

Transcript from APPEC Public Forum Sydney, September 1 2007

Lori Wallach

Trade Lawyer, Author and Director of Public Citizens Global Trade Watch

'Challenges to the APEC Free Trade agenda'

Thanks for the introduction and I wanted to thank AFTINET for inviting me and all of you for having interest in the topic. I was asked to introduce, what is APEC and as a recovering trade attorney I could be really technical and boring, but I decided I wouldn't do that. So Asian Pacific Economic Cooperation seems to me a couple of nouns are missing after that. I myself have a few choice nouns that I would be happy to add to Asian Pacific Economic Cooperation, but instead of imposing my own salty language, I thought I would give some description of what's at stake and then everyone can devise their own version. Now a little bit of practical background, APEC was hatched in 1989 your Prime Minister Hawke called a meeting of 12 Pacific Rim foreign ministers in cooperation talks and it sort of pattered along until 1993 when President Clinton called the first head of states meeting in Seattle and he had a very clear vision of what APEC ought to be, The North American Free Trade Agreement (NAFTA) on steroids for the entire Pacific Rim. The North American Free Trade Agreement, which he has already sort of muscled onto us, which I'll explain what the whole package, for all of what were then 21 Pacific Rim countries.

In 1994 in Indonesia APEC formally adopted what is called the Bogor declaration and that is to set up tariff free and direct investment free conditions in all 21 countries, 2010 for the rich countries 2020 for the poor countries. Now the thing about it is; it's not really all about trade, because when you look at the details of the agenda what they talk about liberalizing is our essential services, turning our right to education, water, health into commodities for those who can pay, some really lunatic environmental exploitation, mining and energy policies which I suspect my friend will be speaking about and a whole smorgasbord of deregulation pushing down the labour rights.

Now the good news is, the next year in 1995 in Osaka, the next summit of all the leaders, some of a developing country heads of state having looked at what had happened, after a couple of years of NAFTA to Mexico, decided that maybe this was really not the keen idea. So the good news is from 1995 – 1998 there's a real push back and the result, popping of champagne corks, is that APEC is not NAFTA on steroids for the whole Pacific Rim but rather is a voluntary, non-binding commitment for all 21 countries to shoot themselves in the head by 2010 if you're rich and 2020 if you're poor. But it is not binding the way say a NAFTA, or the US Australia Free Trade Agreement is, where it is a binding legal instrument, but those rules are still out there.

A little twist I just want to share, in case you didn't see it in the news is that President Bush and Prime Minister Harper from Canada and your Prime Minister have this little plan which is they want to revive the NAFTA on steroids thing, they're calling it a Pacific Rim Free Trade Agreement and it's as bone headed as it was in 1993 but on top of that, just a little detail from the belly of the beast Washington DC, where I am from which is, Emperor Bush has no clothes, you heard it here first. The man was denied his trade authority so under our constitution The President only has authority to negotiate trade agreements and congress cedes the authority. Our constitution gives congress exclusive authority and one of the benefits of the democrats taking control is they took away his trade authority. So he can come here and he can huff and puff but the man hasn't the authority to arrange a trade agreement with his next door neighbor over a toilet paper, much less a free trade agreement for all the Pacific Rim. A small warning of sorts in case he's doing the seduction dance everyone should know he has no authority.

So how does APEC fit into this whole alphabet soup, all these acronyms of NAFTA, WTO, FTAs, IMF? The way that I think about it, which is kind of useful is it's just a delivery mechanism. APEC and all those other acronyms are a delivery mechanism for a common package and it's not mainly about trade though that's a chunk of it. A lot of people call that package the neo-liberal policy package and I have slides that will be up on AFTINET's website and also on ours, which is tradewatch.org, which lay out all of these items. It's sort of worth learning because in a way it is very empowering to see what the stunt here is and we can organize for something different. So the policy package that's common to all of these acronyms of corporate globalization. Finance deregulation, what does that mean, deregulate the banking sector, make sure you can't have currency controls and so for instance when there was the great financial dive in Asia in 1997, who got clobbered, everybody who had no financial control. Who came out in one piece, Malaysia they froze their currency. You're not allowed to do that under this agenda. Deregulate foreign investment protections, which is to say any pre-certification of whether or not you want a foreign investor owning land or a sensitive industry or any conditions they called performance requirements that would require a foreign investor to give back to the community, forbidden.

