supranational corporations and financial institutions that dominate the world economy, including international trade—a dubious term for a system in which some 40 percent of U.S. trade takes place within companies, centrally managed by the same highly visible hands that control planning, production and investment.

The World Bank reports that protectionist measures of the industrialized countries reduce national income in the South by about twice the amount of official aid to the region—aid that is itself largely export promotion, most of it directed to richer sectors (less needy, but better consumers). In the past decade, most of the rich countries have increased protectionism, with the Reaganites often leading the way in the crusade against economic liberalism. These practices, along with the programs dictated by the International Monetary Fund (I.M.F.) and World Bank, have helped double the gap between rich and poor countries since 1960. Resource transfers from the poor to the rich amounted to more than \$400 billion from 1982 to 1990, "the equivalent in today's dollars of some six

Marshall Plans provided by the South to the North," observes Susan George of the Transnational Institute in Amsterdam; she notes also that commercial banks were protected by transfer of their bad debts to the public sector. As in the case of the S&Ls, and advanced industry generally, "free market capitalism" is to be risk free for the masters, as fully as can be achieved.

The international class war is reflected in the United States, where real wages have fallen to the level of the mid-1960s. Wage stagnation, extending to the college educated, changed to sharp decline in the mid-1980s, in part a consequence of the decline in "defense spending," our euphemism for the state industrial policy that allows "private enterprise" to feed at the public trough. More than 17 million workers were unemployed or underemployed by mid-1992, Economic Policy Institute economists Lawrence Mishel and Jared Bernstein report—a rise of 8 million during the Bush years. Some 75 percent of that is permanent loss of jobs. Of the limited gain in total wealth in the eighties, "70% accrued to the top 1% of income earners, while the bottom lost absolutely," according to M.I.T. economist Rudiger Dornbusch.

Structures of governance have tended to coalesce around economic power. The process continues. In the *London Financial Times*, James Morgan describes the "de facto world government" that is taking shape in the "new imperial age": the I.M.F., World Bank, Group of 7 industrialized nations, General Agreement on Tariffs and Trade (GATT) and other institutions designed to serve the interests of transnational corporations, banks and investment firms.

One valuable feature of these institutions is their immunity from popular influence. Elite hostility to democracy is deep-rooted, understandably, but there has been a spectrum of opinion. At the "progressive" end, Walter Lippmann argued that "the public must be put in its place," so that the "responsible men" may rule without interference from "ignorant and meddling outsiders" whose "function" is to be only "interested spectators of action," periodically selecting members of the leadership class in elections, then returning to their private concerns. The statist reactionaries called "conservatives" typically take a harsher line, rejecting even the spectator role. Hence the appeal to the Reaganites of clandestine operations, censorship and other measures to insure that a powerful and interventionist state will not be troubled by the rabble. The "new imperial age" marks a shift toward the reactionary end of the antidemocratic spectrum.

It is within this framework that the North American Free Trade Agreement (NAFTA) and GATT should be understood. Note first that such agreements have only a limited relation to free trade. One primary U.S. objective is increased protection for "intellectual property," including software, patents for seeds and drugs, and so on. The U.S. International Trade Commission estimates that

American companies stand to gain \$61 billion a year from the Third World if U.S. protectionist demands are satisfied at GATT (as they are in NAFTA), at a cost to the South that will dwarf the current huge flow of debt service capital from South to North. Such measures are designed to insure that U.S.-based corporations control the technology of the future, including biotechnology, which, it is hoped, will allow protected private enterprise to control health, agriculture and the means of life generally, locking the poor majority into dependence and hopelessness. The same methods are being employed to undermine Canada's annoyingly efficient health services by imposing barriers to the use of generic drugs, thus sharply raising costs—and profits to state-subsidized U.S. corporations. NAFTA also includes intricate "rules of origin" requirements designed to keep foreign competitors out. Two hundred pages are devoted to rules to insure a high percentage of value added in North America (protectionist measures that should be increased, some U.S. opponents of NAFTA argue). Furthermore, the agreements go far beyond trade (itself not really trade but in large part intra-company transfers, as noted). A prime U.S. objective is liberalization of services, which would allow supranational banks to displace domestic competitors and thus eliminate any threat of national economic planning and independent development. The agreements impose a mixture of liberalization and protection, designed to keep wealth and power firmly in the hands of the masters of the "new imperial age."

NAFTA is an executive agreement, reached on August 12, 1992, just in time to become a major issue in the U.S. presidential campaign. It was mentioned, but barely. To give just one example of how debate was precluded, take the case of the Labor Advisory Committee (L.A.C.), established by the Trade Act of 1974 to advise the executive branch on any trade agreement. The L.A.C., which is based in the unions, was informed that its report on NAFTA was due on September 9. The text of this intricate treaty was provided to it one day before. In its report, the L.A.C. notes, "the Administration refused to permit any outside advice on the development of this document and refused to make a draft available for comment." The situation in Canada and Mexico was similar. The facts are not even reported. In such ways, we approach the long sought ideal: formal democratic procedures that are devoid of meaning, as citizens not only do not intrude into the public arena but scarcely have an idea of the policies that will shape their lives.

One can readily understand the need to keep the public "in its place." Though the scanty press coverage is overwhelmingly favorable to NAFTA in its present form, the public opposes it by nearly 2 to 1 (of the 60 percent who have an opinion). Apart from some meager rhetoric and a few interventions by Ross Perot, that fact was irrelevant to the presidential campaign, as were health reform

and a host of other issues on which public opinion remains largely off the spectrum of options considered by the "responsible men."

