

## ARTICLES.

### ■ AFTER NAFTA

# Global Village or Global Pillage?

JEREMY BRECHER

**F**or most of the world's people, the "New World Economy" is a disaster that has already happened. Those it hurts can't escape it. But neither can they afford to accept it. So many are now seeking ways to reshape it.

When I first started writing about the destructive effects of globalization three years ago, The North American Free Trade Agreement was widely regarded as a done deal. The near defeat of NAFTA reveals pervasive popular doubt about the wisdom of an unregulated international market. The struggle against NAFTA represented the first major effort by Americans who have been hurt by global economic integration to do something about it. Like many mass movements, it included contradictory forces, such as the Mexico-bashing bigotry of Pat Buchanan, the populist grandstanding of Ross Perot and the nationalistic protectionism of some in the labor movement.

But other elements of the struggle against NAFTA prefigure a movement that could radically reshape the New World Economy. Out of their own experiences and observations, millions of Americans have constructed a new paradigm for understanding the global economy. Poor and working people in large numbers have recognized that NAFTA is not primarily about trade; it is about the ability of capital to move without regard to national borders. Capital mobility, not trade, is bringing about the "giant sucking sound" of jobs going south.

For the first time in many years, substantial numbers of people mobilized to act on broad class interests. I haven't seen a movement for years in which so many people at the grass roots took their own initiative. Typical was the unexpectedly large, predominantly blue-collar anti-NAFTA rally in New Haven, where a labor leader told me, "We didn't turn these people out."

### The New Global Pillage

NAFTA became a symbol for an accumulation of fears and angers regarding the place of working people in the New World Economy. The North American economic integration that NAFTA was intended to facilitate is only one aspect of the rapid and momentous historical transformation from a system of national economies toward an integrated global economy. New information, communication, transportation and manufacturing technologies, combined with tariff reductions, have made it possible to coordinate production, commerce and finance on a world scale. Since 1983, the rate of

world foreign direct investment has grown four times as fast as world output.

This transformation has had devastating consequences. They may be summarized as the "seven danger signals" of cancerous, out-of-control globalization:

*Race to the bottom.* The recent quantum leap in the ability of transnational corporations to relocate their facilities around the world in effect makes all workers, communities and countries competitors for these corporations' favor. The consequence is a "race to the bottom" in which wages and social and environmental conditions tend to fall to the level of the most desperate. This dynamic underlies U.S. deindustrialization, declining real wages, eradication of job security, and downward pressure on social spending and investment; it is also largely responsible for the migration of low-wage, environmentally destructive industries to poor countries like Mexico and China.

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*Global stagnation.* As each work force, community or country seeks to become more competitive by reducing its wages and its social and environmental overheads, the result is a general downward spiral in incomes and social and material infrastructures. Lower wages and reduced public spending mean less buying power, leading to stagnation, recession and unemployment. This dynamic is aggravated by the accumulation of debt; national economies in poor countries and even in the United States become geared to debt repayment at the expense of consumption, investment and development. The downward fall is reflected in the slowing of global GNP growth from almost 5 percent per year in the period 1948-1973 to only half that in the period 1974-89 and to a mere crawl since then.

*Polarization of haves and have-nots.* As a result of globalization, the gap between rich and poor is increasing both within and between countries around the world. Poor U.S. communities boast world-class unemployment and infant mortality. Meanwhile, tens of billions of dollars a year flow from poor to rich regions of the world, in the form of debt repayment and capital flight.

*Loss of democratic control.* National governments have lost much of their power to direct their own economies. The ability of countries to apply socialist or even Keynesian techniques in pursuit of development, full employment or other national economic goals has been undermined by the power of capital to pick up and leave. Governmental economic power has been further weakened throughout the world by neoliberal political movements that have dismantled government institutions for regulating national economies. Globalization has reduced the power of individuals and communities to shape their destinies.

Walter Wriston, former chairman of Citicorp, recently boasted of how "200,000 monitors in trading rooms all over the world" now conduct "a kind of global plebiscite on the monetary and fiscal policies of the governments issuing currency. . . . There is no way for a nation to opt out." Wriston recalls the election of "ardent socialist" François Mitterrand as French President in 1981. "The market took one look at his policies and within six months the capital flight forced him to reverse course."