Then establishing new property rights, so Intellectual Property Protections, new patents. You know this is the situation where your PBS is basically in deep doo-doo under the US-Australia Free Trade Agreement where there are all kinds of patents rights, sort of patent uber alles for the pharmaceutical companies putting priority over what should be citizens' affordable access to medicine. Also a whole set of foreign investor rights, to own natural resources. In the WTO, there is a whole set of absolute rules of what rights foreign investors have, when they come to your country if it's a WTO covered sector, they don't operate under your law they operate under WTO law. Another piece of the agenda is to cut, weaken or harmonize global labour, environmental consumer health standards. You either de-regulate altogether or you harmonize to a global downward standard. Then there is the agenda of privatizing things that we would think of as a right, health care or a commons, things like our genetic code and turning it into a

tradable items. Now if this seems sort of crazy for instance, under the service sector agreement in your, our US Australia Free Trade Agreement there are absolute rights for foreign service providers to enter different markets that would be a public service in your country or our country, water for instance in our country and to offer for profit services. Now you may have a reason for wanting to keep that in the government sector. A good reason would be to look at how our health care system works, when in our rich country of 47 million people have no health insurance, because we don't have a government system. You can't deliver health care on a for-profit basis, it doesn't work

Finally the next piece of it is to try and commodify, for tradable units all of these things that you just privatized and deregulated so that only the people who can afford can make a profit for whoever owns it. Now you listen to that and you think, well that sounds like a life below hell and unfortunately, that set of rules is what is the vision of APEC, thank god not binding or mandatory; yet, footnote there's work we all need to do to make sure that stays true. But it is in WTO, it is the Free Trade Agreements and you think about how that happened. It really is a system that was written for and by the biggest Transnationals and there is some sort of conspiracy theory kind of mess. In the US our trade law let 500 corporate advisors have official security clearance to be official advisors to the United States trade representative to set up NAFTA, WTO, the US-Australia Agreement. In the mix were 9 very fearless trade unionists, one environmentalist and nobody else from the human side of things, 500 versus 10. Not surprising that we have these rules and then you think about what's that model, because it's not just rich countries like Australia and the US.

This is a model, this package that the IMF and the World Bank pushed started in the late 1970s, that same package of policies on developing countries who wanted to take loans. It was called structural adjustment and what we see now is 30 years in the developing countries and the US for instance with NAFTA, we now have a 14 year record. It's not just proved to be a threat to decent jobs, Human Rights, the environment but actually to the principle and the practice of democracy. Now that sounds grandiose, but I find the best evidence of this, one of those few candid revelations of somebody from the WTO, the first director general, who in a moment of unusual candor announced to the Financial Times, we are writing the constitution for a single global government. That is really what these rules are about, they are about governments and democracy. The trade rules are a tool as are the deregulation and harmonization in other rules, but it's a top down, one size fits all system, to be imposed on all of us to the benefit of a very few special interests. So, one way of thinking about why we all have to fight the system is it's not just about anyone's particular job, its not a matter of any one particular issue, it's a matter of global democracy and all the people.

Now again you might say hmmm I think she sounds vaguely hysterical. The operating rule of your, our Free Trade Agreement and the WTO is the following, quote, "all countries shall ensure conformity of all laws, regulations and domestic procedures with the attached agreement." The agreements have, for the Free Trade Agreement, 800

