

QUAKER ECO-BULLETIN

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The Free Trade Area of the Americas and the Earth/Human Relationship ***Maureen Heffern Ponicki and Ed Dreby***

Trade is an essential feature of the global economy, but free trade agreements are increasing both the concentration of wealth and power, and the inexorable expansion of human enterprise within a finite and increasingly fragile ecosphere. We believe the Free Trade Area of the Americas (FTAA), which is being negotiated on a timeline leading to implementation in 2005, would further institutionalize these trends.

The FTAA was initially proposed in 1994 at the first Summit of the Americas, a meeting of leaders of Western Hemisphere countries. This was the same year that the North American Free Trade Agreement between Canada, Mexico, and the U.S. (NAFTA) was ratified. The proposed FTAA would include all Western Hemisphere nations except Cuba, creating the world's largest zone of economic integration. The FTAA was proposed prior to any experience with NAFTA or the World Trade Organization (WTO), which came into being in 1995.

Meanwhile, many NGOs and large numbers of people from many nations have expressed increasingly vocal opposition to NAFTA and the WTO. By 1998, NGOs had organized the first People's Summit, alongside the second Summit of the Americas, and presented "The Alternatives for the Americas", a collection of proposals for economic integration emphasizing human rights and sustainable development (1). Trade ministries have persistently ignored these proposals.

The following year, trade issues were catapulted onto center stage at the Seattle WTO ministerial meeting where thousands of people took to the streets to express their concerns about the content of trade agreements and the way they are negotiated. Since that time, grassroots movements throughout the hemisphere and world have strengthened their opposition to the WTO and the FTAA.

In November, trade ministers will be returning to Miami to continue negotiating the FTAA, and thousands of people are again expected to voice their dissent in the streets. The opposition to the FTAA in Miami is apt to be intensified for three reasons: 1) because the FTAA increases the freedom of foreign corporations to operate in local economies without conditions; 2) because the FTAA has become a blatant attempt by the Bush administration to force agreements on western hemisphere nations that it has so far been unable to achieve globally through the WTO; and 3) because of the association of U.S. conduct on the FTAA with U.S. conduct in other arenas of global affairs. This opposition to FTAA, as well as the WTO, takes many forms for

many reasons, but a common theme is perceived: **violence to the dignity and rights of persons, the welfare of communities, and principles of justice.**

The proposed FTAA agreement was made public only after an intense campaign by civil society for transparency in the process. The proposals are now available on the Internet (2). A detailed analysis of the proposed FTAA agreement is not possible in this short article, but we will discuss some fundamental features that demonstrate what is at stake that the details tend to obscure. ***Why are people so upset about this particular trade agreement? How would its enactment affect future prospects for a sustainable earth/human relationship?***

Experience with NAFTA and the WTO

By the time of the WTO negotiations in Seattle in 1999, it was widely understood that the current "free trade" movement is not really about the traditional understanding of free trade—the elimination of protective tariffs—but about something else: **the expansion and application on a global scale of legal doctrines that increase the powers of corporations.** The provisions of NAFTA and other bilateral trade agreements do much more than reduce export and import taxes. They also restrict the ability of national and local governments to protect the general welfare by regulating the activities of foreign corporations. Corporations are allowed to sue governments for actions that the corporations see as infringing on their profits. Under NAFTA, the U.S. was sued due to the state of California's decision to ban a carcinogenic chemical produced by a Canadian company.

Without any form of international regulatory framework, companies migrate in search of low wages leaving workers with few protections. U.S. industries have moved across the Mexican border where they can pay lower wages, escape environmental regulations, and have no responsibility to contribute to the well-being of the local communities. Prior to NAFTA, the Mexican government could legally mandate certain "performance requirements" such as mandating that a certain percentage of a company's inputs to production be bought locally in order to spur growth of small Mexican businesses. NAFTA resulted in the prohibition of the use of performance requirements which has hurt many small businesses along the border.

