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"Free Trade" Affects Everyone

Why should you be concerned about international trade?
Though it's very easy to dismiss trade and think that it doesn't apply to our everyday lives, trade affects every aspect of our lives. Whether you live on a farm or ranch, in a small town or a large city, and no matter what your occupation, trade agreements affect you. Unfortunately, these agreements are not always negotiated with the public's best interests in mind. They are often negotiated for the benefit of multinational corporations – to pad their bottom line. Jobs, wages, working conditions, farm income, the environment, and quality of life are of little concern to multinationals whose sole purpose is to show a profit. Dakota Rural Action members believe that trade can be fair and serve to improve people's lives, but in order to achieve those goals, there must be a shift in U.S. trade policy.

It All Started with NAFTA
The North American Free Trade Agreement (NAFTA) was the first in a new breed of trade agreements. Its passage in January 1994 marked the first trade agreement that went beyond traditional "trade" issues, such as tariffs, quotas and setting trade terms between two countries. NAFTA joined three countries, the U.S., Canada, and Mexico, in a pact of one-size-fit-all rules requiring the nations to revamp their domestic laws. Furthermore, this pivotal trade agreement also marked the beginning of corporate interests directing public policy. Not surprisingly, NAFTA has proven to be disastrous for the public in terms of agriculture, jobs, wages, and the environment.

Agriculture has been hard-hit by NAFTA these past 12 years. Over 38,000 U.S. small farms have disappeared and farm income has declined. Increasing imports have resulted in a 40 percent decrease in U.S. farm prices since 1995/1996. In that same time period, farm income dropped 16 percent and farm debt continued to grow. However, these facts do not mean that Canadian or Mexican producers fared any better. Over a million Mexican subsistence farmers have been forced from the land since NAFTA's inception. Once their farms are gone, these farmers look for factory jobs or cross the border to find work in the U.S. In Canada, dropping farm income and sky-rocketing debt have cost over 50,000 farm jobs. From 1996 to 2001, Canada lost 11 percent of its family farms.[1]

NAFTA and other agreements with the same model support an unequal distribution of wealth, foster poverty, and drive small farmers off their land. Instead of encouraging farmers to feed themselves, these agreements encourage exporting their food, leaving people at home hungry.

Investor-to-State Provisions – trade's dirty secret
In addition to the grim facts about agriculture, NAFTA and its cousins (such as the Central American and Andean trade agreements) harbor a dirty secret called investor-to-state provisions. This clause places corporations' profits above the health, safety, and welfare of the public. They allow foreign corporations rights and protections exceeding those granted to U.S. companies. This means that foreign companies can challenge federal, state, and local governments if their laws or ordinances undermine the corporations' ability to make a profit. These cases are handled in secret tribunals rather than the courts even though governments can be fined, spending taxpayer dollars to compensate corporations.

For example, the Canadian government actually reversed its law banning a gasoline additive called MMT after the U.S. company Ethyl Corporation filed a case for $201 million in compensation. The Mexican government had to pay the U.S. company Metalclad $16 million because a city denied a landfill permit for a toxic waste facility which the company

Did you know?

***Since NAFTA's passage 10 years ago, 42 cases have been filed in all three countries. With only 12 cases finalized, over $35 million has been paid to corporate interests by U.S., Canadian, and Mexican taxpayers.[2]**

***The 2005 U.S. trade deficit in was a record $725 billion.[9]**

***One million Guatemalans live in the U.S. In 2005, they sent $3 billion back home. Trade agreements have made people Guatemala's largest export. [10]**

***Columbia is the most dangerous country for labor organizers. Over 2,000 trade unionists have been killed since 1991, including nearly 100 in 2004.[11]**

***Fifty-four percent of Peruvians live below the poverty line.[12]**

had
proposed.[3] Recently, a group of Canadian cattle producers have filed a Chapter 11 case for $300 million against the U.S. government for closing down the border to imports of live cattle after a cow in Alberta was discovered to have BSE or "mad cow" disease.[4] Investor-to-state provisions allow our government to trade away our laws and protections.

Peru and Andean Agreements – like CAFTA with new countries

Last year, the Central American Free Trade Agreement (CAFTA) took center stage. An expansion of NAFTA-like trade provisions to five Central American countries, this agreement was hotly opposed by groups concerned about farming, labor rights, the environment, and jobs. It narrowly passed both houses of Congress. Now's its siblings, the Peru and Andean agreements will come to the forefront. These agreements have many of the same problems as CAFTA; they simply expand the same policies further into South America. If passed, the agreements will include the U.S., Columbia, Peru, and Ecuador. Bolivia may join at a later date. Like CAFTA, this is an agreement with a bloc of developing countries rich in natural resources and cheap labor while lacking in environmental protections and organized labor. Furthermore, the agreements will continue bashing public health, safety and welfare through investor-to-state provisions. The multinationals benefiting from the agreements shop around for exploitable labor and a pollution-friendly atmosphere. People do not win, no matter what country they live in.

Thailand – sweeping changes for workers

The U.S. is in the process of negotiating a free trade agreement with Thailand. Negotiations are still ongoing, but several things about the proposed agreement are known. It will contain investor-to-state provisions just like NAFTA and CAFTA. This agreement poses a considerable threat to U.S. jobs as the services provisions will go where no trade agreement has ever gone, allowing what appears to be a resurrection of indentured servitude. Furthermore, the U.S. already has a trade deficit with Thailand, in 2001 it was $8.7 billion and by 2003 it had grown to approximately $11 billion. [8]

State Procurement Rules

USTR has negotiated procurement rules which will allow trade agreements to dictate how state governments buy goods and services. If governments have preference policies, such as buying local or U.S.-made goods, they will have to drop them so that foreign companies placing bids get equal treatment. That also applies to other policies, such as buying paper goods made from recycled products or sweat-shop free garments. With each new trade agreement, USTR sends out letters to all 50 governors asking them to sign onto the new procurement rules, and in doing so, they gave up many of their states' rights on procurement. South Dakota's Governor Rounds has signed onto those letters. Several states have taken themselves off that list after finding out what it meant. However, Governor Rounds has refused to remove South Dakota from the list. With each new free trade agreement that is passed, South Dakota and other states are locked into doing business the way the agreement dictates.

How can you help?

Join Dakota Rural Action! As a member you will have the opportunity to work with other like-minded people and together we CAN make a difference.

Tell your elected officials, from the local level all the way to Washington, D.C. that trade must be "fair." Trade should strengthen the health, environment, food sovereignty, working conditions, and labor rights of all countries.

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