



Toxic
Struggles

**The Theory and Practice of
Environmental Justice**

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Trading Away the Environment

Free-Trade Agreements and Environmental Degradation

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TWO COMPETING VISIONS vie for support concerning the economic future of the planet. One approach, often referred to as sustainable development, calls for social, political, and economic initiatives to protect the environment. This approach emphasizes the preservation of our soil, air, water, wildlife, and biodiversity in order to ensure economic security.

Sustainable development emphasizes less chemical- and energy-intensive industrial, forestry, fishing, and farming practices, and marketing practices that place a high priority on reducing the time, distance, and resources used to move products between production and consumption. In addition, it supports minimizing processing, packaging, and transportation in order to reduce waste and other ecological problems created by consumption.¹

A competing vision, often referred to as the free-market, free-trade, or deregulation approach, pursues economic efficiency based on two principles. The first is to pay as little as possible for raw materials, and for the labor used to transform these raw materials. The second is to charge as much as possible to consumers, through monopolies and restrictive business practices. This approach externalizes almost all social, environmental, and health costs, ultimately paid for by today's taxpayers and by future generations. Proponents argue against any government intervention in daily business activities, claiming that government regulation diminishes economic efficiency. The multinational corporations involved in the buying and selling of goods on a global basis heavily promote free-market and free-trade policies, as do the international banks who, primarily, have financed these developments.

Debate between these two conflicting views has become a central global argument, intensifying subsequent to the Earth Summit in Rio de Janeiro in June 1992, officially called the United Nations Conference on Trade and Development. Free-trade advocates, led by the multinational corporations, argue that the best way to protect the environment is to eliminate government environmental regulations and to let the free market protect the planet. This view, while broadly rejected by governments of both the North and the South, is the ideological and practical view of powerful global corporations. This debate is just beginning.

The modern free trade vs. the environment debate in the United States sharpened in the early 1980s. During those years, the Reagan administration implemented the most free-trade-oriented economic programs since the 1920s. A close examination of one area of economic policy, agriculture policy, provides a clear insight into the politics of this debate.

There were at least four major effects of these free-market policies. First, they forced a huge number of farmers out of business. While record numbers of farmers went into bankruptcy, food processors earned record profits.

Second, government costs soared. Low prices meant huge deficiency-payment costs. The broader rural economic crisis caused by farm bankruptcies forced the government to bail out thousands of rural businesses, banks, and ultimately the entire farm credit system.

Third, many farmers reacted to falling farm prices by further intensifying their production methods. They hoped to make up in higher volume for the lower prices, but the increased use of chemicals and fertilizers only added to environmental and public-health problems. This intensification created enormous surpluses, forcing the Reagan administration in 1983 to impose one of the largest, most expensive, and most environmentally damaging land set-aside programs in U.S. farm history.

Fourth, the total value of U.S. farm exports declined sharply. Some farm policy analysts had warned that inelasticity in world food markets would mean that demand for food would remain relatively constant despite sharp drops in prices. Lower farm prices, they argued, would reduce the total value of U.S. farm exports, especially in the grains sector. But agribusiness economists convinced Congress that lower prices would drive other exporting countries out of the world market. These economists promised huge growth in export volume, enough to offset losses due to low prices.

POLITICAL REACTION TO FREE-MARKET FARM POLICIES

Farmers and small-town residents reacted sharply to Reagan's free-market policies, blocking foreclosure auctions and occupying government offices and banks. Rural America demanded an end to the destruction of their farms, families, livelihoods, and communities.

Consumer and environmental groups protested the safety of food and the ecological impact of chemical and energy-intensive production methods encouraged

by free-market policies. The National Toxics Campaign, for example, launched a nationwide effort to change federal farm policies in ways that would reduce the use of chemical and energy-intensive production methods.² They advocated farm programs that would set farm prices at levels equal to the full cost of production, including all the environmental costs, while limiting production to the amount needed to balance supply with demand.

Agrichemical companies feared that these new proposals could lead to ever stricter pesticide regulations, particularly laws that greatly increased companies' financial liability for harm to workers, farmers, and communities that occurred during the production, storage, or application of their products. To avoid these regulations and liabilities, many chemical companies and corporate operators moved the production of the most dangerous products overseas.

