



Corporate Protectionism

Recent Trade Agreements Value Profits over People

By Lori Wallach

The massive protest against corporate-managed trade in Seattle in December 1999 proved to be a seminal event in the growing debate about globalization. Prior to Seattle, few Americans knew much — if anything — about the mysterious bureaucracy called the World Trade Organization (WTO). The protest, which drew 50,000 people and a bevy of progressive luminaries, changed the public perception almost overnight thanks to massive network television and newspaper coverage. The WTO, a very powerful but little-known entity dominated by corporate interests, is now a household word because of one of the largest demonstrations since the Vietnam War and civil rights era.

The year-long campaign leading up to Seattle forged dozens of citizen coalitions worldwide into a broader, stronger global citizens' movement that has motivated a new generation of young activists.

While December 1999 was the first time many Americans realized the broad implications of corporate-led globalization for their lives, it was a discovery Public Citizen had made a decade earlier.

When Public Citizen examined several proposed "trade" agreements during the Bush administration, we discovered they were in fact blueprints for imposing broad deregulation agendas worldwide. At the time, in 1991, Congress was discussing whether to renew a procedure called "Fast Track," which short-circuits Congress' exclusive constitutional role in setting terms of trade. It limits Congress' role to an up-or-down vote, with no amendments, on trade pacts negotiated and signed by the president. Created by President Nixon, Fast Track had been renewed several times by Congress but had been used previously on only three trade pacts that focused on traditional quota and tariff matters.

Corporate America enthusiastically supported extending Fast Track to help ram through Congress two proposed future agreements. One of these pacts, the pro-

posed transformation of the existing General Agreement on Tariffs and Trade (GATT), attracted Public Citizen's scrutiny.

The GATT, first established shortly after World War II, established tariff and quota rules covering trade in goods between its signatories. The Reagan and Bush administrations pushed for a wholesale revision of the trading system in what was known as the "Uruguay Round" of GATT negotiations. In 1993, the new Clinton administration joined in supporting the new trade deal.

When Public Citizen acquired a draft copy of the secret Uruguay Round text in 1992, our concern escalated. Corporate America was opening a new front in its ongoing battles against consumers, workers and environmental safeguards by transforming the GATT from a voluntary trading system based on consensus into a powerful global commerce agency (later named the World Trade Organization) designed to eviscerate — behind closed doors — the public interest laws that corporations had been unable to undercut through normal democratic processes.

The new rules establishing the WTO were written in secret with the deep involvement of the world's largest multinational corporations. They would impose arbitrary limits on domestic policy decisions that reflect human values. These include, for example, the chosen level of environmental protection or the balancing of priorities such as consumer access to affordable medicine and patent rights on medicines. They also would cover whole new spheres — services such as banking, telephones and insurance. The proposal not only attacked important consumer protections but added new corporate protectionism, such as establishing worldwide monopoly sales rights for a corporation holding a patent on medicine, seeds — even human cells — in any one country.

And the new GATT-WTO would subject U.S. health, safety, human rights, labor and environmental standards — including policies that treated domestic and foreign goods the same — to review by international trade bureaucrats. From the GATT-WTO perspective, a domestic law forbidding sale of fruits and vegetables tainted

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with banned pesticides is a trade barrier that may be challenged and overruled. By whom? Panels of unaccountable trade bureaucrats operating in secret at the WTO's Geneva headquarters. This concept undermines our system of democracy.

Public Citizen reached out to labor, environmental and other constituencies whose work was silently being undermined in the context of these negotiations. But while we lost the campaign to defeat Fast Track, the fight secured an enormous political and psychological boost. Trade deals usually sailed through Congress with barely single-digit opposition. The coalition generated an impressive 180 House votes against Fast Track in 1991. The small network of labor, environmental, religious and family farm groups awakened many in Congress to the new reality that these "trade" deals gave inordinate power to large corporations at the expense of workers, consumers, the environment and democratic accountability.

The strength of the citizen campaign against the North American Free Trade Agreement (applying to the United States, Mexico and Canada) in 1993 startled NAFTA's corporate backers and the new Clinton administration. NAFTA was an extreme experiment in providing new protections for investors while gutting existing public interest protections. NAFTA undercut food inspection and truck safety standards and unions' rights, all attacks that Congress had rejected at home. NAFTA even granted new protectionism for corporations — allowing them to sue governments in secret NAFTA tribunals for cash payments to recover alleged lost profits due to domestic regulations. This very sort of "regulatory takings" measure was rejected by Congress but sneaked through in a large and complex trade agreement.

Despite widespread public opposition, Congress narrowly approved NAFTA in late 1993. The legislation squeaked through the House of Representatives by 18 votes after President Clinton made a series of desperate pork-barrel deals with members of Congress in the final days. NAFTA critics lost the vote but changed the trade debate forever.