The Labor Advisory Committee concluded that the executive treaty would be a bonanza for investors but would harm U.S. workers and probably Mexicans as well. One likely consequence is an acceleration of migration from rural to urban areas as Mexican corn producers are wiped out by U.S. agribusiness, depressing still further wages that have already dropped sharply in recent years and are likely to remain low, thanks to the harsh repression that is a crucial element of the highly touted Mexican "economic miracle." Labor's share of personal income in Mexico declined from 36 percent in the mid-1970s to 23 percent by 1992, reports economist David Barkin, while fewer than 8,000 accounts (including 1,500 owned by foreigners) control more than 94 percent of stock shares in public hands.

Property rights are well protected by NAFTA, the L.A.C. analysts and others note, while workers' rights are ignored. The treaty is also likely to have harmful environmental effects, encouraging a shift of production to regions where enforcement is lax. NAFTA "will have the effect of prohibiting democratically elected bodies at [all] levels of government from enacting measures deemed inconsistent with the provisions of the agreement," the L.A.C. report continues, including those on the environment, workers' rights, and health and safety, all open to challenge as "unfair restraint of trade."

Such developments are already under way in the framework of the United States-Canada "free trade" agreement. Included are efforts to require Canada to abandon measures to protect the Pacific salmon, to bring pesticide and emissions regulations in line with laxer U.S. standards, to end subsidies for replanting after logging and to bar a single payer auto insurance plan in Ontario that would cost U.S. insurance companies hundreds of millions of dollars in profits. Meanwhile Canada has charged the United States with violating "fair trade" by imposing E.P.A. standards on asbestos use and requiring recycled fiber in newsprint. Under both NAFTA and GATT, there are endless options for undermining popular efforts to protect conditions of life.

In general, the L.A.C. report concludes, "U.S. corporations, and the owners and managers of these corporations, stand to reap enormous profits. The United States as a whole, however, stands to lose and particular groups stand to lose an enormous amount." The report calls for renegotiation, offering a series of constructive proposals. That remains a possibility if the coalition of labor, environmental and other popular groups that has been calling for such changes gains sufficient popular support [see Amy Lowrey and David Corn, "Mexican Trade Bill: Fast Track to Unemployment," *The Nation*, June 3, 1991].

An October 1992 report from the Congressional Office

of Technology Assessment reached similar conclusions. A "bare" NAFTA of the form now on the table would ratify "the mismanagement of economic integration" and could "lock the United States into a low-wage, low-productivity future." Radically altered to incorporate "domestic and continental social policy measures and parallel understandings with Mexico on environmental and labor issues," NAFTA could have beneficial consequences for the country. But the country is only of secondary concern to the masters, who are playing a different game. Its rules are revealed by what *The New York Times* called "Paradox of '92: Weak Economy, Strong Profits." As a geographical entity, "the country" may decline. But the interests of the "principal architects" of policy will be "most peculiarly attended to."

One consequence of the globalization of the economy is the rise of new governing institutions to serve the interests of private transnational economic power. Another is the spread of the Third World social model, with islands of enormous privilege in a sea of misery and despair. A walk through any American city gives human form to the statistics on quality of life, distribution of wealth, poverty and employment, and other elements of the "Paradox of '92." Increasingly, production can be shifted to high-repression, low-wage areas and directed to privileged sectors in the global economy. Large parts of the population thus become superfluous for production and perhaps even as a market, unlike the days when Henry Ford realized that he could not sell cars unless his workers were paid enough to buy cars themselves.

Particular cases fill out the picture. G.M. is planning to close almost two dozen plants in the United States and Canada, but it has become the largest private employer in Mexico. It has also opened a \$690 million assembly plant in eastern Germany, where employees are willing to "work longer hours than their pampered colleagues in western Germany," at 40 percent of the wage and with few benefits, as the *Financial Times* cheerily explains. Capital can readily move; people cannot, or are not permitted to by those who selectively applaud Adam Smith's doctrines, which crucially include "free circulation of labor." The return of much of Eastern Europe to its traditional service role offers new opportunities for corporations to reduce costs, thanks to "rising unemployment and pauperisation of large sections of the industrial working class" in the East as capitalist reforms proceed, according to the *Financial Times*.

The same factors provide the masters with new weapons against the rabble at home. Europe must "hammer away at high wages and corporate taxes, short working hours, labor immobility, and luxurious social programs," *Business Week* warns. It must learn the lesson of Britain, which finally "is doing something well," the *Economist* observes approvingly, with "trade unions

shackled by law and subdued," "unemployment high" and the Maastricht social chapter rejected so that employers are protected "from over-regulation and under-flexibility of labor." American workers must absorb the same lessons.

The basic goals were lucidly described by the C.E.O. of United Technologies, Harry Gray, quoted in a valuable study of NAFTA by William McGaughey of the Minnesota Fair Trade Coalition: "a worldwide business environment that's unfettered by government interference" (for example, "package and labeling requirements" and "inspection procedures" to protect consumers). This is the predominant human value, to which all else must be subordinated. Gray does not, of course, object to "government interference" of the kind that allows his corporation, an offshoot of the Pentagon system, to exist. Neoliberal rhetoric is to be selectively employed as a weapon against the poor; the wealthy and powerful will continue to rely on state power.

