

# OPINIONS

## An Environmental Viewpoint

# Free Trade is Undemocratic



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Columnist

This past weekend, more than sixty thousand people from all over the Western Hemisphere marched in Quebec City to protest the negotiations of the Free Trade Area of the Americas agreement, or the Summit of the Americas.

UNCA students were among them. One of them told me that the tear gas in the air was so dense that it was unsafe for those without gasmasks in the area around the three by five kilometer perimeter which was fenced off to keep citizens of the Americas out, while the trade officials and corporate representatives and lawyers met inside.

The police were reported to be more aggressive than at any of the Globalization Convergences so far. The corporate media chose to focus on the few confrontations that went on outside rather than what was going on inside, which is not very surprising.

Is it right to ban citizens from a meeting of unelected officials which is deciding their fate?

### What is FTAA?

FTAA is the extension of the North American Free Trade Agreement to the entire Western Hemisphere, excluding Cuba.

Hundreds of delegates from 34 nations will meet to finalize a draft of the FTAA on Sunday, which is Earth Day. There couldn't be a more ironic day for such a document to be drafted.

What information has been released about this agreement sounds like all the usual elements of the corporate free trade agenda.

This isn't surprising when you consider that over 500 corporate representatives have security clearance to access these FTAA-NAFTA expansion documents, while the representatives of the people, like those in the United States Congress, have not.

Congress has never set goals for U.S. participation in these talks, nor have they authorized the executive branch of our government to assume the role of setting terms for international commerce, which constitutionally belongs to Congress.

Still, a variety of corporate committees have been advising the U.S. trade representatives.

This agreement, like all neo-liberal free trade agreements thus far, threatens the sovereignty of nations and communities, public health and worker safety laws, environmental protections, indigenous peoples and all people throughout the Americas, leading to massive poverty and expanding the gap between economic classes.

Its main goal is to reduce government regulations on corporations, opening markets to foreign competition and expanding trade in all products.

Action for Community and Ecology in Central America recently published a Green Paper that states: "Investment agreements facilitate the movement of capital, by restricting governments' ability to limit the flow of money. Investment agreements actually provide corporations protection on their investments and their investment plans. The risk of investment then rests with governments and is paid for by people, not by the corporations who reap the profits."

### What is Free Trade?

One major part of the FTAA is the liberalization, or elimination of tariffs, which more freely allows goods

and services to cross borders, stimulating international commerce.

I find it ironic that a meeting with the purpose of allowing transnational corporations more freedoms in border crossing is also the cause of the Canadian government's tight border patrols this past weekend.

Many citizens were turned away from the Canadian border, while in Quebec they were planning how to open the gates for business and industry across the entire hemisphere.

If this agreement is supposed to benefit the people of the Americas, then why are the documents such a big secret?

The only information that we have on the FTAA is annotated outlines from some of the negotiating groups that the Chilean government released to representatives of Chilean-civil society.

This is a good precedent that has not been followed up on by any of the more northerly countries, despite numerous requests from over 400 organizations in the Americas.

Will the FTAA really strengthen democracy the way that pronouncements from previous Summits of the Americas have claimed it would?

The shroud of secrecy certainly makes one wonder.

### "NAFTA on Steroids"

So what will the FTAA do?

We know that it will include provisions on services, investment, agriculture, intellectual property rights and other issues under negotiation could clearly have far-reaching impacts on our economies, societies and environments.

The FTAA will most likely contain agreements to privatize services such as education, health care, energy and water utilities, which often raises the rates and hurts those who can least afford to pay for these needs.

When Bolivia privatized its water utility, water rates increased 200 percent, leading to riots that resulted in six deaths.

### Slippery Global Legislation

Some of the expected components are pieces of international legislation that global public outcry prevented from being included in the language agreed upon by the World Trade Organization ministerial in Seattle in 1999.

Two such specimens are the Multilateral Agreement on Investment and the Advanced Tariff Liberalization.

These boring and technical sounding titles disguise some bold and spine-chilling ideas.

### Corporate Control of Government

If included in the WTO, (which it still could be at some time), the MAI would have forbidden the consideration of a company's human rights, labor or environmental records as investment criteria.

It also would have granted large foreign corporations new absolute rights to enter markets with preferential treatment, preventing governments from promoting local economic development.

The MAI also would have banned certain investment "conditions" altogether, such as requiring recycled or domestic content in manufacturing, or hiring local workers.

The WTO contains similar policies to these, although not as comprehensive as the original MAI was designed to be.

Most importantly, the MAI con-

tains provisions "empowering foreign corporations to sue national governments in MAI tribunals for monetary compensation if they believe that government policies undercut their future profits" ([www.tradewatch.org/otherissues/MAI/WTO/miainthe.htm](http://www.tradewatch.org/otherissues/MAI/WTO/miainthe.htm)).

I would assume that the most important word in the above paragraph is the word, future.

Currently, corporations can sue WTO member governments through the WTO's tribunal of trade lawyers for protectionist measures or barriers to trade, but suing for monetary compensation for loss of future profit is something that seems to be unique to NAFTA.

