OCCUPY WALL STREET

TRADE JUSTICE WORKING GROUP

Corporate Globalization, Wall Street & the 99%

Corporate globalization isn't inevitable. Rather, it is the direct result of public policy written by and for transnational corporations and put into place by elected officials. Policies such as the North American Free Trade Agreement (NAFTA) and those comprising the World Trade Organization (WTO) serve two primary purposes:

1. Making it easier to shift jobs throughout the globe to wherever labor is the most exploited and regulations are the weakest; and
2. Putting checks on democracy at home and abroad by placing constraints upon federal, state and local governments' ability to regulate in the public interest

Which Side of the Trade Debate Speaks to You?

Citigroup		Labor Unions
JPMorgan Chase		Environmental Groups
Wal-Mart	**or**	Family Farmers
News Corp		Indigenous Groups
Lockheed Martin		Consumer Advocates
Cargill		Human Rights Advocates

So-called free trade agreements are remarkable tools for siphoning wealth and power away from working people and putting it into the hands of corporate elites, with disastrous consequences for the economy, the environment and democracy itself.

Prohibiting Effective Regulation of Wall Street

Ignoring the lessons of the 2008 global financial meltdown, a number of trade agreements contain financial service chapters designed to handcuff governments' ability to effectively regulate banks and other financial institutions.

- ***Countries blocked from addressing "too big to fail."*** A number of trade pacts prohibit governments from imposing limits on the size of banks, insurance companies, hedge funds and other financial service providers. Countries are also specifically prohibited from establishing firewalls between different types of banking, such as through reinstatement of the Depression-era Glass-Steagall Act.
- ***Countries cannot ban the sale of toxic derivatives.*** A number of trade pacts prohibit governments from banning the sale of risky financial products, such as toxic derivatives. Some even state that all types of financial services and products — including ones developed in the future — are protected from sales bans unless explicitly listed for exemption.
- ***Countries prohibited from using capital controls.*** A number of trade pacts prohibit the use of capital controls. While not widely used in the United States, many countries have used capital controls effectively in the past to mitigate financial destabilization during times of crisis.
- ***Banks granted special rights to challenge new regulations.*** A number of free trade agreements grant transnational corporations the power to challenge any laws, regulations and even court decisions that negatively effect their profits as "regulatory takings" in international tribunals that circumvent domestic judicial systems.
- ***Wall Street loves these trade agreements.*** A Senior Vice President at Citgroup bragged that the recently-passed Korea-U.S. Free Trade Agreement contains "the best financial services chapter negotiated in a free trade agreement to date."

Shipping Good-Paying Jobs Overseas

Since NAFTA was enacted in 1994, the U.S. Labor Department has certified more than 2.5 million American jobs as lost to either direct offhsoring or displacement by imports, including more than 50,000 in Oregon. Due to problems with their data set (including the fact that they typically excluded offshored service-sector jobs until mid-way through 2009), the true number of jobs lost to U.S. trade policies is likely much higher.

- ***Tariff reductions have increased the trade deficit, causing net job losses.*** Reducing tariffs has increased U.S. exports, but it has increased imports at a much, much higher rate. Large corporations have directly offshored much of their production, and, increasingly, their service employment, too. Smaller employers have had difficulty competing with cheaper products and services from abroad.
- ***Investment provisions have also encouraged offshoring.*** Trade agreements that grant foreign investors special rights to challenge so-called "regulatory takings" also serve as an incentive for corporations to shift production abroad.
- ***Weak labor standards ensure continued access to cheap labor.*** All U.S. trade agreements have weak or nonexistent labor standards, ensuring that corporations' access to cheap labor is not threatened. Often times, work is moved to countries independent workers' movements are brutally repressed.
- ***The threat of offshoring drives down wages for all.*** Many employers hold the threat of offshoring over their workforces' heads to keep wages low, and the overall increase in unemployment caused by offshoring even drives down wages and benefits in sectors of the economy that cannot be offshored. One study puts the cost to the majority of American households at over $2,500 each year.
- ***Consumers see little benefit.*** It's true that consumers can see some cost savings associated with sweatshop labor overseas, but the brands and retailers eat up the majority of the savings. Studies also indicate that the downward pressure on wages and benefits associated with offshoring is more significant than reductions in consumer prices for all but the richest household.

Accelerating Environmental Destruction

Free trade agreements exacerbate environmental destruction in a variety of ways. Not only do many provide transnational corporations with new tools for attacking environmental protections, but they also often enable the expansion of extractive industries, while encouraging unhealthy consumer consumption patterns.