These processes will continue independently of NAFTA. But, as explained by Eastman Kodak chairperson Kay Whitmore, the treaty may "lock in the opening of Mexico's economy so that it can't return to its protectionist ways." It should enable Mexico "to solidify its remarkable economic reforms," comments Michael Aho, director of Economic Studies at the Council on Foreign Relations, referring to the "economic miracle" for the rich that has devastated the poor majority. It may fend off the danger noted by a Latin America Strategy Development Workshop at the Pentagon in September 1990, which found current relations with the Mexican dictatorship to be "extraordinarily positive," untroubled by stolen elections, death squads, endemic torture, scandalous treatment of workers and peasants, and so on, but which saw one cloud on the horizon: "a 'democracy opening' in Mexico could test the special relationship by bringing into office a government more interested in challenging the United States on economic and nationalistic grounds." As always, the basic threat is functioning democracy.

The trade agreements override the rights of workers, consumers, and the future generations who cannot "vote" in the market on environmental issues. They help keep the public "in its place." These are not necessary features of such agreements, but they are natural consequences of the great successes of the past years in reducing democracy to empty forms, so that the vile maxim of the masters can be pursued without undue interference. ♦

NAFTA: THE NEW RULES OF CONQUEST

By Kristin Dawkins

Countering The Corporate Order

Two ominous legacies of the Bush Administration are the North American Free Trade Agreement (NAFTA) and the Uruguay Round of the General Agreement on Tariffs and Trade (GATT). These executive agreements give sanction to a new world order based on corporate control of the planet's productive and reproductive rights. By offering a "legal" mechanism to neutralize or override a given country's democratically enacted policies, GATT and NAFTA arm international corporations with unprecedented political power. Progressive environmental laws and labor rights are threatened at home and abroad. As a result, a broad coalition of farm, labor, environmental, consumer, and other public interest groups are now engaged in a struggle to dismantle this corporate world order by organizing, educating, and building community-based alternatives.

In autumn 1992, Congress voted unanimously, 362 to 0, for the Waxman-Gephardt Resolution which reserves the right of Congress to amend any trade agreement that violates existing U.S. law. This is a *major* victory. The Waxman-Gephardt Resolution did not pass because all 362 Congresspeople necessarily agree with the kind of discussion that we're having here in this conference, but because of the grass-roots organizing that took place, Congressional district by Congressional district, all across the country. GATT and NAFTA are the legacy of the Reagan-Bush agenda to liberalize trade and deregulate investment—exactly the policies that have resulted in spiraling debt crises, ecological catastrophe, and worker job displacement. Only by stopping the Reagan-Bush free trade agenda can we preserve the opportunity in countries all over the world to develop alternative models for rebuilding communities.

The movement against NAFTA involves grass-roots communities worldwide. After meeting with activists in the Third World and Europe, I am always inspired to return home to the United States because here we have

the potential to stop NAFTA and GATT through our Congress, the most important target for us to work on. One of the things Third World activists always tell me is that the work we do in our country with our Congress is of the utmost importance to them. In the end NAFTA must come before Congress, as all new international laws and treaties must first be passed by our representatives before being enacted into law. Stopping NAFTA involves pressuring Congress directly.

Third World critics of free trade are very advanced in terms of devising alternatives to the corporate order. I'm not talking about utopian scenarios. I'm talking about practical scenarios to ensure that community-based economic and political systems can continue to function. Here in the heart of the industrialized world, it sometimes is more difficult to imagine what the alternative scenarios might look like. We stand to learn much from people in communities elsewhere in the world.

The Productive and Reproductive Sector

A community-based model for economic development is grounded in an understanding of the *productive* and *reproductive rights of the planet*. By productive rights, I mean productivity in the sense of the economy, labor force, plants and technology that yield the gross domestic product. By reproductive rights I mean the environment of the planet, the natural resources that exist, the biotic systems that enable life to continue. In both areas, the productive and reproductive sectors, the corporate agenda seeks to gain control over resources. We as a community movement, on the other hand, are trying to maintain community control over those resources. Who but the communities which have lived with them for millennia, until the present Western model of development began to encroach, understand what the reproductive potentials of a particular ecological system really are? When you look at the famine in Somalia, or at any number of other communities that are in deep crisis, you can usually trace the reasons for that trouble back to the intervention of the Western mode of development. The Somalians were originally a nomadic people. What are called "warlords" in the media are actually tribal leaders who had peoples roaming throughout that territory. They had a particular lifestyle that existed in harmony with the kinds of land and water resources that existed there. However, when the global economic system enters the picture, the indigenous social order is disrupted and quickly destroyed. Traditional agriculture systems in Somalia and elsewhere are displaced and eventually destroyed by corporate agribusiness that produces cash crops for exports, crops that the indigenous people in those communities cannot even eat. The cash crops, in turn, generate foreign exchange that is used to pay off debts to the World Bank, or to private banking institutions. In the end, none of the profit derived from the natural resources of these coun-

tries goes back to the people. Their agriculture system becomes a cash crop, a variable in an equation controlled by the international banking industry.

To survive under corporate agribusiness control, the people then need to either purchase imported food or, in many cases, starvation ensues—in part because nomads and peasants lack cash to purchase foods and in part because cash crops are grown as monocultures based on single varieties of seed requiring extensive land use and chemicals, which destroy the soil and its biotic ecosystems. At that point people become unable to grow even subsistence levels of food for their own families. This is the cycle responsible for the desertification throughout Africa. It's also the cycle disrupting social systems that function in a very different context than what we think of as the Western social order. As a result, we have famine and war spreading throughout the planet.

