

# The Evils of Globalization

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“Everybody talks about globalization, but hardly anybody knows what globalization really means.” These were the words of a Ugandan church leader during a discussion on globalization. This paper aims to explain globalization-related issues, using quotations as illustration and referring to the most important international agreements.

“I would define globalization as the freedom for my group of companies to invest where it wants, when it wants, to produce what it wants, to buy and sell where it wants, and support the fewest restrictions possible coming from labour laws and social conventions” (former chairman of the ABB Industrial Group). This definition of globalization reflects the drive behind the World Trade Organization (WTO) and all WTO agreements which aim at the total liberalization of the global trade in capital, goods and services.

The recent WTO negotiations in Cancun received good media coverage. Many NGOs celebrated the failure of the negotiations, as for the first time the developing countries were united against the dominant superpowers, particularly the EU. Despite the firm opposition of more than 100 countries to any discussion of the so-called New Issues or Singapore Issues (trade facilitation, public procurement, investment and competition), the EU insisted on discussing these issues; this led to the failure of the Cancun conference.

After the failure of the WTO negotiations the EU will now push for liberalization in the framework of the **Cotonou Agreement**. The Cotonou Agreement, signed in 2000 between the EU and 78 African, Caribbean and Pacific (ACP) countries, covers aid, trade and political cooperation. In September 2002 negotiations began on new trading arrangements, to be called “Economic Partnership Agreements” (EPAs).

According to the main Cotonou Agreement the overall objective of EPAs is “concluding new WTO-compatible trading arrangements, progressively removing barriers to trade and enhancing cooperation in all areas relevant to trade”.<sup>1</sup>

Those who were pushing for the “new issues” to be included in Cancun were only arguing for *transparency* in public procurement, but now the EU suggests *liberalization* of public procurement as part of EPA.

EPAs will aim to ensure full transparency in procurement rules and methods at all government levels. In addition the parties will seek progressive

liberalisation of their procurement markets on the basis of the principle of non-discrimination, and taking into account their development levels.<sup>2</sup>

Despite the reference to levels of development, there is concern that, if agreed to, this could take away the fundamental right of sovereign countries to determine their own domestic economic priorities. Governments may be forced to advertise tenders widely throughout the EU and ACP regions and may no longer be able to support or prioritize local companies for domestic contracts, which could have devastating longer-term consequences. This offers an enormous number of opportunities to European companies and consultants, as well as threatening to squeeze out domestic firms. The implications of such an agreement could be disastrous.

Furthermore, the EU intends to negotiate the controversial issues of investment, the General Agreement on Trade in Services (GATS) and the trade in intellectual property rights.

Liberalization of the public-service sector has been implemented in GATS. GATS was signed in 1994 by the members of the General Agreement on Tariffs and Trade, the predecessor to the World Trade Organization, and has been in force since January 1995.

Decades of negotiations under GATT have reduced tariffs on goods to low levels. Western governments now want to free up trade in services. Already in 1999 the service sector amounted to 1.35 trillion US dollars, which was then a quarter of the global trade in goods. Western countries and Western-based corporations account for about 80% of world total service exports. Africa, in comparison, gets about 2%, mostly in tourism.

The GATS agreement is a document comprising 600 pages and 20 000 attachments, and hardly any politician or MP has ever read it all. Even former WTO Secretary-General Ruggiero publicly expressed doubts that the governments were fully aware of the implications of the GATS agreement they had signed. GATS is a corporate boot sale of essential services, from water to electricity to the media. It is an attack on democracy that will lock the world into privatization and deregulation of essential services ad infinitum.

The significance of GATS is relatively easy to grasp. "All human activities are to become, in the fullness of time, profit-oriented commodities that can be invested in and traded." And GATS will make this irreversible.

GATS is not a finished treaty but an open-ended framework agreement that mandates "successive rounds of negotiations". The goal of these negotiations is to "achieve progressively higher" levels of liberalisation. What's not opened up today will be dealt with tomorrow until, presumably, all services are opened to all consumers by all countries in all "modes" of delivery.<sup>3</sup>

On its website the EU Commission stated that GATS was "first and foremost an instrument for the benefit of business". This note was removed from the webpage a few months ago. According to David Hartridge, former director of the WTO services division, "without the enormous pressure generated by the American financial services sector, particularly companies like American Express and Citicorp, there would have been no services agreement".

GATS is a serious attack on our democratic systems, as parliaments do not have a voice

in these negotiations; and as GATS is international law, it is practicable irreversible.

It is not only the WTO that is pushing for privatization, but also the World Bank, the IMF and other “development institutions” such as USAID. They force developing countries to privatize their public commodities, and threaten to withhold credit that has already been approved if the countries refuse to comply with these requests. This is pure blackmail.

The international water market is of particular interest to the EU. This market is worth billions of dollars and most of the global players in it are European companies. In many countries the “liberalization” or privatization of the water market has been debated and is still a hot issue.

Privatization is praised as *the* panacea for corrupt and inefficient management by the public sector but its broad negative implications are not well known.

In the UK and Canada the quality of water declined drastically after privatization. Compensation for serious health problems due to the bad quality of water is being sought in numerous court cases. In addition to this, water prices went up considerably.

A notable example comes from a small town in Ontario, Canada, where seven people died and more than 2000 fell ill as a result of E. coli contamination of the drinking water. The private company contracted to test the water knew about the contamination, but under regulations intended to encourage privatization, it was not required to alert government officials about a public health crisis in the making.