pages for WTO over 900 pages of non-trade rules that push privatization of essential services. They will limit the kind of laws you want to have to benefit Australia, buy Australia rule with your procurement dollars, can't do it under the Trade agreement. It's all non-trade issues and there's binding enforcement. The dispute resolution tribunals, without any of the normal due process or outside appeals, where trade lawyers, under a stack of qualifications that though sadly I do know all of the WTO jurisprudence I cannot qualify because you have to have worked at the WTO for your government or in your governments trade agency. Biased judges and then they judge if your law meets those rules. Now surprising, the WTO has ruled against 90% of the 120 challenges to domestic law. The Australia quarantine laws on salmon were one of the first ones to go. The Indian constitution's ban on life patenting and patenting of seeds, sacked. In the US our dolphin protection laws, our endangered species act rule on turtles and our clean air act had the stuffing knocked out of them. The European Unions ban on artificial beef hormones, and their GMO registration system sacked by the US who decided to challenge the WTO and the list goes on and in fact if people really want to see the whole gory list 700 footnotes later, this is the actual record of all of those dreadful cases.

You are required to change your law to meet WTO rules or you face trade sanctions. So it's enormous pressure to adopt one particular model despite democratic opposition and true lived outcomes of this model in countries worldwide. Now just consider this, if you wonder why in Australia it is worth fighting APEC being turned into a free trade agreement or why it is worth fighting against the DOHA round WTO expansion or other free trade agreements your government is now negotiating. Those agreements are like cement being poured by Prime Minister Howard over all of his retrograde policies. This is a guy like our George Bush Junior who voluntarily without having to have the trade agreements bonking him on the head to do something retrograde, voluntarily changed all these laws, privatized, deregulated, removing basic labour laws. This agreements system will lock you in, even if all decided we had it and you exercise your democracy to change governments. If we don't stop these agreements we can't change the policy, and so it really is a matter of our democracy.

Now with all this gruesome information, and you know US and Australia share the bottom of the OECD, the Organisation for Economic Cooperation and Development, we're at the bottom of the poverty list right, so you just saw the new numbers come out, 2 million people in Australia living in poverty, one out of ten. The only country that is worse off than you guys is the US for its poverty ratio. So Europe, everyone else is doing better, guess who is down there with us, that would be New Zealand, so all of the countries that have been pushing this model like lunatics and their governments that have been adopting it domestically have the highest poverty rates. That ain't me saying it that is the OECD, i.e. the folks who love these agreements, fessing up what the lived outcome has been. So here is the whole mess and it is very depressing.

So this is typically the place where I pause and say the good news, this is just one version of how you can organize a global economy. The retrograde rules were written for and by certain interests, it did not come down from god. There is nothing inevitable. It is just one version, and so it's worth learning about the details of the lived experience, because it is our strongest tool to organize the demand for change. Because that is the only way we are getting out of this mess, the majority of people and the majority of countries are losers under the system and if we can do the education and organizing work a majority of people who are losing is the majority for change and its hard work but we have no alternative. Because where we're going if we don't change direction is simply intolerable, unacceptable, environmentally unsurvivable. So the lived experience, it's a very powerful tool and in a way it's how I think of respecting all the people who have been victims and damaged by the system is to take their experience to build power for change.

The data on the experience is really dreadful, again on our website, tradewatch.org is tons of information. The WTO book has it, AFTINETs website has a lot of it and I have a whole set of slides that has all the documentation that I don't have time to go through. But some of the most sort of surprising data I would say is what's happened for instance, economically in the US. So in the US, the government has been pushing this model. I think a lot of people around the world think, well it must be benefiting them because they have been the ones pushing it. Well, since we signed up to NAFTA and WTO, 1993 and 94, respectively, we have lost 3 million manufacturing jobs 3 million, one out of every 6 manufacturing jobs in the US has gone overseas. So for instance everyone saw when that huge bridge collapsed. We don't have steel; we don't make the steel actually to fix that bridge at home anymore. When dreadfully, Bush sent troops to Iraq, they didn't have the camouflage they don't make that cloth anymore we had to wait for it to come from China, they deployed troops into the desert wearing jungle green, they also didn't have the boots and we also don't have the Kevlar to keep them safe and we don't have steel to line the tanks, we just don't make it anymore, we're supposed to be the world superpower.