History Behind GATT

GATT and the other Bretton Woods institutions—the World Bank and the International Monetary Fund—are the main instigators of these kinds of patterns. They're called the Bretton Woods institutions because they were designed in a small New Hampshire town by that name. The world's corporate elite convened there back in the 1940s. Their ostensible purpose was to rebuild Europe after the bombings of World War II. The less ostensible but more valid interpretation of their interest in rebuilding Europe was that the United States still had a highly industrialized infrastructure producing products for which we did not have consumers. Rebuilding Europe was essentially part of a plan to increase markets for the United States' productive sector.

Formalized in 1948, GATT is really an agreement among 107 countries each of which, in theory, have equal power in negotiating the rules of global trade in resources and finished products. The seeming equality of participation of membership in GATT is actually an illusion. The power of decision making resides with those countries that have the largest market share for whichever product is being negotiated. The United States controls approximately 70 percent of grains worldwide. This means that when the United States starts negotiating food policy with other countries, if the other countries are importing and dependent upon us for their food supply, then they have no real political leverage with which to negotiate.

The Uruguay Round

Over the years, from 1948 to today, GATT has gone through a lot of negotiated changes. These are called *rounds*. We're now in the eighth of these rounds, called the Uruguay Round, named after the country in which it was started in 1986. The Uruguay Round of GATT was proposed by the chairman of American Express, James Robinson, III, who has since resigned. It was his initiative

back in 1986 that got 107 countries, (plus Taiwan, which is seeking membership), to sit down together at the negotiating table. It is not therefore surprising that one of the proposals in the Uruguay Round is to add "services"—banking, insurance, and so on—to the GATT's authority. Also in the Uruguay Round are proposals to deregulate agriculture in unprecedented ways. This text was drafted by Daniel Amstutz, a vice president of the Cargill Company, one of the biggest agribusiness firms in the world. It's not a coincidence that small farmers worldwide are in the forefront of opposition to the proposals.

From its beginning in the 1940s, GATT dealt mostly with tariffs, which are essentially taxes, on traded manufactured goods. In the intervening rounds it began to address what are called *non-tariff barriers*, the set of rules and regulations that countries impose upon trade. For example, a border inspection is considered a non-tariff barrier because the inspection is not reflected as a tariff on the traded goods. The current Uruguay Round is very aggressively attempting to introduce a whole new set of rules that deregulate non-tariff barriers, rules that would override a country's own laws, including environmental regulations. From a GATT-level corporate perspective, another country's environmental regulations restricting the import of products that endanger health and safety or perhaps have been processed in an unecological manner may be seen as unacceptable trade restrictions. The tuna-dolphin case probably explains this better than any other example.

The Tuna Dolphin Case

My family boycotted tuna fish throughout my whole childhood. We participated in a long term boycott campaign to require companies to use a new type of fishing technique that didn't kill dolphins. After many years, we finally won, and we all began to eat tuna fish again. But Mexico and some other countries didn't have the resources with which to upgrade their fishing boats. They continued to fish with the old fashioned methods. In many cases, the fishermen lived in rural beach communities, yet when they brought their fish to market they were able to sell into the global trade.

Mexico, however, objected to our Marine Mammal Protection Act, and they used the GATT to do so. They said that our ecological law protecting dolphins was a barrier to their ability to trade in tuna fish. One of the fundamental principles of GATT establishes that discrimination between "like products"—tuna fish from one country vs. tuna fish from another country—is "illegal." A new precedent, however, was set in the tuna-dolphin case. That precedent says that you're not allowed to discriminate on the basis of *processes*, specifically. Essentially most ecological measures—whether you're talking about smokestack scrubbers or solar panels—involve alternative production *processes*. But, in this case, tuna caught one

way cannot be treated differently, said the GATT dispute-resolution panel, than tuna caught another way.

If the tuna-dolphin case is a precedent, it means that in any number of areas it would become illegal to restrict the import of products that were made with ecologically unsound production methods. Now, if you're a poor, Third World country, you might want to invest in environmental technologies, but you can't afford to. This was one of the big issues at the Earth Summit: whether or not technology transfer would be made possible through international policy. The United States' position was, ABSOLUTELY NOT: technology will be made available at strictly commercial rates.

There is another important item to understand in the tuna-dolphin case. The GATT panel ruling says that *no nation can pass a national law that affects territory beyond its national boundaries*. In the case of tuna fishing, national boundaries are considered to extend for a two hundred mile zone into the deep oceans. Because our national law would apply to tuna caught beyond the two hundred mile zone, the GATT panel decided that our national law was unfair. So, on the one hand, Mexico cannot afford to upgrade its fishing boats. On the other hand, U.S. citizens are denied their right to pass laws banning inhumane products. The solution lies in the negotiation of international agreements that enable the transfer of technology and funds, through a variety of tariff and non-tariff mechanisms, to enable corporations and businesses throughout the Third World to invest in upgrading to meet ecological standards so that a lack of environmental protection does not become a competitive advantage.

Intellectual Property?

