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FTAA Agreement would bring more poverty
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A new World Bank study suggests that unless rules for the proposed Free Trade Area of the Americas are radically changed, Latin America and the Caribbean will continue to suffer from the growing poverty and inequality that plague the region.

"Inequality in Latin America and the Caribbean: Breaking with History?", the World Banks annual report on the region released last month, states that the poor and ethnic minorities lack of access to public services and decision-making on political, economic and social policies are responsible for Latin Americas problems.

"This inequality slows the pace of poverty reduction, and undermines the de velopment process itself," said David de Ferranti, World Bank vice president for Latin America and the Caribbean.

The report suggests that to reverse this trend, the regions political and social institutions need to be more inclusive and that the poor need more access to high-quality public services, which include education, health, water and electricity.

The irony is that these suggested reforms are antithetical to the FTAA.

The FTAA would open up all markets and public services to transnational corporations, giving them carte blanche to run business without any government or civil-society oversight. Free-marketeers argue that corporations, despite looking to reap huge profits, are impelled to provide services under conditions that are beneficial to their customers because this is necessary to generate lucrative business. History proves otherwise.

A perfect example is when Bechtel, based in San Francisco, privatized the water system of Cochabamba, Bolivia, in 1999 under an International Monetary Fund structural adjustment policy. Bechtel gouged prices, making it impossible for many residents to afford basic services, such as drinking water. As a result, Bolivias civil society pushed Bechtel out of the country through mass protests.

The company is now suing the Bolivian government for $25 million in damages in a closed-door arbitration tribunal, a mechanism adopted in a clause under Chapter 11 in the North American Free Trade Agreement, which will also be included in the FTAA. The public has no access to these hearings, yet the public carries the burden of decisions levied with public tax money.

It should come as no surprise that Bolivians took similar actions recently to block a deal to privatize their countrys natural-gas industry. Working-class and poor people are realizing that instead of an "invisible hand" that free-marketeers argue will promote their well-being, these policies manifest an "invisible foot" that is firmly pressed against the neck of public interest. This applies in the United States as well.

Just ask any one of the more than 27,000 Floridians who lost their manufacturing jobs as a result of NAFTA. Or former Florida Attorney General Robert A. Butterworth, who in a May 11, 2002, letter he sent to Florida Sens. Bill Nelson and Bob Graham wrote, ``I do not believe it is necessary to create different legal standards for foreign investors when it comes to the protection of Floridas environment. For this reason, I think that Congress should ensure that new legislation providing for international trade agreements be free of any investor protection provisions similar to that found in NAFTAs Chapter 11."

And Butterworth was no rogue. The National Association of Attorneys General passed a resolution stating that foreign investors shouldnt have greater rights than our own citizens.

The FTAA would undermine democracy, take essential public services out of the hands of government and civil society and codify laws that allow corporate interests to supersede public interests. According to the World Bank, along with our experiences with NAFTA and unfettered privatization, the FTAA would send the people of this hemisphere down a road littered with economic, social and political decay.

U.S. Deputy Trade Minister Peter Allgeir, speaking in Buenos Aires on Oct. 24, said, "Every one of the 34 countries will have to ask itself the following question: Will our country be better off if we sign this agreement today, or if we dont sign it?" If these countries want to be better off, then people will be leaving their pens at home.

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