*Unfettered transnational corporations.* Transnationals have become the world's most powerful economic actors, yet there are no international equivalents to national antitrust, consumer protection and other laws that provide a degree of corporate accountability.

*Unaccountable global institutions.* The loss of national economic control has been accompanied by a growing concentration of unaccountable power in international institutions like the International Monetary Fund, the World Bank and the General Agreement on Tariffs and Trade (GATT). For poor countries, foreign control has been formalized in the World Bank's "structural adjustment plans," but I.M.F. decisions and GATT rules affect the economic growth rates of all countries. The decisions of these institutions also have an enormous impact on the global ecology.

*Global conflict.* Economic globalization is producing chaotic and destructive rivalries. In a swirl of self-contradictory strategies, major powers and transnationals use global institutions like GATT to impose open markets on their rivals; they pursue trade wars against one another; and they try to construct competing regional blocs like the European Community and NAFTA. In past eras, such rivalries have ultimately led to world war.

In sum, the result of unregulated globalization has been the pillage of the planet and its peoples.

### Transnational Economic Programs

What are the alternatives to destructive globalization? The right offers racism and nationalism. Conventional protectionism offers no solution. Globalization has also intellectually disarmed the left and rendered national left programs counterproductive. Jimmy Carter's sharp turn to the right in 1978; François Mitterrand's rapid abandonment of his radical program; the acceptance of deregulation, privatization and trade

liberalization by poor countries from India to Mexico; and even the decision of Eastern European elites to abandon Communism—all reflect in part the failure of national left policies.

But the beginnings of a new approach emerged from the anti-NAFTA movement itself. Rather than advocate protectionism—keeping foreign products out—many NAFTA opponents urged policies that would raise environmental, labor and social standards in Mexico, so that those standards would not drag down those in the United States and Canada. This approach implied that people in different countries have common interests in raising the conditions of those at the bottom.

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## *Those harmed by the New World Economy need not be passive victims.*

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Indeed, the struggle against NAFTA generated new transnational networks based on such common interests. A North American Worker-to-Worker Network links grass-roots labor activists in Mexico, the United States and Canada via conferences, tours, solidarity support and a newsletter. *Mujer* a *Mujer* similarly links women's groups. The Highlander Center, Southerners for Economic Justice, the Tennessee Industrial Renewal Network and a number of unions have organized meetings and tours to bring together Mexican and U.S. workers. There are similar networks in other parts of the world, such as People's Plan 21 in the Asian-Pacific and Central American regions and the Third World Network in Malaysia.

These new networks are developing transnational programs to counter the effects of global economic restructuring. Representatives from environmental, labor, religious, consumer and farm groups from Mexico, the United States and Canada have drawn up "A Just and Sustainable Trade and Development Initiative for North America." A parallel synthesis, "From Global Pillage to Global Village," has been endorsed by more than sixty grass-roots organizations. Related proposals by the Third World Network have recently been published as "Towards a New North-South Economic Dialogue."

Differing in emphasis and details, these emerging alternative programs are important not only because of the solutions they propose but also because those solutions have emerged from a dialogue rooted in such a diversity of groups and experiences. Some require implementation by national policy; some by international agreement; some can be implemented by transnational citizen action. Taken together they provide what might be described as "seven prescriptions" for the seven danger signals of the unregulated global economy:

*International rights and standards.* To prevent competition from resulting in a race to the bottom, several of these grc

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want to establish minimum human, labor and environmental rights and standards, as the European Community's "social charter" was designed to do. The International Metalworkers Federation recently proposed a ten-point "World Social Charter," which could be incorporated into GATT.

"A Just and Sustainable Trade and Development Initiative for North America" spells out in some detail an alternative to NAFTA that would protect human and worker rights, encourage workers' incomes to rise in step with productivity and establish continental environmental rights, such as the right to a toxics-free workplace and community. Enforcement agencies would be accessible to citizens and could levy fines against parties guilty of violations. The initiative especially emphasizes the rights of immigrants. Activists from nongovernmental organizations in all three countries have proposed a citizens' commission to monitor the human, labor and environmental effects of trade and investment.