The controversy in the tuna-dolphin case was exacerbated by the U.S. position in the Earth Summit negotiations where it was quite clear that our government had no interest whatsoever in making ecological upgrades possible for other countries. Nor was there even an interest in advancing ecological practices here in our own country. Two treaties indicate this quite clearly. The Biodiversity Treaty, which ostensibly was intended to protect species, is not really about species. The Biodiversity Treaty—which the United States, alone among 156 signatories in Rio de Janeiro, did not sign—was actually written to permit biotechnology corporations to declare genes as their private property. Declaring genetic matter as corporate property prevents the indigenous communities responsible for cultivating unique varieties of agriculturally and pharmaceutically useful plants from controlling or receiving benefits when the transnational corporations introduce genetically-engineered variations of those seeds into the global marketplace. Corporate scientists visit remote native communities, take plant samples back to the corporate lab for "engineering" and patent the resulting species as commercial products owned and controlled by the cor-

poration. "Intellectual property rights" is the term for such patents, meaning that the community that developed the original material will not only receive zero benefits or royalties for having cultivated a unique species, but now they must actually *purchase* the seeds or derivative medicines to avoid violation of international patents and infringement of GATT laws. The reason the Bush Administration did not sign the Biodiversity Treaty was because developing countries succeeded in negotiating clauses that required some compensation be paid by patent-holders to the so-called "country of origin" for a given gene. In addition, compliance with the treaty would require the United States to strengthen our domestic protection of endangered species and the rights of Native Americans.

The Climate Change Treaty

The Climate Change Treaty negotiations had a somewhat different set of interests working. Here, oil companies stand to lose from strong regulations against global warming practices. You may remember that George Bush said he would not attend the Earth Summit in Rio—until the very last week prior to the conference. This was a tactic, a successful strategy which forced the world's industrialized countries to accept weaker treaty terms. Eventually, Bush went and the United States did sign it, but only after watering it down to the point where it's almost meaningless. The treaty presently provides that countries will commit to lowering their carbon dioxide emissions *sometime in the future*, but they need merely *aim* at reducing those emissions. To Bill Clinton's credit, during his first weeks as President he committed his administration to earlier, more stringent terms—a firm commitment to reduce carbon dioxide emissions to 1990 levels by the year 2000. Until this goal is achieved, we want to remind him that his administration has committed to these terms.

Behind the scenes of the original Climate Change Treaty negotiations was the Bush Administration's interest in continuing U.S. dependence on an oil-based industrial sector. These negotiations occurred during that same period that Bush propelled us into the Gulf War, which was a war for control of Middle Eastern oil. I wonder how many of you saw the *Los Angeles Times* report showing that *two-thirds of Somalia's territory has been leased out to four oil companies*. How many of you saw that? Only a few papers elsewhere in the country picked up that story, published originally by the *L.A. Times* Bureau. I happened to see it in the *International Herald Tribune* on January 19, 1993. The point is that too many of the foreign policy initiatives that have been promoted as socially, ecologically, or economically for the betterment of humanity are, in reality, just charades intended to increase the access of the largest corporations to other peoples' natural resources.

The Role of the Military

We need to question the role of the military in international affairs. If you look at what's happening in the United Nations right now you'll find proposals for peacekeeping initiatives that are billed as humanitarian interventions in a dozen countries. But as the Somali oil leases indicate, these interventions can be used for more underhanded purposes. The current Secretary General of the United Nations comes from Egypt, the number two client state of the United States, second to Israel. Boutros Ghali, within two weeks of taking office as George Bush's favorite candidate for the top job at the U.N., eliminated the only agency in the world that was attempting to regulate transnational corporations, the United Nations Center on Transnational Corporations (UNCTC). Now, with advice from the U.S.-based right-wing Heritage Foundation, they're trying to shift the budget of the United Nations General Assembly from economic development and cooperation into so-called "peacekeeping." We've got to be very careful about what this or any U.N. peacekeeping force is really about. It's about using Third World soldiers to fight wars in the Third World over natural resources that are of interest to the transnational corporations. If the "peacekeeping" forces employ Third World soldiers instead of our own sons and daughters, then the potential for a powerful resistance movement in this country is very much diminished.

At the Earth Summit in Rio de Janeiro, our State Department personnel were asked very specific questions regarding the invasion of Iraq and the use of the military for peacekeeping initiatives. Our State Department officials refused to answer, claiming that the U.S. military was a domestic matter, even though we were bombing and invading other countries. We as citizens of the United States have a global responsibility to address the use of our military in interventions throughout the world for access to the natural resources of other countries. We as citizens cannot support a NAFTA or any other international agreement that is designed to supply the corporate world with cheap resources and cheap labor.

TRIPS and TRIMS

The Uruguay Round of negotiations opened a Pandora's box of non-tariff trade regulations. It added new issues like "services" and textiles, which had a separate, long-term agreement, and it would significantly alter global agricultural rules. A "right to establish" service in any country—regardless of the impact on domestic industries—is also proposed in the GATT negotiations. Under this proposal, nations would lose the right to base their economies on domestic banking, insurance, transportation, utility, health, and other critical service sectors.

Two new fronts in the GATT and NAFTA battle are TRIPs and TRIMs. TRIPs are *trade-related intellectual property rights* and refer to the rules that would allow

companies to strengthen their monopoly of patented intellectual property and new technology. TRIPs generally inhibit economic development, slow the application of the best available, environment-friendly technologies, and hinder the development of non-resource intensive industries in the Third World. Third World communities are opposed to the double standard in the way TRIPs are enforced. Third World proposals for TRIPs protecting their genetic resources and indigenous technologies are disregarded by the high-tech countries.

Trade-related investment measures, called TRIMs, are now in place in many countries, so that when a major corporation comes into the country, the corporation is required to invest in certain areas of the local economy. One such TRIM requirement might be to use a national bank, so that there is some trickle-down activity. Another requirement might be to employ a certain number of the country's people, ensuring a degree of job development. There are a number of other investment measures that countries impose upon foreign corporations who come in. Under the Uruguay Round proposals of GATT, however, TRIMs would become illegal trade barriers. This is all part of the deregulatory regime of GATT. The Uruguay Round calls for the elimination of national or state laws regulating foreign investments. The resulting drain of resources from a national economy to foreign investors would hinder the ability of many countries to promote local development and environmental protection.