Two weeks later, the completion of negotiations for the new GATT deal caught many non-governmental organizations (NGOs) unaware. In the United States, the polit-

ical fallout of NAFTA highlighted trade as a dangerous election issue for politicians. As a result, Congress refused to vote on the GATT until after the 1994 elections. So with almost no debate, the Clinton administration and corporate supporters rammed the GATT Uruguay Round through a lame duck session of Congress where the fired and retired of the previous Congress locked the U.S. into



a future governed by the new WTO. The WTO is fraught with problems. Its undemocratic operating principles provide no accountability for decisions it imposes. The most basic due process protections are missing: There is no independent, outside appeal of WTO rulings, and the WTO operates in total secrecy without public involvement. Yet, under WTO rules, any nation can challenge another nation's domestic regulatory policies as "trade barriers" if they fall outside WTO-



Members of organized labor, including those from a nearby chapter of the International Longshoreman's Union, staged a huge rally against the World Trade Organization in Seattle on Dec. 1, 1999. (Photo by Bob Mentzinger)

allowed terms. Often, these are environmental, labor or health and safety safeguards that apply equally to domestic and foreign goods. Yet, if a WTO tribunal rules against a nation, that nation must change its policy or face expensive trade sanctions. In most cases, nations acquiesce to the changes, at times even when just threatened with a WTO challenge.

Recognizing the pervasive impact of corporate-led

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globalization on its core agenda, in 1994 Public Citizen launched a new division — Global Trade Watch. While Global Trade Watch was working to strengthen the U.S. movement critiquing corporate globalization, covert negotiations had begun in Paris in 1995 for another radical global investment treaty, the Multilateral Agreement on Investment (MAI). By the end of 1996, it was nearly complete, without any input from the public, media or elected officials. U.S. trade officials denied the deal's text existed until Public Citizen procured a copy and posted it on its Web site in January 1997.

The MAI was a global corporate welfare program of immense proportions. Public Citizen's description of it as "NAFTA on steroids" was spread worldwide as shorthand to warn of the proposal's extreme contents. The MAI would have forbidden most public interest regulations regarding banking, stock markets, land-zoning and investment. It also empowered corporations to sue governments for cash compensation for regulatory compliance costs — not in court, but before international chamber of commerce tribunals. Thanks to the hard work of Public Citizen and a passionate global coalition of other progressive NGOs, once the MAI was exposed to the sunshine, it attracted so much public outrage the coalition was able to stop it.

That success was followed in 1998 by a stunning victory. Congress again debated whether to renew Fast Track negotiating authority. This time, intensive work by Public Citizen and its allies resulted in an astonishing defeat of a corporate trade measure in Congress for the first time. Citizen groups like Public Citizen could now win on these issues despite the vast corporate resources deployed against them. The power of the corporate trade juggernaut was beginning to lose steam.

Fresh off the MAI and Fast Track victories, Global Trade Watch turned its sights on the biggest foe of all — the World Trade Organization. The WTO, now four years old and still largely unknown to the public, was planning a major summit in 1999 with the hope of launching another round of expansion talks. The Clinton administration hoped to use a "Millennium Round" to add rules requiring all nations to accept genetically modified foods and to bring public education, health and other social services under WTO rules. European and Japanese negotiators wanted to slip the defeated MAI into the WTO.

The day Seattle was announced as the site for the WTO ministerial, Public Citizen began reserving venues for rallies, teach-ins and other events, opening a campaign office as a nerve center for coordinating thousands of

local volunteers, obtaining permits and creating a Web site that proved to be a central source of information for the protests. Within days, Public Citizen organized a meeting of U.S. citizen groups representing environmentalists, labor unions, farmers and consumers — the same coalition that had successfully fought the MAI.

In partnership with international allies, a global year-long "WTO: No New Round, Turnaround!" campaign was launched. The strategy, coordinated in part by Global Trade Watch, called for each nation's coalition to lobby its own government to achieve some level of accountability concerning WTO expansion.

By late summer, more and more groups joined Public Citizen's "Seattle coalition," including the Steelworkers union, the Teamsters, the Humane Society of the United States and Friends of the Earth.

Prior to the Seattle WTO ministerial, Public Citizen released a groundbreaking book, *Whose Trade Organization? Corporate Globalization and the Erosion of Democracy*, which documented that the WTO's tribunals had ruled against every public health, safety or environmental regulation that had been challenged as a "trade barrier" and that as a result many countries were abandoning these protections. (A pamphlet version made *The Boston Globe's* nonfiction bestseller list.) Although the national media were gearing up to cover the events, most reporters knew little about the substance of the protesters' criticisms until publication of the book.

The intense preparation for the WTO meeting paid off as thousands of demonstrators descended on Seattle, successfully delaying the opening of the meeting and garnering worldwide media attention. Inside the meeting, a sufficient number of the negotiators were unwilling to simply concede on issues important to their public at home. The WTO ministerial failed to produce a mandate for a new round of WTO negotiations.

Despite the success in Seattle, we continue to face many formidable challenges. Last year, Corporate America spent \$113 million on lobbying, political donations and advertising to ensure passage of legislation granting Permanent Normal Trade Relations to China. Congress also passed a deeply flawed African trade bill. The Bush administration is likely to continue where Clinton left off, seeking to extend NAFTA and give the WTO broader jurisdiction.

But increasingly bitter trade disputes, such as those over beef hormones and genetically modified organisms, are alerting the public to the dangers of corporate dominance through trade rules over government safety standards. And, Seattle provided global civil society with new political energy to launch an alternative citizens' agenda for future international trade and investment agreements. [lpc](#)