Reacting to this sharp increase in overseas production of U.S. food supplies, some states and the federal government imposed increasingly stricter pesticide-residue regulations on imported foods. By 1989, as much as 40 percent of imported food items inspected by the U.S. Food and Drug Administration were rejected for reasons of unsafe chemical residues, contaminate levels, or other violations of U.S. standards.³

The problems created by these free-market policies generated a rebellion in both the countryside and in the cities. Corporate agribusiness and the agrichemical companies who had benefited the most from the free-trade approach feared that a political backlash might result in its dismantling.

COUNTERING THE BACKLASH

Agribusiness explored ways to counter the backlash. Food companies and exporters wanted to ensure that farm prices would not be returned to cost-of-production levels, thus ensuring the easy importation of cheap food from abroad. Agrichemical companies wanted to block any new local, state, or federal pesticide regulations.

One of the most creative strategies designed by agribusiness to counter the backlash was the decision to move policy-making on these issues out of the hands of state legislatures and Congress and into the arena of international trade negotiations. Under special fast-track procedures, the White House can negotiate away almost any aspect of domestic law that has any impact on trade. Under the fast-track rule, the White House negotiates in secret and presents the final result to Congress. Congress is barred by law from changing any aspect of the agreement. They can merely rubber-stamp it yes or no.

Using the fast-track procedure, the White House can call almost any social or environmental regulation a trade barrier. For example, food-safety standards could be termed "trade barriers" and then dismantled under the guise of "liberalizing trade." New rules for international trade could even roll back pesticide and other environmental regulations, while prohibiting restrictions on imported foods.

There are three important recent trade negotiations in which this strategy of moving decision making out of the hand of Congress can be clearly examined:

Canada-United States Free Trade Agreement (CUSTA), the North American Free Trade Agreement (NAFTA), and the General Agreement on Tariffs and Trade (GATT).

The first of these agreements, the Canada-U.S. trade agreement, was completed in 1988. It forced Canada to weaken regulations on pesticides and food irradiation, while U.S. laws on asbestos were suddenly open to challenge. A key feature of the accord gave the United States long-term and preferential access to Canadian oil, gas, and uranium resources that will extend the life of the nuclear-power industry and further hook the United States on petroleum-based fuels and industrial raw materials. The result will most likely be an acceleration of our problems with acid rain, ozone depletion, and global warming.

Under special fast-track procedures, Congress did not have the right to amend or fully debate this treaty, which was negotiated in secret. Such an approach neglects the broader interests of the public and subverts constitutional authority.

EXTENDING CUSTA TO NAFTA AND BEYOND

Almost before the ink was dry on the U.S.-Canada agreement, CUSTA, the transnational corporations aggressively pursued their global deregulation strategy by extending the CUSTA Agreement to Mexico, creating a North American Free Trade Agreement (NAFTA). This is the next step in a plan for a single Western Hemispheric free-trade zone, the "Enterprise of the Americas Initiative" (EAI) announced by the Bush administration in 1990. The EAI offers debt-for-nature swaps to relieve the official debt of Latin American countries who agree to adopt free-trade policies including environmental deregulation, free trade, foreign investment by transnational corporations, structural adjustment, and major cuts in social spending.

The lessons we learn from CUSTA and NAFTA can also be applied to the GATT. The GATT talks, involving over one hundred nations, have been marked by the same problems, such as the lack of environmental- and economic-impact assessments, the need for greater democratic participation, and the need for policies that consciously promote sustainable development.

UNDERMINING DEMOCRACY

One of the most important public concerns is whether free-trade negotiations will undermine democratic institutions in the United States and national sovereignty worldwide. Understanding how NAFTA and GATT undermine sustainable development requires examining how they undermine democratic institutions in the United States and enable global corporations to strengthen their control of the world economy by rewriting the rules of international trade. A new form of colonialism, these free-trade negotiations permit not only a continuing shift of wealth from the poor to the rich but also weaken each country's opportunities to protect its citizens and the planet from negative environmental consequences.

