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Joan Claybrook, President

SAVE OUR SERVICES

S.O.S. SERIES No. 1 - RETIREMENT & HEALTH INSURANCE
How new global "trade" talks threaten Social Security and Medicare.

A global commercial agreement of unprecedented scope and power is currently being renegotiated behind closed doors. The agreement, the World Trade Organization's General Agreement on Trade in Services (GATS), could result in the privatization and deregulation of essential services. You can collect Public Citizen's whole S.O.S. Series at www.citizen.org/trade/wto/gats. For more info: gtwfield@citizen.org or 202-546-4996.

Bottom Line: If the Bush administration succeeds in even partially privatizing Social Security, under the WTO GATS agreement foreign corporations could end up with treaty rights to raid our tax dollars for profit and Americans could face shredded retirement and Medicare safety nets.

For now, Social Security is probably safe from the GATS because the agreement exempts services that are exclusively a government monopoly and are not also offered on a commercial basis. But if Social Security is even partially privatized – as the Bush administration is advocating – and folks begin to invest some of their federal retirement funds in the stock market, then GATS would require some things that the privatizers don't want to talk about. The agreements would:

- permit foreign and offshore firms to compete for private Social Security accounts, thus preventing the most stringent regulation of these accounts and increasing the risks to retirees;
- make it harder to fix Social Security after the privatization experiment predictably fails, because GATS requires that nations first compensate all of their trading partners for lost future economic opportunity if they "take back" the service from the private sector and make it public again. Failure to compensate would result in punitive trade sanctions, which is why some say GATS makes privatization a one-way street.

Meanwhile, Medicare and other health programs are threatened by the GATS. In an early round of GATS negotiations, the United States signed up the insurance sector (which includes health care programs) to the agreement's regulatory constraints. GATS could interfere with future federal and state initiatives to expand health care coverage and improve access to health care services by:

- making national health care ("single-payer") and state initiatives to improve access to health care much more difficult to achieve because a country cannot grant new public service monopoly rights in a covered sector without first compensating trading partners for lost business opportunities;
- undermining attempts to expand Medicare services to new patients (such as children) because such a move is also considered an act to expand public service monopolies which is contradictory to GATS rules;
- restricting state and federal governments' ability to regulate HMO's and health insurance, especially if the influential International Chamber of Commerce gets its way and these pacts constrain government consumer protection in the service sector to companies' financial solvency and basic disclosure issues;
- frustrating insurance rate controls, which could be attacked as barriers to trade.