NAFTA's Accession Clause

NAFTA and GATT arise from a virtually identical set of circumstances. Both are strategies for weakening the nation-state, allowing corporations to operate freely, eroding regulation while exploiting land, labor, and natural resources. For now, NAFTA is between Canada, the United States, and Mexico. But one of NAFTA's most important clauses goes unreported in the mass media—its *accession clause*. In essence, the accession clause allows any other country in the world to join NAFTA as long as they agree to accept all of NAFTA's original terms, and the original three parties agree to let them join. The accession clause significantly alters the economy of NAFTA. If you think about it as a regional agreement between the United States, Canada and Mexico, it's possible to anticipate some of the economic effects. Then, you may be tempted to try to fix a few problems with the Bush Administration's text, especially if you believe that trade will have a trickle-down economic effect. This is the Clinton Administration's position. In a completely unprecedented legal way, the Clinton Administration has proposed parallel agreements to be negotiated alongside an already final agreement in the areas of labor and the environment. However, many of us doubt the efficacy of trickle down—as can be seen in our own country with

perfect clarity. Many of us also doubt that a few parallel agreements will be able to fix those problems.

Unfortunately, Clinton's proposals would not address many of these problems, including the Third World's interests. The reason that so much of the Third World is concerned with a North American treaty is that the precedent set with NAFTA could become the global precedent. In many ways NAFTA is a backup to the gridlocked GATT negotiations. Since 1990, negotiators have been unable to conclude the Uruguay Round, primarily because farmers all over the world have protested violently against GATT, although the TRIPs and "services" sections are also being strongly opposed. As an alternative, then, the proponents of free trade put NAFTA on the front burner. They want to negotiate into NAFTA the same set of terms that they were trying to get with GATT. Then, by adding an accession clause they allow other countries to sign on without the power to influence or amend any of their terms. The new trading agreement would be on *their* turf and in *their* terms.

With an active accession clause, NAFTA will have a much less predictable economic impact. Take the trade in sugar, for example. If NAFTA were limited to just Mexico, the United States, and Canada, we could anticipate the sugar trade to be displaced in the United States while Mexican farmers would experience the opportunity to fully develop that industry. With other countries signing on through the accession clause, however, sugar would be able to enter the North American market from almost anywhere in the world and would have to compete with both the U.S. and Mexican sectors. Thus, the accession clause throws off any ability to predict and prepare for certain patterns of employment, production, and trade.

There will be a lot of displacement that isn't even anticipated through this accession clause, and parallel agreements will not even begin to address the impact. Agriculture, in particular, would not be resolved by the two areas (environment and labor) that Clinton has proposed for further "parallel" negotiations. But let's talk about them for a minute.

Bush's Dead Promises

Back in 1991, George Bush promised to negotiate parallel agreements in labor and the environment. That promise was not kept. The NAFTA negotiations were conducted in utter secrecy. From the very beginning, the environmentalists did a lot of complaining about a North American free trade zone, based on the experience in the light industrial free trade zones along the U.S./Mexican border, called the *maquiladoras*. The lack of regulations in these zones has led to what may be the most toxic conditions known on the planet. Companies simply dump their wastes right into the streets—with *children playing in them!* The water supply that irrigates the agriculture belt along California and Texas is at risk, too, because it draws

from the same untreated source.

Under pressure from environmentalists, Bush promised to organize a parallel negotiation on ecological issues. He made four commitments, and he broke all four of them. This became clear a year-and-a-half later in August 1992, when the actual text of the negotiations was released to the public. First, Bush promised to negotiate a parallel agreement. This was not done. Second, he promised to negotiate a border-zone cleanup. But in NAFTA, there is nothing mentioned about a cleanup. Third, he promised to conduct an E.I.S. (environment impact statement) for NAFTA. But there are absolutely no references to an E.I.S. in the deal. Groups in Washington have actually sued under the National Environmental Protection Act to have that kind of E.I.S. conducted.

Fourth, Bush promised that no country would be obliged to lower its environmental standards, as in the tuna-dolphin case where the dispute-resolution panel under GATT ruled that the United States must lift its ban on tuna fish that was caught using the old-style nets. As things turn out, that ban has not actually been lifted. Even though that was the conclusion of the dispute-resolution panel under GATT, the fact that Mexico won is counterposed by the fact that Mexico is in negotiations with the United States around NAFTA. Even though there is a legal finding, the Mexicans haven't pressed their victory and the case remains essentially unresolved.

This kind of controversy led to Bush's promise that NAFTA would not require any member country to lower its domestic environmental regulations. In NAFTA, the easiest examples to talk about are the pesticide laws. We have stronger pesticide laws than Mexico, but NAFTA's text says the countries must negotiate mutually-agreed upon pesticide laws *equivalent* to those arrived at by a group called Codex Alimentarius, a part of the United Nations Food and Agriculture Organization based in Rome. The Codex rules on pesticides are less protective than the laws we have achieved through our legislative process in the United States. It's not surprising that they're less protective when you consider who sat on the delegations that negotiated those international standards. The U.S. delegation at the recent Codex meetings included representatives of the food industries: General Mills, Kraft, Purina, Pepsi-Cola, Coca-Cola, etc. In the name of the U.S. government, these food industry representatives negotiated international food safety laws that do less to protect people than what our own national laws prescribe.