IMPACT ON LOCAL DEMOCRATIC CONTROL AND INITIATIVE

Over the past decade, the only real improvements in environmental protection have come "from the bottom up." Local governments have taken the initiative to strengthen consumer- and environmental-protection laws and regulations, often in response to organized pressure from grass-roots groups. These local efforts spread to other towns and regions, eventually forcing the state or provincial and federal governments to adopt similar measures. For example, southern California has led the way on clean-air regulations, which were then adopted by New York and other New England states, before being introduced in Congress as national standards.

A key political objective of all current trade negotiations, including the CUSTA as well as GATT, is to make it difficult, if not impossible, for subnational units of government to impose environmental and consumer safety standards that are more stringent than an international norm on any items that flow in world trade. Under current free-trade proposals, stricter state and local laws can be called "non-tariff barriers to trade" subject to challenge under the provisions of the agreements.

Although the long-term impact of free trade on local and state initiatives and powers in the environmental arena remains unclear, these provisions are placing actual limitations on states' rights and are creating an equally chilling response by states to the increased competition for jobs and investments. The ability of companies to move to a new location to avoid environmental regulation is discouraging many local and state governments from moving forward with new regulations to protect the environment. Citizens have a more difficult time advocating for change when discussion is removed from traditional democratic institutions, already favoring business interests, to a more exclusive and secretive forum.

The ecological crisis has created a danger so life-threatening that citizens around the world are demanding a thorough reorientation of our economic, political, and military structures and their right to participate in the global policy-making process to ensure that these changes are made. A revolution in telecommunications technology makes their participation both inexpensive and efficient. The only major barrier to democratized global policy-making is political opposition from those who benefit from the current authoritarian approach. Perhaps the energy created by the current environmental crisis can break down these political barriers and open up the entire global policy-making system—economic, ecological, and military—for effective citizen participation.

Ordinary citizens possess a great deal of knowledge about real situations and real options for solutions; they will be asked to make great sacrifices in both their lives and their standards of living in order to reverse the crisis. Unless the democratic process enables citizens to play a role in establishing necessary global policies, they will not accept or embrace the required changes. Unless the global process allows citizens some control of the decisions that create major changes in their lives, they will not willingly comply. The only options may be to use force to make citizens comply, or to abandon

all political efforts to tackle these problems in hopes that the invisible hand of the marketplace will find a solution. However, the planet may not survive long enough to see if either the military or unbridled corporations are better suited to this challenge than political democracy.

The limits on government intervention heighten threats to sustainable development policies because NAFTA excludes social and environmental issues from negotiations. When the goal is economic efficiency, human, labor, and environmental rights disappear from the decision-making agenda.

NAFTA THREATS TO SUSTAINABLE AGRICULTURE

There are two main threats to sustainable agriculture in the NAFTA negotiations. The first is the stated objective of increasing the scale of production. Specific provisions in the text will lead to both increased corporate concentration in the processing sector and the further expansion of large-scale "factory farms" in the United States, Canada, and Mexico.⁴ With no restrictions on resource extraction, Latin American governments will find it difficult to control industrial waste and the use of pesticides.

Another stated goal of free-trade agreements is the elimination of each government's ability to regulate the importing and exporting of goods. If, as a result of NAFTA, state and national governments cannot regulate the flow of goods across borders, farmers, consumers, workers, and the environment will suffer.

MAKING ORGANIC FARMING UNSUSTAINABLE

Free trade between the United States and Mexico may deliver a double whammy to organic farmers on both sides of the border. First, the general lowering of prices on commercially grown fruits and vegetables will make it hard to charge the prices needed to cover organic growers' additional costs. Second, expansion of fruit and vegetable production in Mexico will increase the overall use of chemicals, further disrupting and interfering with natural pest-control patterns. Organic farmers cannot apply pesticides to control pests driven to their fields by their neighbors' spray. Since organic farmers are dependent on natural predators for their own biological pest management, any increase in chemical spraying on neighboring farms will negatively affect their efforts to use biological pest management.

DESTROYING MEXICAN FAMILY FARMERS

One of the major demands of the multinational grain companies based in the United States is unlimited access for their exports of corn and other grains to Mexico. Almost three million Mexican peasants grow corn and sell this crop at price levels set high enough by the government to insure that they have enough cash income to

survive. This system requires that the Mexican government carefully regulate imports to insure that this price level is not undermined.