On top of that we've seen median real wages in the US decline. Now that is predictable, it's a prediction of trade theory, trade agreements and trade policy doesn't affect the total number of jobs. That is much more affected by your monetary policy and your interest rates. It affects the quality of jobs, so we have gotten rid of a lot of Union benefit, high paying jobs and we have created a lot of service sector jobs. The US government Bush's Commerce Department, says at an average those workers, when they loose the good jobs to off-shoring and get the service jobs, their wages go down 30% and over half of them loose their benefits, because our health insurance is carried with our work, we haven't any system for government health care. So what we've seen in the US is worker productivity has doubled, but our median wages have fallen to 1972 levels. So we have 2007 expenses and 1970 real wages in controlled terms. So this is, in our country why our middle class is being destroyed and we're seeing more people falling into poverty. A few people are getting very wealthy but as with Australia, which I

saw this data about two weeks ago, the larger share of our GNP is now going to profits and the smallest share is going to workers in the recorded history of the data in our country and that is true in Australia as well. This is not by accident these are bad policies and in the US as well since NAFTA, we have seen enormous numbers of documented episodes of union busting, organising busting by threats of re-locations.

Another sort of interesting twist which I just share with Australia because you are such a big food exporter is, the US is now the world's largest agricultural exporter and we're also a net food importer. We are a net food importer since 2005. That seems unimaginable. If you think about the environmental implications, climate change wise of the same commodities going in and out under the rigged trade rules which promote volume in trade but not farm incomes, we've lost a number of family farms as has Mexico and Canada. Now we have a huge trade deficit in the US and anybody who has any investments that relate to the US stock market I would say hedge your bets because our trade deficit is now 6% of our GNP so if we were a developing country they would have assassinated the finance minister by now over at the IMF. But what's scary is you guys under not very many years of the Free Trade Agreement have increased your trade deficit with the US 17% which is to say, you now have a \$16.3 billion deficit with the US. It has increase dramatically and so I would just say look out that you don't end up the same way we are, where as you have noticed our interest rates are going up and down and the currency is going up and down and the stock market is going up and down because our trade deficit makes our economy basically unstable.

Now you look at that and you would say alright the US has taken it offshore, so Australia has gotten poorer, the average people in Australia have gotten poor but it must help the poor countries, isn't that the whole point. The data is exactly contrary, in fact in those developing countries, the poor countries who adopted this model, this package most faithfully have seen the greatest decline in their growth rates, and we're talking dramatic declines in growth rates. For instance Africa, which has the least ability to negotiate its own terms signed up to the whole bundle because the IMF basically had them, you want the money, here's what you are going to do to all of your policies, you're adopting the whole package. Africa had positive growth of about 40% from 1960 – 1980 it then made all of these policy changes and became the absolute conformist to the model. Their per-capita growth rate not only didn't increase, it's declined 23% now you could say that some of that is AIDS some of that is other issues. But it's not just there, Latin America from the period before this model, 82% per capita growth. Since, in the 20 years since they did all the changes like Argentina, 9% per capita income growth in 20 years, so if you think about that in terms of the size of the pie and how much there is to go around, that means a reduced pie for many more people and so as a result, the number of people living on \$2 a day poverty has increased since the establishment of the WTO, in Latin America, the Caribbean, all of Sub Sahara Africa and the Middle East.

That lived experience has meant that in some countries, where hunger has also increased dramatically, like India there are mass mobilizations for change. So that is sort of where I am going to break into a little bit the good news, because it has been very depressing and that is in many countries, public movements, citizens movements have fought back successfully based on 'Basta,' which is our hemisphere word for enough. It's a Spanish word, 'basta,' I've had it, someone gets in your face and you say, 'basta', its like back off and it's used throughout the hemisphere and there has gotten to be quite an attitude of 'basta' about this model. So here's some of the things we should celebrate. The attempt to make NAFTA the free trade area of the Americas was supposed to be 32 countries from the Arctic to the Antarctic, all of Latin America and the Caribbean stopped, dead, gone, buried. The multi-lateral agreements on investment, like a NAFTA that Australia amongst other countries were going to get sucked into, killed. Pat Ranald has a book of how that in part happened, thanks to Australian activism and by the way you guys have one of the best experts on APEC in Pat. As well the WTO expansion, that started the push in Seattle, the battle in Seattle that still has not happened. The DOHA round is still jammed, because it's an agenda doing more of the same and the same is heading for the cliff. It is not dealing with any of the human issues and so that is still jammed, but there is still work to do.