The WTO and NAFTA protect corporate patents, referred to as "intellectual property rights," Patents protect genetically modified seeds and threaten farmers' historic right to save, exchange, use, and sell seeds. Foreign companies have requested

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Quaker Eco-Witness (QEW) promotes government and corporate policies to help restore and protect Earth's biological integrity. It works within and through the Religious Society of Friends for policies that enable human communities to relate in mutually enhancing ways to the ecosystems of which they are a part. This witness seeks to be guided by the Spirit and grounded in reverence for Earth's communities of life as God's creation.

QEB's purpose is to inform the **QEW** network to advance Friends' witness on government and corporate policy as it relates to the ecosystems that sustains us. Each issue is an article about timely legislative or corporate policy issues affecting our society's relationship to the earth.

Friends are invited to contact us about writing an article for *QEB*. Submissions are subject to editing and should:

- Provide background information that reflects the complexity of the issue and is respectful toward other points of view.
- Explain why the issue is a Friends' concern.
- Describe the positions of other faith-based and secular environmental groups on the issue.
- Relate the issue to legislation or corporate policy.
- Provide sources for additional information.

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U.S. patents over indigenous resources such as African soapberry, which has been used by women in Africa for centuries.

There is an increasing litany of these examples. The supporters of NAFTA answer with aggregate statistics, but they do not address the destructive consequences for families or communities, or stem the flood of economic refugees within Mexico and to the U.S., or the erosion of social programs in all three nations.

Even more powers for corporations under FTAA

The proposed FTAA would not only involve many more nations than NAFTA, it would also apply new corporate free trade doctrines. A dramatic example is the inclusion of "Services", which include industrial activities—drilling, mining, pipeline transport, waste incineration, toxic waste processing, and resource management—and human services such as education, health, and essential services like water supply. The FTAA draft text states without qualification that governments may not limit the number of service providers (toxic waste processing facilities, for example), thus preventing government intervention even to protect public health or the environment.

The proposed FTAA also stipulates that the privatizing of public services be open to foreign corporations on an equal footing with local companies. Under the FTAA, any services for which a government contracts with the private sector is subject to a "national treatment" rule that entitles foreign corporations to "equal rights" with local providers. This clause would prohibit a government from using even their own purchasing decisions as vehicles to promote equity, such as preferential contracting of domestic women-owned or minority-owned businesses.

Three years ago, the sale of the water supply in Cochabamba, Bolivia to a subsidiary of Bechtel Corporation became a source of outrage because severe rate hikes meant that many poor families' water bills were half of their income. In this instance, the city reversed the sale, but Bechtel's subsidiary is now suing Bolivia claiming that they violated the rules of a bilateral trade agreement between The Netherlands and Bolivia.

The U.S., the U.N., and the WTO

The Bush administration has publicly stated it will pursue bilateral and regional trade agreements in order to circumvent opposition to its wishes in the WTO. By imposing its will in the Western Hemisphere, the U.S. will then try to force these changes on the rest of the world through the competitive advantages that the FTAA gives to corporations in the Americas.

At a recent WTO meeting in Doha, Qatar, negotiators approved a declaration allowing countries facing a public health crisis to produce less expensive generic drugs in place of the patented drugs of trans-national pharmaceutical companies. This would enable a nation like Brazil to manufacture HIV-AIDS medicines without risking fines or sanctions through the WTO. The FTAA does not include this declaration, so that if it is approved, U.S. companies will be given patent protections at the expense of public health, by being able to sue any nation that allows the manufacture of generic drug equivalents.

Similarly, the U.S. is using trade agreements to circumvent U.N. agreements. A U.N. Cartagena Protocol on Biosafety allows nations to regulate imports and labeling of food products that contain genetically modified organisms (GMOs), an issue of major disagreement between the European Union (EU) and the U.S. in the WTO. If the U.S. succeeds in banning GMO labeling in the FTAA, it will greatly strengthen its leverage in the WTO.

At stake are not only the ability of governments to regulate genetic engineering, but the broader issue of international governance. Will the decisions negotiated by the U.N. be overridden by decisions of the WTO that can be enforced through fines and sanctions levied by its tribunals? These tribunals are not subject to any political authority, operate in secret, and, in the case of NAFTA, give private corporations equal standing with national governments. Many large corporations have greater financial and human resources than most nations to achieve their purposes.

