

GLOBALIZATION: AN ENVIRONMENTAL AND HUMAN DISASTER

By Ed O'Rourke

Congressman Sherrod Brown in his book *Myths of Free Trade: Why American Trade Policy Has Failed* discusses 7 free trade myths:

- 1) Americans believe in free trade.
- 2) Free-trade agreements are necessary to fight the war on terrorism.
- 3) Free trade is an extension of American values abroad.
- 4) Free trade leaves most people better off in rich and poor countries alike.
- 5) Free trade will bring democracy, human rights, and freedom to authoritarian regimes.
- 6) The North American Free Trade Agreement has been a success.
- 7) Free trade is a great American tradition.

I add an eighth myth that free trade has no detrimental effect on the environment.

The congressman presents persuasive evidence that the free traders arguments (the seven myths) do not pass muster. The free trade movements have in fact perpetuated poverty. Business interests dominate the World Trade Organization (WTO) which itself operates in secrecy. Free traders promote business interest in protecting profits repatriation, intellectual property rights and patents, and rate any attention to standards for labor rights, food safety, and the environment as protectionism.

In 1994 when there were deliberations on the last round of the General Agreement on Trade and Tariffs (GATT), fifty-four representatives from news organizations wrote a letter to

President Clinton that they were concerned with the secrecy and inaccessibility of the trade talks. More than thirty state attorney generals and other state officials protested that the proposed secret panels of the soon to be formed World Trade Organization would infringe on state sovereignty.

Their predictions came true with a vengeance. The World Trade Organization is staffed by unelected employees. Trade dispute panels, which act as a Supreme Court, consist mostly of lawyers and economists who make judgments on issues of public health and safety, environmental laws, and other trade disputes. Their decisions override local, state, national, and international laws. There is no public input allowed from health or environmental organizations. The panel announces their decisions to the public without revealing the decision making process.

With one exception, the WTO has overturned every environmental and public health rule or law brought to its trade dispute panel. The exception was upholding the French ban on asbestos.

Some decades ago, the corporations showed a paternalistic concern for their employees and community. Today, corporate officers show little or no loyalty to the community or country where they live. This lack of loyalty to the United States, however, does not stop them from seeking exemptions or softening of regulations, tax breaks or government contracts. According to finance billionaire and European Parliament member Sir James Goldsmith, transnational corporations have persuaded their governments, media, and citizens to adopt economic policies that “make you rich if you eliminate your national workforce and transfer production abroad, and which bankrupts you if you continue to employ your own people.”

Sherrod Brown pointed to Charles Krauthammer, George Will and Thomas Friedman as free-trade-at-all-cost pundits who do not believe in labor standards even in the United States. They certainly do not give two hoots for them overseas

John Kenneth Galbraith in *The Affluent Society* remarked, “Capitalism left to its own devices, doesn’t work properly; it excludes the poor, ruins the environment, and fails to deliver enough collectively produced goods, such as roads, reservoirs, schools and hospitals.”

Corporations generally have poor environmental records. This is not a new phenomenon like ExxonMobil’s climate change denial. In 1962, Rachel Carson’s *Silent Spring* woke up the American public to the dangers of the indiscriminate use of pesticides. Corporate reaction was severe. The chemical industry, especially Monsanto, criticized her. Time magazine chastised her

“oversimplification and downright errors...Many of her scary generalizations—and there are lots of them—are patently unsound.” Before her death nearly two years later, almost all scientists except for the ones on the payrolls of the agribusiness or the chemical industry praised her work.

The lesson is that wise people do not leave environmental or labor policy to the tender mercies of corporate power.

One of the worse abuses of corporate power is seen on the US-Mexico border in the *maquiladora* program which consists of about 2,800 foreign-owned factories employing more than 1.3 million people. Under this arrangement, a factory can import materials and equipment duty-free and tariff-free for assembly or manufacturing and then re-export the assembled product, usually back to the originating country. Not a single one of the employees in the *maquiladoras* belong to an independent union. The employers, however, belong to a cartel that meets in each region of the *maquiladora* area to discuss wages, benefits and other matters. The workers live in “conditions of filth, poverty and hopelessness” in cardboard shacks made from discarded packing material at the factories.

Author William Grieder compared the *maquiladoras* with the company steel and coal towns of eastern Kentucky at the turn of the 20th century, “...both suffered from low wages, neglect of public investment, dangerous working conditions, degradation of the surrounding environment, and the use of child labor. Kentucky steel and mine workers had no union, the government was always on the side of the owners of capital, and business went virtually unregulated as it influenced the government to do whatever business demanded.”

Congressman Brown demands high standards: “No U.S. company should be provided with the rights and privileges normally accorded domestic corporations if that firm, for example, uses child labor or slave labor anywhere in the world. No money from the Department of Defense. No tax subsidies from Washington or from local communities. No tax breaks for research and development. No government contracts. No use of the United States military to protect American companies abroad if they do not show a reciprocated loyalty.”

My recommendation is to scrap the World Trade Organization and start all over with a transparent democratic structure with a board of directors that represent the entire society, not

just the transnational corporations. All future trade agreements must include enforceable labor, environmental, and health provisions in the core text of the treaty.

Ed O'Rourke is an environmental accountant in Houston, Texas USA.