Now how do we do that work, obviously we want to stop more of the bad, and that means no expansions of the trade agreements we have, no turning something like APEC, that's non-binding into a binding agreement and there are very interesting ways to get involved now which we are going to get into. That we need to fight for something to replace the existing model, so think about what we're for? We are for democracy, with people living with the results, make the choices. We are for diversity, where different people in different countries will pick different priorities, but we are also for a floor of decency. There's a whole array of international agreements that are not WTO that are the International Labour Organisation Standards, the World Health Organisation Standards, the Multi-Lateral Environmental Agreements those are a body of Human Rights law that exists legally WTO trumps it. It came later in time, that's a choice to put a floor of decency by giving priority to those other rules.

Now, yeah you want trade, but under what rules and so what we need to do to transform the current system. Now this is the intellectual part I am going to get to the power part which is the hard part. The intellectual part is to remove all this non-trade garbage that has gotten glued onto the trade agenda. So this service sector privatization, mandatory privatization of health care systems, extensions of patents. That stuff needs to come out, that was all a Trojan horse strategy to use the concept of trade to caboose an entire different agenda. Then what's missing, the floor of decency we need to condition the benefits that the companies get of access when they're really trading, ie trading things, goods, we need to condition those on the existing international norms, we all have agreed to, all the same countries who are in the WTO, have agreed to these basic labour rights, environmental standards, health rights. It was a choice to have the commercial rights smash them. We need to reverse that and have

the floor of decency and then obviously we need to open up the process. So these institutions need to be trimmed down to size so that they are accountable and they are open.

That's the intellectual part, and for folks who want more details there is an excellent book written by a group of thirty scholars at the international forum on globalization called "Alternatives to corporate globalization, a better world is possible" I recommend that, but the power part that's the hard work and it means that in countries like the US and Australia there is a special responsibility which is one of the reasons that I wanted to make this trip all the way over here. I mean we feel being in the US because our companies and our government has pushed this onto everyone else and Australia has sort of been the little brother with Canada and New Zealand pushing with the US at the lead for the most retrograde version. You know it is on behalf of Rio Tinto and other big firms, but it is also ideological, you know you have a Prime Minister, but hopefully for not much longer, who has a ideology that is just like the Bush's and so when we in a country that is government and companies, as citizens of the country are pushing against and demonstrating our opposition our friends from our developing country partners say it's very powerful because it helps them show to their governments. The special interest in those countries want this, but look at the political problem you are going to have here if you push this and the results, because the public in those countries, they've had it too and they are fighting back.

So AFTINET, very fortunate how that coalition came out of the fight against the MAI, in case you don't have the website it is www.aftinet.org.au and again on the website will be all the presentation charts but there are all kinds of opportunities to get involved in campaigning. AFTINET is related to a global network, called 'Our World is not For Sale,' it's a network that also came out of the MAI. It represents 72 country based coalitions who campaign globally and its focus is to make sure there is no WTO expansion. And so OWINS, the website which is a joy to look at Our World is Not for Sale.org It's linking social movements, NGOs and activists in the fight against corporate globalization. It's a fight that's going to be very long and hard the happy news is that there are partners all over the world. The sad news is the ample evidence we can organize with to force the change based on the damage and it's not a struggle we can avoid, because transforming these rules of corporate globalization is essential, is at the root causes of so many of the terrible social ills, environmental problems, labour disgraces that we fight day to day. If we don't make this change, we will be battling the symptoms not the cause. The strategic interventions are working for the change and there is enormous power around the world to make it happen so I congratulate folks in Australia for putting on the protest, putting on the conference and again working altogether around the world, as the old proverb says "If not now, when if not us, who?" Thank you.