*Upward spiral.* In the past, government monetary and fiscal policy, combined with minimum wages, welfare state programs, collective bargaining and other means of raising the purchasing power of have-nots, did much to counter recession and stagnation within national economies. Similar measures are now required at international levels to counter the tendency toward a downward spiral of inadequate demand in the global economy. The Third World Network calls on the I.M.F. and World Bank to replace their ruinous structural adjustment plans with policies that "meet the broad goals of development . . . rather than the narrower goal of satisfying the needs of the creditors." It also demands a reduction of developing country debt. "A Just and Sustainable Trade and Development Initiative" proposes that the remaining debt service be paid in local currency into a democratically administered development fund. Reversing the downward spiral also ultimately requires a "global Keynesianism" in which international institutions support, rather than discourage, national full-employment policies.

An upward spiral also requires rising income for those at the bottom—something that can be encouraged by international labor solidarity. Experiments in cross-border organizing

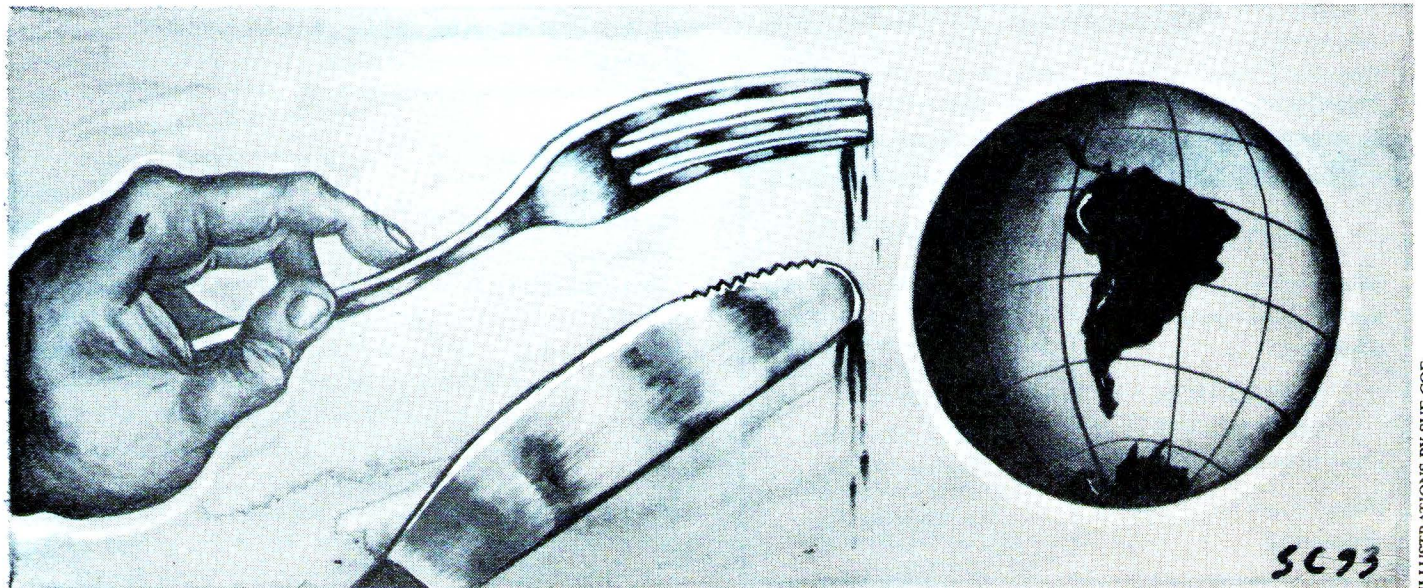
by U.S. unions like the Amalgamated Clothing and Textile Workers and the United Electrical Workers, in cooperation with independent unions in Mexico, aim to defeat transnationals' whipsawing by improving the wages and conditions of Mexican workers.

*Redistribution from haves to have-nots.* "A Just and Sustainable Trade and Development Initiative" calls for "compensatory financing" to correct growing gaps between rich and poor. A model would be the European Community funds that promote development in its poorer members. The Third World Network calls for commodity agreements to correct the inequities in the South's terms of trade. It also stresses the need to continue preferential treatment for the South in GATT and in intellectual property protection rules.

*Strengthened democracy.* NAFTA, GATT and similar agreements should not be used—as they now can be—to preempt the right of localities, states, provinces and countries to establish effective labor, health, safety and environmental standards that are higher than the guaranteed minimum in international agreements. Above all, democratization requires a new opportunity for people at the bottom to participate in shaping their destiny.