FTAA and the Earth/Human Relationship

In 1965, economist Friend Kenneth Boulding pointed out that “as long as man was small in numbers and limited in technology, he could realistically regard the earth as...an infinite source of inputs and an infinite cesspool for outputs. Today, earth has become a space ship... in the hard realities of the social, biological, and physical system in which man is enmeshed....” (3)

In the intervening years, the extent to which human enterprise is harming the biosphere has become increasingly apparent. Humanity’s environmental impact can be easily expressed by the simple formula:

$$I = P \times A \times T$$

Humanity’s environmental impact (**I**) is a function of its total population (**P**), times affluence per capita (**A**), times the extent to which the technology of the affluent has harmful effects (**T**).

Ecological footprint analysis developed by Wackernagel and his colleagues estimates that the current human footprint is about 25% larger than the earth, and that if all of humanity attained the affluence of those in industrial nations, the footprint would be three times the size of the earth (4). Climate scientists have concluded that human greenhouse gas emissions must be reduced by at least 60% in order to restore a chemical equilibrium in the atmosphere, and that climate instability will worsen until at least 50 years after an equilibrium is reestablished (5).

FTAA by its nature will only intensify an imbalance that already places the future of civilization at risk. The purpose of FTAA is to maximize economic growth as a solution to social ills. While people from across the hemisphere support economic integration and fair trade, the design of the FTAA perpetuates an economic model that not only fails to benefit developing countries and especially small producers, but it also poses serious threats to our ecology. From an ecological perspective, expansion of a human economy to the detriment and eventual destruction of its host ecosystem is a fundamental problem.

Ethicist Friend Peter G. Brown has contrasted the prevailing conservative free market philosophy with Enlightenment political theory, which views government as trustee with a fiduciary responsibility “to be directed to no other end but the peace, safety, and public good of the people” and that “the laws of nature be observed, which willeth the peace and preservation of all mankind.” (6)

Concerning international trade, Brown says: “Governments violate their fiduciary obligations when they engage in trade practices that undercut the subsistence rights of their own citizens..., or that undermine the long-term well being of their resource base.... All movements toward free trade agreements should be halted until [they] can be made part of a comprehensive set of treaties concerning...the global commons... to protect the world’s forests, wetland, and biodiversity. In addition to an international convention on climate, conventions should be convened to address the problems of population growth, the sharing of advanced technology, poverty, and pollution.” (7)

In the context of Earth as a space ship, the state’s fiduciary responsibility must include preservation of regional and global ecosystems. This requires ordering and limiting human enterprise through a framework for economic activity that makes stewardship its highest priority. The FTAA proposals would remove the state’s ability to protect their nation’s public health, natural resources and environmental quality, replacing it with transnational corporate rights.

The FTAA will result in more production and transport of goods, thereby increasing the use of polluting forms of energy. In addition, the larger producers will gain monopolies, leaving small producers—those most in need of new opportunities—marginalized, unable to take advantage of export opportunities, and crushed by the influx of competition.

The jobs that are created in manufacturing are often marked by poor wages, unsafe work conditions, and a lack of respect for core labor standards while, at the same time, increasing the rate at which resources are converted to wastes. We know that the human enterprise in its present form is changing the climate, driving many species to extinction, and gradually but inexorably polluting our water and soils. We know that the proposed FTAA is not a viable poverty-reduction strategy and that fair trade alternatives exist. We also know that the institutions we have created are institutions we can change.

If signed and ratified, the FTAA would increase the obstacles and decrease the likelihood of transforming our institutions and policies of governance and economics to protect the global commons, strengthen local communities, and provide basic human rights for all, especially the most vulnerable among us.

The Alternatives for the Americas

The Hemispheric Social Alliance brings together a broad range of organizations from throughout the Americas united by the conviction that any form of economic integration among our nations must serve first and foremost to promote equitable and sustainable development for all of our peoples...we are united by our conviction that we must move forward with both feet, combining protest with proposal, developing a common vision about what an alternative form of integration might look like. —The Alternatives for the Americas, December 2002 (1)

Among its guiding principles, the *Alternatives* states, “Along with the war on poverty, sustainability and protection of the environment are the fundamental challenges for any economic strategy or integration agreement. Trade agreements should give priority to the quality of development, which implies establishing social and environmental limits to growth. Sustainability and the welfare of the population should take precedence over short-term profits. ... A truly sustainable alternative agreement would also include a comprehensive restructuring of incentives and rules designed to ensure that industrial production reflects its true, long-term costs.”