Not a "Green" Agreement

NAFTA's proponents call it the "greenest" trade agreement ever. But watch out for the fine print! GATT's rules state that we will be obliged to lower our food safety laws if they function as discriminatory trade barriers. Because of environmentalists' pressure on President Bush,

NAFTA's text says that we will NOT be obliged to lower our food safety laws. However, in the fine print, it says that we will not be obliged to lower our food safety laws *if it can be proven that the food safety law is necessary in the first place*. Proving the necessity of a food safety law is not an easy thing to do. One of America's strongest food safety laws is the Delaney Clause, which was negotiated because a Congressperson named Delaney had a wife who died of cancer. He became a maverick on this issue and succeeded in passing through Congress a very stiff law that prevents food additives that produce cancer in laboratory rats from being included in our food supply. Supposedly, that law is not really *necessary* because there's no scientific evidence *proving* that what causes cancer in laboratory rats causes cancer in human beings. As a result, the Delaney Clause is presently on the table as one of the laws that has to go.

Another section of fine print states that a regulation *has to be cost effective*. That too is something that's difficult to prove, particularly because an equation of cost effectiveness requires some kind of balance between economic costs and ecological gains. Here we have a troublesome precedent in Europe. The Danish people passed a national law saying that they weren't going to import any more beverages, including beer. The Danes were producing beverages domestically that were packaged in containers that would be reused through a deposit-and-return system. The German beer industry, which is quite large and which has no system geared up to deal with deposit-and-return, objected and said that this was actually a disguised barrier to trade. The German brewers argued that the Danes just wanted to capture the Danish market for their own economic gain. The dispute went before the European Court of Justice and the ruling was on the side of Germany. The Court determined that the Danish law was a better environmental law, but was ultimately unacceptable when weighed against the harm done to the German breweries. Thus, Denmark is now obliged to import German beer that is not in containers that can be reused through a deposit-and-return system.

The Danish deposit-and-return case, like the tuna-dolphin conflict, shows how the corporate world order wins in a game in which the rules are stacked against the people and the planet. This raises a political question: Who makes these rules and evaluates disputes? The way that GATT is presently structured, dispute-resolution panels consist of only three people. NAFTA proposes dispute-resolution panels consisting of five people. People on a dispute resolution panel are "experts" who generally come from the governments' finance ministries or the trade or economic departments, have no understanding of ecological issues, and no accountability to the public. These are the "authorities" who are appointed to evaluate regulations that might interfere with a company's ability to trade freely in your country. The panelists are simply

not prepared to deal with ecological issues. We need to assert our rights as citizens, as environmentalists, and as trade unionists to have a say in how those disputes are handled. Citizens' demands did result in a NAFTA clause that states that other expertise *may* also be sought, but we must still insist that decision makers have some accountability to the people. Thus, at its heart, our efforts to educate and organize against dirty deals like NAFTA and the Uruguay Round of GATT, and other corporate world order policies are efforts to preserve democracy and to preserve community itself.

That goes a long way toward explaining the fine print in the NAFTA that has won it recognition as "the most green treaty in the world." A clause provides that NO COUNTRY SHALL LOWER ITS STANDARDS, but with the conditions that the standards must be proven necessary, that they must be scientifically justifiable, and that they must be cost effective.

Jobs, Jobs, Jobs

Clinton is now reiterating the promise for parallel negotiations and is making commitments to labor. Labor stands to lose a lot of jobs. Organized labor in this country is definitely under attack. An econometric forecasting associate at the University of Pennsylvania projects that 1,400,000 U.S. jobs are vulnerable under GATT. The University of Massachusetts and Skidmore College came out with a study that said that under NAFTA up to 450,000 jobs are vulnerable based on the fact that Mexico has a comparative advantage in low wages and non-enforced environmental regulations. The environmental and low-wage advantages of Mexico will make it desirable for many companies to relocate.

Even the Bush Administration's cheeriest economic projection suggested that only 64,000 jobs would be created by NAFTA. Analysts from the Economic Policy Institute examined the Bush Administration study and found two assumptions built into the projection that make it laughable. The first laugh comes from their assumption of full employment in the United States. The second laugh comes from their assumption that the Mexicans will become wealthy through trickle-down policies and begin to purchase American products that continue to be made *in the United States* by companies that haven't run south to Mexico. By manipulating the data, the Bush Administration came out with projections that there would be 64,000 new jobs created, as if that number were anything to inspire us when you see in the newspapers week after week how many thousands are losing their jobs even before NAFTA is signed.

The jobs that we're going to be losing are primarily entry-level labor positions. We're talking about jobs held by women and people of color primarily, jobs in the garment industry, the food processing industry, and, to some extent, also the automobile industry. Mexico stands to

lose as many as two million jobs in agriculture. Mexico is still an agrarian society—about a third of the Mexican people still live off the land. Many of them live in what we would consider poverty, but many of them are growing enough food to feed themselves and their families. Under the deregulation that NAFTA would bring to the Mexican agricultural sector, price supports for the food they eat—corn and beans—would be considered a non-tariff trade barrier to U.S. agribusiness, especially American corn. The Mexican government would be obliged to eliminate price supports to Mexican farmers. The people who grow corn in that country would no longer be able to afford to do so, given that the price of corn would fall dramatically. (The world price for corn is far cheaper than the price that the government pays to corn farmers in Mexico today.) Passed in its present form, NAFTA would set off massive urbanization. Mexico City, already one of the largest and arguably the most polluted cities in the world, would be inundated with new immigrants. The number of new jobs that might be created in industry would not approximate those that would be lost in agriculture. Our borders will feel new pressure as more Mexicans trying to compete with us for fewer jobs attempt to enter the United States illegally, because there is no reform of immigration policy proposed in NAFTA.