Chapter 11 of NAFTA has allowed several precedent-setting suits for the future of international commerce and regulation thereof.

The expansion of Chapter 11 would mean that a lot of tax dollars from many different countries would be pouring into the pockets of transnational corporations (mainly North American), as they whine about their projected losses.

One example of this was the recent case of the California-based corporation, Metalclad, who wanted to expand their hazardous waste site just over the border of Mexico.

The governor of the Mexican State of San Luis Potosí objected, declaring the area an "ecological zone" due to the sensitive underground alluvial stream found by environmental impact assessment.

Objecting to this decision, Metalclad invoked Chapter 11 of NAFTA, suing the State of San Luis Potosí for \$90 million.

"The company claimed that the zoning law was a seizure of the company's property and impeded their right to their investment. Under NAFTA, if property rights are seized, the restricting government must pay compensation fees to the company. A NAFTA tribunal decided that San Luis Potosí would have to pay Metalclad \$16.7 million (U.S. dollars) in compensation fees. Grant Kesler, Metalclad's chief executive officer, expressed disappointment in this settlement because he only received money for the loss of property, not the company's potential profit losses" (<http://66.33.47.229/ftaa/corpprofit.htm>).

### Global Free Logging Agreement

The other major policy piece that was defeated in Seattle, but is still being proposed, is Advanced Tariff Liberalization or what forest advocates call the Global Free Logging Agreement.

ATL would eliminate tariff and non-tariff barriers on raw logs and timber products.

This would increase the global harvesting and consumption of forest products 3 to 4 percent, and "thus provide further impetus for unsustainable logging practices in order to supply this gluttonous demand. The timber lobby will seek to move forward with this agreement at the Summit of the Americas in Quebec City" ([http://www.nativeforest.org/press\\_releases/toronto\\_ftaa\\_alca\\_11041999.html](http://www.nativeforest.org/press_releases/toronto_ftaa_alca_11041999.html)).

After signing NAFTA, all three countries lowered protections for forests and biodiversity, and 15 U.S. forest-product companies set up new operations in Mexico, taking advantage of the lack of enforcement of environmental and labor laws.

One corporation, Boise Cascade, has been linked to extreme human-rights abuses against forest-protection advocates in Mexico.

Although their plans to build the world's largest chip mill in the heart of Chile's endangered rainforests have been blocked by Chilean and

US citizen opposition, the FTAA could be the silver bullet they need to push their plans through ([http://www.americanlands.org/forestweb/trade\\_and\\_forests.htm](http://www.americanlands.org/forestweb/trade_and_forests.htm))  
**Sweatshops: a "Race to the Bottom."**

According to neo-liberal ideology, foreign investment is supposed to provide much-needed jobs to Latin America and the Caribbean.

These investors would be attracted by certain guarantees provided by the FTAA, and move operations from the U.S. and Canada to the Southern hemisphere, where they can bust unions and pay lower wages in a "race to the bottom."

FTAA will likely pit Mexico's exploited working class with the even more desperate workers of Guatemala and Haiti.

In the U.S., many jobs would be lost or threatened.

Of 400 plant closings or threatened plant closings in the U.S. in a five-year period, 90 percent occurred illegally during a union-organizing drive. (Global Exchange)

The model that has been aggressively pursued in the past two decades has been one of creating 'Free Trade Zones.'

Unfortunately, the jobs created in Free Trade Zones often deny workers a living wage, humane working conditions and the right to organize a union.

The FTAA, by extending the guarantees to investors while giving no guarantees to workers, will further spread sweatshops and the abuses of 'Free Trade Zones' to all of the Americas (<http://66.33.47.229/ftaa/sweatshop.htm>).

### Patents & Intellectual Property

The Intellectual Property Rights debate might be the most contentious.

Protections for monopoly patents in the FTAA would allow companies with a patent in one country to have the exclusive right to market their products throughout the hemisphere.

For example, Brazil would not be able to produce the generic drugs for AIDS and tuberculosis epidemics that make these drugs affordable to the world's poor. This would allow these epidemics to worsen (<http://www.globalexchange.org/ftaa/topiten.html>).

### Third World Needs Help Not More Competition

Without debt cancellation and rules to curtail rampant capital speculation, the countries of the global South will remain dependent on countries of the global North, inequality will continue to increase and it will be more difficult to reach goals of sustainable development.

Bolivia, for example is a 'heavily indebted poor country,' who will not benefit from increasing its exports to America if all of the export earnings are siphoned off to pay debts to the International Monetary Fund, the World Bank and the Inter-American Development Bank (Global Exchange and ACERCA).

U.S. negotiators are also trying to force the rest of the hemisphere to accept genetically-modified organisms, such as those developed by Monsanto Corporation which have not been adequately tested or regulated here in America.

So, what are the alternatives?

Corporate control of globalization is not inevitable!

Citizens' groups from across the world have written an "Alternative Agreement for the Americas" that explains how countries could develop socially responsible and environmentally sustainable commerce.

The document is on the Global Exchange Web site, [www.globalexchange.org](http://www.globalexchange.org).

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