- ***Offshoring production typically expands pollution.*** Manufacturers offshore production not only to take advantage of cheap labor, but often also to take advantage of cheap energy and lax environmental enforcement. As such, the carbon footprint and other environmental impacts associated with producing a good overseas is often much higher than it would be producing the same good in the United States. While typically not as high as the production-related emissions, the pollution associated with then also shipping a finished product back for consumption in the U.S. is not inconsequential.
- ***Encouraging "rip and ship" resource extraction.*** Most trade policies encourage the export of raw materials. Sometimes they even ban requirements that raw materials, such as logs, be first converted into "value added" products, such as boards. They've led to an increase in logging, drilling and mining in some of the most pristine places left on Earth.
- ***Providing corporations with tools to challenge regulations.*** As with financial service regulations, a number of free trade agreements grant transnational corporations the power to challenge any environmental or consumer safety protections that negatively effect their profits as "regulatory takings" in international tribunals that circumvent domestic judicial systems. Portions of the Clean Air Act, Endangered Species Act and Marine Mammal Protection Act have been successfully rolled back under trade policies, as have the environmental protections of other nations.
- ***Enabling unhealthy consumption patterns.*** Access to sweatshop labor overseas *has* reduced the price of many consumer electronics, effectively subsidizing the production and sale of short lifecycle products that contribute massively to e-waste.

Threatening Local Food Systems at Home and Abroad

Most modern trade agreements contain provisions that make it easier for agribusiness middlemen to "buy low" and "sell high" across borders — a practice contributing to the concentration of global food supplies in fewer and fewer hands, shrinking local markets for food producers and exposing consumers to wild price fluctuations.

- ***Lopsided positions on government subsidies.*** All U.S. trade pacts allow U.S. taxpayer subsidies to crops like corn, wheat and soy, enabling corporate middlemen to buy grains for less that what it actually costs farmers to grow them. At the same time, a range of other government programs designed to support family farmers and stabilize prices for consumers are prohibited.
- ***Bans on local purchasing preferences.*** A number of trade pacts ban governments from instituting preferences for local and/or domestic foods and goods in their public procurement programs. A number also ban the creation of publicly-owned strategic grain reserves.
- ***Caps on consumer safety.*** A number of trade pacts create "ceilings," rather than "floors," when it comes to food safety regulations and contain other provisions that effectively block implementation of the precautionary principle.
- ***Interference with consumer right-to-know.*** Trade agreements have also been used to block food labeling requirements — and even voluntary labeling programs such as "dolphin-safe tuna."
- ***A major cause of forced migration.*** Subsidized food products from the U.S. and Europe have forced literally millions of family farmers in developing countries off their land, and has been a driving factor behind increased migration from Mexico and Central America to the United States.

What's Next in Trade?

In October 2011, Congress passed the biggest package of Wall Street trade deals in over a decade — the Korea, Panama and Colombia Free Trade Agreements.

Officials from the United States and throughout the Pacific Rim are now negotiating the multilateral **Trans-Pacific Free Trade Agreement**. While negotiations are being conducted behind closed doors, leaked documents indicate that the Trans-Pacific FTA is even more biased towards big corporations and against the 99% than past trade deals.

Other Serious Problems with U.S. "Trade" Policy

Modern trade agreements can be hundreds, if not thousands, of pages long and typically contain a wide range of provisions that have nothing to do with traditional trade barriers such as tariffs and quotas. Most of these provisions are added at the behest of some corporation or other to pad its bottom line.

- ***Restricting access to life-saving generic medicines.*** Many trade agreements contain intellectual property provisions that extend the life of drug patents and contain other provisions designed to delay the production and/or purchase of low-cost generic medications.
- ***Banning "Buy Local" government procurement preferences.*** Many trade agreements contain public procurement provisions that severely limit government attempts to keep taxpayer dollars circulating in local economies, as well as other purchasing policies designed to meet social or environmental ends.
- ***Privatizing public services.*** Many trade agreements contain service chapters that limit government involvement in listed service sectors of the economy. While most are sectors already privatized in the United States (such as finance and energy), the stated goal of the WTO's General Agreement on Services is to eventually cover all public services. In one infamous example the parcel delivery service UPS attempted to use NAFTA to challenge the Canadian postal service's parcel delivery program.
- ***Attacking national and local sovereignty.*** As stated above, many free trade agreements allow foreign governments and even individual corporations to challenge laws, regulations and court decisions as "regulatory takings" in international tribunals that circumvent nations' domestic judicial systems. Everything from land use decisions to Internet gambling laws have been attacked under these so-called investment provisions.

To learn more or to get involved, contact:

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