Promises to Labor

Bush made two other commitments to organized labor. First, he guaranteed labor rights. He assured the AFL-CIO and individual trade unions that there would be terms written into the agreement to prevent job loss, to protect wages, and to ensure safe working conditions. He said that there would be guarantees for the right to assemble, to organize, to bargain collectively, and that there would be laws and enforcement mechanisms against child labor. Not one of these provisions was worked into the NAFTA text.

Bush's second commitment to organized labor was that there would be funding for job adjustment. The Bush Administration told us that there would be some job loss, and that some industries would relocate. But in the long run, they argued, the trickle-down effect would work and we would all be better off. In the meantime, there would be some displacement, and so the government would have an adjustment program, meaning support for people who become unemployed and need training *to enter new industries*. It's not clear which new industries they meant, but nonetheless for the new industries. Bush promised a financial and programmatic response to this risk. NAFTA was produced without any of these provisions either. Bush broke all of his promises.

Organizing & Resistance

So what are we going to do? The Bush Administration broke its promises. Now the Clinton Administration is

declaring the same commitments—that there will be parallel agreements on the environment and on labor. One advantage we have with the Clinton people is that they're much more responsive to public pressure. The right-wingers don't care unless pushed to the wall, but President Clinton would really like to have a popular face on things. So we must organize and demand some specific action on his promises. He's ready to begin dealing seriously with these proposals. In his State of the Union address, he talked about the need to pass a NAFTA subject to these parallel agreements and the need to conclude the Uruguay Round promptly. Now he proposes concluding parallel negotiations by June 1993.

There's organizing going on all around America. However, the least organized communities in our coalitions—recent immigrants, women and people of color—are going to be the first and hardest hit. We must bridge this gap. We have strong environmental groups in our coalitions, strong labor groups, strong farm groups, and strong consumer groups. That's a good start. We have not seen organizing that bridges these sectors since the 1930s. I urge you all to join in. All are collaborating on strategies, both in Washington, D.C. and Congressional district by district, approaching representatives throughout the nation. This kind of public pressure was what passed the Waxman-Gephardt Resolution by a unanimous vote last fall.

On the international level there are numerous initiatives for "fair" trade alternatives. Tri-national meetings have been held, with people from Canada, Mexico and the United States sitting down together to brainstorm and work out strategies and agreements. For example, the corn farmers from the three countries sat down and hammered out a policy on corn that would satisfy all the farmers. Similarly, dairy farmers, timber workers, auto workers, environmental workers, and garment workers have had trilateral meetings of this sort. There are also a number of very innovative proposals for using international agreements to go beyond trade—which is essentially a commercial agreement—and to bring in a range of other issues in a very comprehensive way. Cuauhtemoc Cárdenas, leader of the opposition party in Mexico, who many people believe won the last election except that it was stolen from him by fraud, has written an impressive and simple five-page paper outlining ten different items that would go into a comprehensive, fair *continental initiative*, as he calls it. Not a trade agreement, but a continental initiative. Non-governmental groups at the Earth Summit in Rio de Janeiro negotiated among themselves about 40 "alternative treaties" (see the Econet conference, "unced.treaties") that cover a whole range of issues. I worked on the one that addressed fair trade in very specific terms. The other 39 agreements generated in Rio de Janeiro are equally interesting and innovative and would contribute to a fair international order.

Others are developing interesting ideas about technology and development. Herman Daly, an economist at the World Bank (which would probably like to fire him), has proposed a number of very specific criteria for using technology to ensure sustainable development. Appropriate technology, Daly argues, would harvest renewable resources and create wastes at a rate no greater than the earth can assimilate them. Likewise, the Green Forum (Philippines) argues that gross domestic product (GDP) only measures the wealth of corporations, whereas household income measures the welfare of the community. The Green Forum also incorporates ecological assets into their concept of Community Network. By substituting "ecological zones" for arbitrary political districts, it becomes easier to calculate the ecological costs of production that would be repayed to the community by the corporations that exploit their natural resources.

It's very important that our movement give people a specific enough background with which to talk about alternatives in detail. It's the wave of the future. We need to come up with a community-based world order.

In the meantime, every time I go to another country, I'm urged to come back to the United States and get to work on our Congress. It is the one body in the world where the potential for stopping the corporate agenda is very real. We won in 1992 with a 362-0 vote, and we can win a vote against a bad NAFTA too, which is what we've got right now. So I urge you to get involved with local organizing. Sending a letter to your representative has a real impact.

Mass demonstrations are being planned throughout the United States. Throughout spring 1993, various groups are working on strategies addressing the economic situation of their own state and coming up with actions, marches, rallies, tractorcades, and other public events. In the meantime, popular awareness continues to grow. Because the Uruguay Round of the GATT is stalemated at the moment, Clinton's only recourse is to renew the "fast track" authority law. The fast track allows the White House to singlehandedly negotiate trade agreements and limit Congress' role to a yes-or-no vote on the White House package. And so there will be a legislative campaign against that as well. Unless we, as citizens, act now to effectively defeat NAFTA—and eventually GATT, too—we will continue to lose our jobs, our constitutional rights and our environments to the corporate new world order. ♦