



SAVE OUR SERVICES

S.O.S. SERIES No. 1 -- **RETIREMENT & HEALTH INSURANCE** *How new global "trade" talks threaten Social Security and Medicare.*

Two new global commercial agreements of unprecedented scope and power are currently being negotiated behind closed doors. These agreements, the World Trade Organization's General Agreement on Trade and Services (GATS) and the Free Trade Area of the Americas (FTAA) are likely to result in the privatization and deregulation of many essential services. You can collect Public Citizen's whole S.O.S. Series at www.citizen.org/trade/wto/gats. For more information, contact: gtwfield@citizen.org or 202-546-4996

Bottom Line: If the Bush Administration succeeds in even partially privatizing Social Security, and the WTO GATS and FTAA negotiations continue as planned, foreign corporations could end up with new treaty rights to raid our tax dollars as profit, and Americans could face shredded retirement and Medicare safety nets.

For now, Social Security is probably safe from the GATS and FTAA because the agreements exempt services that are exclusively a government monopoly and are not offered on a commercial basis by the government. But if Social Security is even partially privatized — as the Bush administration is demanding — and folks begin to invest some of their federal retirement funds in the stock market, then GATS and FTAA would require some things that the privatizers don't want to talk about. The agreements would:

- permit foreign and offshore firms to compete for private Social Security accounts, thus preventing the most stringent regulation of these accounts and increasing the risks to retirees;
- make it harder to fix Social Security after the privatization experiment predictably fails, because GATS and FTAA would require the U.S. to compensate all of its trading partners for lost future economic opportunity if the U.S. tried to "take back" the service from the private sector and make it public again. Failure to compensate would result in punitive trade sanctions which is why some say GATS and FTAA make privatization a one-way street.

Meanwhile, Medicare may be threatened by the GATS and proposed FTAA as well. GATS and FTAA could interfere with future federal and state initiatives to expand health care coverage and improve access to health care services. GATS and FTAA could:

- make national health care ("single-payer") and state initiatives to improve access to health care much more difficult to achieve because a country cannot grant new public service monopoly rights in a covered sector without first compensating trading partners for lost business opportunities;
- undermine attempts to expand Medicare to new services (such as prescription drugs) or to new patients (such as children) because such a move is also considered an act to expand public service monopolies which is contradictory to GATS and FTAA rules;
- restrict state and federal governments' ability to regulate HMO's and health insurance, especially if the influential International Chamber of Commerce gets its way and these pacts constrain government consumer protection in the service sector to companies' financial solvency and basic disclosure issues;
- frustrate insurance rate controls, which could be attacked as anti-competitive barriers to trade.