The *Alternatives* are presented in thirteen sections:

- Human Rights,
- Environment,
- Labour,
- Immigration,
- Role of the State,
- Foreign Investment,
- International Finance,
- Intellectual Property Rights,
- Sustainable Energy Development,
- Agriculture,
- Access to Markets,
- Gender and
- Enforcement and Dispute Resolution.

Each section gives the reader some background on the issues, general principles that should be used to guide policy-making, and a set of specific objectives. For example, the specific objectives in the Environment section include:

- a ban on the patenting of life forms,
- the creation of incentives for soil and natural resource conservation, and
- the elimination of direct and indirect subsidies for fossil-fuel energy.

The *Alternatives* summarizes many of the fair trade alternatives that have repeatedly been put forward. Trade negotiators would have us believe that this is an issue of trade vs. no trade when, in reality, it is simply an issue of which rules will we use when we engage in trade relations? Reading the “Alternatives” reinforces one’s belief that trade does not have to further undermine our fragile ecology nor the fragile livelihoods of millions across the globe, but it can actually promote justice as well as help to heal our ecosystem.

What Friends Can Do

Join the newly emerging Trade Justice campaign being spearheaded by the Interfaith Working Group – The American Friends Service Committee is participating with other members of the Interfaith Working Group on Trade and Investment to express its strong opposition to the FTAA in its present form. The agreement fails to live up to a set of principles that should guide international trade and investment in order that trade advance the common good; support and respect human rights; safeguard the global commons; and be evaluated in light of its impact on those who are most vulnerable. (8)

Learn and read about economic policies – The first step in understanding our global economy is taking some time to read about trade agreements such as the WTO and the proposed FTAA, World Bank and IMF policies, and other economic policies. Search your local newspapers, the internet, local libraries, and bookstores for good articles, stories, and books.

Educate your local and state elected officials – Get your city council or County Board of Supervisors to pass a resolution in favor of a policy you support. For example, cities across the U.S. have passed resolutions opposing the proposed Free Trade Area of the Americas. Many states have passed legislation that will analyze the impact of proposed trade agreements on state governance and a state’s capacity to make public health and environmental regulations.

Buy “Fair Trade” products – Buy fair trade coffee, tea, chocolate and other goods. Get your meeting to pass a resolution committing to serve fair trade coffee; tell your local supermarket to sell fair trade items; host a fair trade party, wine tasting, or chocolate tasting in order to introduce your friends to fair trade

Sign anti-FTAA post cards – Millions of people from around the hemisphere will be delivering their vote on the proposed Free Trade Area of the Americas to trade ministers in Miami in November. Sign the post cards and send them to the AFL-CIO who is collecting all of the U.S. ballots (9).

For More Information

- (1) The Alternatives for the Americas <www.web.ca/~comfront/alts4americas/eng/eng.pdf>
- (2) Proposed FTAA draft text <www.ftaa-alca.org>
- (3) Boulding, K., 1966. “The Coming Economy of Spaceship Earth” <csf.colorado.edu/authors/Boulding.Kenneth/spaceship-earth.html>
- (4) Wackernagel, M., et al. 2002. Tracking the Ecological Overshoot of the Human Economy. <www.pnas.org>
- (5) Guy Dauncey and Patrick Mazzy *Stormy Weather: 101 Solutions to Climate Change* <www.earthfuture.com/stormyweather>
- (6) Locke’s Second Treatise on Government as quoted by Peter G. Brown, 1994. *Restoring the Public Trust* - available from <peter.g.brown@mcgill.ca>
- (7) Peter G. Brown, 2000. *The Commonwealth Of Life: A Treatise On Stewardship (Ethics, Economics and International Relations)* available through <peter.g.brown@mcgill.ca>
- (8) American Friends Service Committee <www.afsc.org> Or contact <trade@afsc.org>
- (9) AFL-CIO <www.aflcio.org/stopftaa>

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