*Codes of conduct for transnational corporations.* Several transnational grass-roots groups call for codes of conduct that would, for example, require corporations to report investment intentions; disclose the hazardous materials they import; ban employment of children; forbid discharge of pollutants; require advance notification and severance pay when operations are terminated; and prohibit company interference with union organizing. United Nations discussions of such a code, long stymied by U.S. hostility, should be revived.

While the ultimate goal is to have such codes implemented by agreements among governments, global public pressure and cross-border organizing can begin to enforce them. The Coalition for Justice in the Maquiladoras, for example, a group of religious, environmental, labor, Latino and women's organizations in Mexico and the United States, has issued a code of conduct for U.S. corporations in Mexico and has used "corporate campaign" techniques to pres-



sure them to abide by its labor and environmental provisions.

*Reform of international institutions.* Citizens should call on the U.N. to convene a second Earth Summit focusing on democratizing the I.M.F. and the World Bank, and consider formation of new institutions to promote equitable, sustainable and participatory development. International citizen campaigns, perhaps modeled on the Nestlé boycott and the campaign against World Bank-funded destruction of the Amazon, could spotlight these institutions.

*Multiple-level regulation.* In place of rivalry among countries and regions, such programs imply a system of democratically controlled public institutions at every level, from global to local.

### After NAFTA: Globalization From Below

These proposals provide no short-term panacea; they are objectives to organize around. The New World Economy is not going to vanish from the political agenda. Neither will the passions and political forces aroused by the NAFTA debate. Many of the same issues will resurface in connection with the Asia-Pacific Economic Cooperation Forum and with GATT. As the fiftieth anniversaries of the I.M.F. and World Bank approach, calls for their reform are being sounded all over the world.

The struggle against NAFTA has shown that those harmed by the New World Economy need not be passive victims. So many politicians were so unprepared for the strength of the anti-NAFTA movement because it represented an eruption into the political arena of people who have long been demobilized. But to influence their economic destinies effectively, they need a movement that provides an alternative to the Ross Perots and Pat Buchanans. Such a movement must act on the understanding that the unregulated globalization of capital is really a worldwide attack of the haves on the have-nots. And it must bring that understanding to bear on every affected issue, from local layoffs to the world environment. "From Global Pillage to Global Village" suggests a vision to guide such a movement:

The internationalization of capital, production and labor is now being followed by the internationalization of peoples' movements and organizations. Building peoples' international organizations and solidarity will be our revolution from with-

in: a civil society without borders. This internationalism or "globalization from below" will be the foundation for turning the global pillage into a participatory and sustainable global village.

The organizations that have led the fight against NAFTA have a responsibility not to retreat to parochial concerns. They must regroup and begin addressing the broader impact of economic globalization on people and planet. □

### ■ YELTSIN'S ELECTIONS

# Make Them Truly Democratic

BORIS KAGARLITSKY

**E**lections in Russia, which President Boris Yeltsin has set for December, will be conducted according to the government's script, under the government's control and by the government's rules. The Central Election Commission, appointed by Yeltsin and composed mainly of turncoat former deputies, is denying the right to participate in its work not just to representatives of the opposition but to anyone with any degree of competence.

Throughout October, the commission was concerned mainly with mapping out electoral districts. This was done in such a manner that regions that had voted against Yeltsin in the April 1993 referendum had an average of 590,000 voters per electoral mandate, while in pro-Yeltsin districts the corresponding figure was only 456,000. On the scale of the country as a whole, this means that millions of votes cast for opposition candidates will simply not count.

In any case, Western election observers will watch only the people actually putting their ballots into the box. The preparation for the elections and the formation of local election commissions, which will determine the registration of candidates locally and are supposed to create a level playing field, are now under way, but without outside scrutiny. Foreigners, to use a Russian saying, will see how we gobble the porridge, but not how it was cooked up. The independence of international observers will be severely restricted. They must register with the election commission, which may at any time strip them of their authority or even deport them.

The present lack of oversight is, in itself, sufficient reason to refuse to participate in the forthcoming elections, just as democratic circles in Russia refused in 1905 to participate in the rigged "Bulygin Duma." But a boycott would make sense only if the majority of the opposition were united. On the contrary, almost all opposition forces, from the Centrists to the Communists, which criticized Yeltsin's plans to elect the "illegal parliament," have already announced their willingness to take part in the vote. Only the Federation of Independent

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