Economists in both Mexico and the United States predict that, if the grain companies are successful in their efforts to force open the Mexican corn market, the price that will be paid to Mexican peasants will fall dramatically, forcing one million or more families off their land. Most of these families have worked at some time in the United States, so it is assumed that many will head north in search of either farm-worker jobs in the countryside or service-sector work in the major cities. Others will head to Mexico's urban areas, already dangerously overpopulated.

The United States, too, has used import regulations to sustain a domestic agricultural sector. For example, through the Meat Import Act of 1979, Congress established strict controls on the level of beef imports allowed into this country. But fast-food hamburger retailers have pushed the federal government hard to make sure that any NAFTA will abolish or weaken these controls, allowing them to import more hamburger meat. Since beef can be produced most cheaply on cleared rain-forest land in southern Mexico, a sharp increase in U.S. beef imports from this region would cause an acceleration in the destruction of the rain forest. A further worry is that Mexico will simply import its beef for domestic consumption from the rain-forest regions in Central and South America, freeing up its own beef production for shipping to the United States.

WEAKENING CONSUMER-HEALTH AND ENVIRONMENTAL-SAFETY STANDARDS

Few issues have caused as much conflict in the agricultural trade talks as the wide differences between each nation's food-safety and environmental standards. Corporations are lobbying for new GATT rules that could both limit the right of nations to set stricter standards and allow federal governments to pre-empt state pesticide and food safety legislation. This plan, referred to as "harmonization," limits the right of nations to impose consumer protection regulations on imported foods through the following procedures:

- Nations that attempt to set higher food-safety standards than those recognized by GATT would be subject to challenge by other countries on the grounds that it these higher standards would exclude their products from being imported. Countries with the higher standards would have to defend these standards or be subject to retaliation or have to pay compensation to the objecting countries.
- "Scientific evidence," as opposed to social or ethical criteria would be the only consideration in human-health and environmental regulations applied to imports. No social, economic, religious, or cultural concerns could be used to set import standards, no matter how important. A scientific court or adjudication panel, unaccountable to the public, would make decisions in relation to economic goals and objectives. Many nongovernmental organizations in the United States have

had bad experiences with faulty or dishonest science, ranging from the suppression of information about the dangers of silicon breast implants to promises of risk-free nuclear power. The prospect of seeing democracy undermined by a global science court is truly alarming.

- The Rome-based United Nations agency Codex Alimentarius, heavily influenced by executives from large chemical and food companies, has been chosen to set standards adopted by GATT. In all likelihood, these standards will be lower than most countries'.

If harmonization is prescribed by GATT, then national-government attempts to enforce domestic standards stricter than those recommended by Codex on pesticide residues on imported food (or on other food-safety concerns) could result in GATT-sanctioned trade retaliation or in demands for compensation to exporting countries. For example, a food item imported into the United States is banned under current legislation if it is found to have DDT residues above extremely low "background" levels. However, since Codex has set Maximum Residue Levels (MRLs) for DDT many times higher than the those the United States currently permits, disputes may arise between nations exporting foods with Codex-permitted DDT residues and the United States. The exporting nation could take this issue to a GATT dispute panel, who would compare United States limits to Codex's. The stricter U.S. standards could be ruled "GATT illegal." If the U.S. Congress subsequently refuses to revise the statute to meet GATT specifications, the United States would be subject to trade retaliation.

Many public-health advocates around the world fear that the GATT-enforced harmonization policy will be an instrument with which to overturn or weaken pesticide regulations and food-safety laws in the United States and elsewhere. Harmonization will restrict the ability of local and regional governments to set environmental- and consumer-protection standards. For example, the citizens of California have voted to prohibit the use of any carcinogenic pesticides on foods grown or sold in the state. But under harmonization this law could not be enforced on foods imported from overseas without the possibility of trade retaliation. Thus, generations of social and environmental advances could be eliminated in the United States and constrained in Mexico.

