

The FTAA and the Social Safety Net

The FTAA is a proposed trade agreement which would strengthen and extend NAFTA (the North American Free Trade Agreement) to the entire Western Hemisphere, except Cuba. It is scheduled to be voted on by each member country in 2005. If it passes and becomes law, it will have devastating effects on jobs, the environment, democracy, human rights, healthcare, education, access to water, and other critical issues throughout the Americas. CAFTA (the Central American Free Trade Agreement) would extend NAFTA to Central America. It would be a stepping-stone to getting the FTAA, and will probably be voted on in 2003.

The Social Safety Net

In the United States, the social safety net is shrinking. Welfare "reform" has pushed women and children further into poverty, state and federal budgets are being severely cut back, and social services are being squeezed.

Throughout the Hemisphere, many countries have also been losing their social safety nets, because of the International Monetary Fund (IMF) and the World Bank. These organizations loan money to developing countries, but in return those countries must implement "structural adjustments." Often this will mean that they are not allowed to provide free or affordable healthcare, education, or other basic services to their citizens. In the United States this is also happening, but it is our own government doing it instead of the IMF and World Bank. There are many reasons for this, including: 1. Corporations and wealthy individuals don't pay their share of taxes, so governments are lacking in money, 2. The government is spending an enormous amount on the military and on subsidies for corporations, which doesn't leave enough for the needs of its citizens, 3. Many Americans believe that someone who is poor simply hasn't tried hard enough, and doesn't deserve a "handout," so they support tax cuts that deprive poor people of basic services.

The FTAA and Privatization

The main effects that the FTAA would have on the social safety net can be summed up in one word: Privatization. This means that corporations would be allowed to run public services for a profit. It would also give companies rights to "equal treatment," which means that they could compete for the use of tax money to fund the service that they operate, if it is a service that is normally funded by taxes.

Some problems with privatization are:

- Corporations that take over hospitals, parks, and government agencies can cut wages, benefits, and staffing levels. This turns decent jobs into poverty jobs or temp jobs, makes workplaces less safe, and destroys unions.
- Corporations can raise fees for essential human services. We all can lose access to affordable schools, libraries, parks, museums, water, social assistance, environmental protection, and postal services.
- Corporations will get all the profits; none of the money will go back into state or local budgets.

This is exactly what has happened with the corporate takeover of our health care system. If you like HMOs, you'll love privatization.

Large corporations are very eager to get into the public services "market," because it means big money. Worldwide, the money spent on water services is more than \$1 trillion, on education more than \$2 trillion, and on healthcare more than \$3.5 trillion.

Healthcare

In the United States, healthcare is being systematically privatized. The U.S. is the only industrialized country without some form of national health insurance, which means that 43 million Americans have no health coverage. Those with insurance have many of their healthcare decisions made by their HMOs or insurance companies instead of their doctors. "Rick Scott, the president of Columbia, the world's largest for-profit

hospital corporation, says that health care is a business, no different from the airline or ball-bearing industry, and he has vowed to destroy every public hospital in North America, as they are not 'good corporate citizens' (Barlow, p. 20)." (In 1998 the U.S. government sued Columbia for cheating it out of over \$2 million in Medicare funds.) In the meantime, healthcare is becoming less accessible to those without money or insurance, while HMOs are bringing in healthy profits. The FTAA would spread this privatization to other countries, and increase it dramatically here.

Education

Under the FTAA, students might have to pay tuition to go to school, or might have to buy their own textbooks, which would mean that some children would not be able to afford an education. This is already happening in other countries as part of IMF/World Bank structural adjustment programs. In the United States, corporations' influence on public schools is growing. Some high schools already hire private corporations to provide guidance counselors, and textbooks use corporate logos in their exercises. Coca Cola made a deal with Colorado Springs schools to provide \$8.4 million in funding over 10 years on the condition that they sell 70,000 cases of Coke products to students every year. Charter schools and vouchers are also giving for-profit corporations a way to get into the public school system. " Investment houses like Merrill Lynch and Lehman Brothers predict that public education will be privatized in the hemisphere over the next decade the way public health has been, and say there is an untold amount of profit to be made when this happens (Barlow, p. 20)."

Water

Because of pollution and the overuse of water by corporations and agribusiness, clean drinking water is becoming more scarce. When something is harder to get, people who can afford to are willing to pay more for it. Corporations want to take advantage of this situation to make a profit, by selling the water for a high price. In January 2000, the World Bank told Bolivia to privatize the water services in the city of Cochabamba. The contract for supplying the water went to a private consortium led by Bechtel, a U.S. corporation, which raised the price of water by 400%, making it unaffordable for many of the city's residents. An alliance of factory workers, farmers, students, environmentalists and peasants held a massive protest in which eight people were killed by police. After a week of protests, Bechtel was forced to withdraw and the water supply was made public again. Bechtel has filed a complaint against the government of Bolivia, demanding at least \$25 million in compensation for the broken contract. "Rebecca Mark, speaking as CEO of Enron's water subsidiary Azurix, said she would not rest until all the world's water has been privatized (Alliance for Democracy, p. 18)." The FTAA would open the Hemisphere's water supplies to privatization, without any guarantee that the water would be affordable. Already in Texas, a corporate raider named T. Boone Pickens is planning to make \$1 billion by draining the water from the Ogallala Aquifer, which supplies much of Texas and the High Plains.

WHAT YOU CAN DO

1. Call your Senators and Representatives, and tell them to vote NO on the FTAA, and any other trade agreement which allows for privatization of public services. Congressional Switchboard: 202-224-3121.
2. Contact us to arrange a presentation on the FTAA for your organization.
3. Contact us if you would like to participate in a grassroots campaign to defeat the FTAA.

Sources:

Maude Barlow, "The Free Trade Area of the Americas and the Threat to Social Programs, Environmental Sustainability and Social Justice in Canada and the Americas"

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Alliance for Responsible Trade, "Free Trade Area of the Americas: How it will Affect YOU"

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Bob Kievra, "HMOs posting healthy profits; Financial picture looks rosy," Telegram & Gazette, Worcester, MA, March 1, 2002.

Las Vegas Review Journal, "U.S. joins suit against Columbia/HCA," October 6, 1998.

William Finnegan, "Letter from Bolivia: Leasing the Rain," The New Yorker, April 8, 2002.

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