TOWARDS SUSTAINABLE TRADE

On the world scale and among the three nations of NAFTA, reform is needed in both commercial and political relations. The debates surrounding both GATT and NAFTA are unique opportunities to address these concerns. A positive outcome will require defeating global deregulation and the politics of the new world order.

Problems in the current trading regimes that need to be addressed include varying food-safety standards. A positive trade and development agreement would set minimum standards ("floors") for regulations rather than "ceilings." Any

comprehensive development treaty must explicitly outlaw export "dumping," the exporting of goods by corporations at prices below the cost of production. U.S. and European grain-trading corporations regularly dump grain and dairy products at half the cost of production. This practice, which is destroying food self-sufficiency in poor countries and ruining family farmers everywhere, must be stopped.

Advocates of sustainable development everywhere in the world are exploring a wide range of trade-related policy issues. They can see the urgent need to ban food-product dumping in order to protect small farmers in both the North and the South. They recognize the need to ensure that the full costs of production, including environmental costs, are considered in the setting of prices. Otherwise, global food stocks will no longer be sufficient to handle the inevitable emergencies.

As a consensus evolves, we must accelerate our organizing. Agriculture groups from the United States must work with their colleagues from around the world toward the goal of establishing a common set of basic demands and solutions. This common agenda must then be promoted aggressively to all governments and to the public at large.

During the last decade there have been three breakthroughs in our understanding of the interrelationships between economy and ecology. The first is the inseparable connection between the environmental balance of the natural world and the modern industrial economy. Agriculture is at the center of this connection. Our relationship to the land—how we treat it, who lives on it, and who shares in its fruits—are central issues in our quest for a sustainable future. Close coordination between economic policy and environmental policy is a fundamental requirement for sustainability, both ecological and financial.

The second breakthrough is the acknowledgment that most ecological issues are global, respecting no boundaries. International cooperation and coordination in addressing ecological dangers is becoming an absolute necessity for human survival. Building a sustainable agriculture system in one state or region is insufficient and impossible. We need global agricultural policies that support, enhance, and enable the development of ecologically and economically sustainable agriculture in every region of the planet. This means that we must have both regional and global trade agreements that go beyond outdated theories of free trade to embrace the policies necessary for sustainable development, including labor, human-rights, environmental, debt, and economic-development issues.

Such dramatic shifts in policy, however, require a third breakthrough: that we change the underlying assumptions that shape our nation's trade policies, especially the idea that the earth and its natural resources can be used and abused endlessly. For several thousand years, a similar assumption was made about human beings: that they could be used and abused endlessly through slavery. At the end of the nineteenth century, after one hundred years of intense political organizing, slavery was finally outlawed in most countries. Now, we face a task much like that of these nineteenth-century abolitionists. We must lay to rest the idea that the earth's resources

can be enslaved. There will be disruptive economic consequences, as there were with the abolition of slavery, but these disruptions cannot justify delay. The survival of future generations depends upon our success today at achieving sustainable life, balancing the economic and ecological relationships between people and the planet.

The controversy and debate created by the current trade negotiations must be translated into momentum for establishing new and more just relations among all nations. Nothing less can be accepted if we are serious about the survival of the planet.

NOTES

1. For additional views on sustainable development, see: Wes Jackson, Wendell Berry, and Coleman, eds. *Meeting the Expectations of the Land* (San Francisco: North Point Press, 1984); Benson and H. Yogtmann, eds., *Towards a Sustainable Agriculture* (Oberwill, Switzerland: Verlag Wirz AG, 1978); and Herman Daly, *Free Trade, Sustainable Development and Growth: Serious Contradictions* (Washington, D.C.: World Bank, 1992).
2. John O'Connor, *Shadow on the Land* (Cambridge, Mass.: National Toxics Campaign, 1988).
3. Subcommittee on Oversight and Investigations of the Committee on Energy and Commerce, U. S. House of Representatives, *Hard to Swallow: FDA Enforcement Program for Imported Food* (Washington, D.C.: Government Printing Office, 1989).
4. For additional details on the agricultural text of NAFTA, contact the Institute for Agriculture and Trade Policy, 1313 5th St., S.E., #303, Minneapolis, Minn. 55414.