In South Africa millions of people have been cut off from water after privatization because they cannot afford to pay water bills that often make up 30% of their incomes. As many as 10 million South Africans have had their water cut off for various periods of time, and two million people have been evicted from their homes for not paying utility bills. Many poor families pay up to 40% of their monthly income for water and electricity.

The water cut-offs have forced thousands of poor people to seek water from polluted rivers and lakes. This has led to one of South Africa’s worst outbreak of cholera, in which thousands of people fell ill and hundreds died. In the end, the government spent millions of rands to control the spread of the disease and to truck clean water to the stricken areas.

“The cost recovery program sounds good, but ... it forced people to go back to the original sources of water, polluted streams and rivers and the like,” stated a researcher working for South Africa’s Human Sciences Research Council, Africa’s largest and most respected social science research organization. “That was the direct cause of the cholera epidemic,” he said. “There is no doubt about that. People are saying: I have to choose between water and food – or between electricity and sending my child to school.”<sup>4</sup>

The UK has the longest history of privatization. This policy was introduced by Margaret Thatcher in the 1980s and the effects have all been negative: privatization of the public transport systems led to a series of train accidents with many casualties and injuries; the partial privatization of the public health sector led to long waiting lists for urgent operations for people who cannot afford the expensive private clinics. The result is the development of a “health tourism” to other European countries where British patients receive treatment at a much lower price than they would pay in Britain. These are only a few examples: the list of the negative effects of the privatization of public services is long.

Considering the negative impacts of privatization, the question arises why governments

privatize their valuable public commodities. A reason could be the media's constant reiteration of the claim that public services are completely inefficient and that the customers will only get good service if governments hand over their services to the private sector. This allegation is widely believed but it is just a myth. Arundhati Roy, a famous Indian activist and writer comments: "Privatization is presented as being the only alternative to an inefficient, corrupt state. In fact, it's not a choice at all... it's a mutually profitable business contract between the private company (preferably foreign) and the ruling élite of the Third World." This applies not only to the elites of developing countries but equally to elites in the so-called industrialized world. In fact, executives of Vivendi, Suez and other water companies have been convicted for bribing government officials to obtain contracts.

### **The World Trade Organization**

The WTO is the only international organization which has a legal system that gives the members the right to challenge the laws and regulations of another country on the grounds that they violate WTO rules. This is the WTO's Dispute Resolution Body (DRB) and its Dispute Settlement Panel (DSP).

The DSP is comprised of appointed "experts" who hear the case behind closed doors. If the DSP decides on sanctions the only way to escape them is if every member opposes them – a virtual impossibility. Environmental laws, labour standards, human rights legislation, public health policies, cultural protection, food self-reliance or any other policies held to be in the "national interest" can be attacked as unfair "impediments" to free trade.<sup>5</sup>

There have already been cases where the WTO Dispute Settlement Panel has forced governments to comply with WTO regulations. A fairly well-known case is that of the banana trade. Under the terms of the Lomé Convention the EU had promised to give preference to bananas from former European colonies in Africa, the Caribbean and the Pacific. The Europeans stressed that this was a matter of sovereign foreign policy in relation to former colonies, while the US argued that EU tariffs prohibited American banana companies in Central America from reaching lucrative markets in Europe. The WTO decided in favour of the US, ruling that the European preference was unfair. This decision will have a disastrous impact on the small banana producers in many countries.

The US also took the EU to the WTO's dispute settlement panel because the EU prohibits the import of hormone-fed beef. The EU launched 17 studies on the hormones, which found that one of the six artificial hormones fed to cattle "was 'complete' carcinogen, meaning that it had both tumor initiation and tumor promotion properties". In the cases of the other five hormones, the researchers came to the conclusion that "there was identifiable risk to the consumer of those products, especially pre-pubescent children." Despite the result of this research the US still feeds its population with this kind of beef and most likely also exports it to other countries outside the EU.

The Dispute Settlement Panel decided in favour of the US and ordered the EU to remove its import controls. When it refused, the DSP authorized trade sanctions worth more than US

\$125 million annually.

The most recent case concerns genetically modified food (GM food) which until now has been banned in the EU. Recently the US took the EU to the dispute settlement panel to force it to import GM food from the US. The panel has not yet taken a decision on this complaint but it is very likely that the EU will soon lift this ban.

Currently the EU is developing a system of labelling GM food in order to enable the consumers to make a choice between GM food and non-GM Food. The US has already stated that this labelling system is a barrier to “free trade” and hence against WTO law.

During the past months there has been a real media campaign in some British and US magazines such as *The Economist*, *Newsweek* and *Time* promoting GM food. An article in *The Economist* was entitled “The latest research suggests that, even for Europeans, GM food is safe”. However, the article does not mention the dangers that GM seeds may have for the environment, for food security and the maintenance of the diversity of local crops.

In fact, recent research on the importation of genetically modified maize into Mexico found that some maize was contaminated with STARLINK, a variety of corn prohibited for human consumption in the United States.

Since the establishment of NAFTA, the Free Trade Zone comprising Mexico, Canada and the US, floods of cheap, subsidized US corn have entered the Mexican market, sold at prices below the cost of production, with which small local maize farmers cannot compete. This has led to massive displacement, poverty and hunger, pushing people into the cities and *maquiladoras* (sweatshop factories), and forcing many to risk their lives crossing the increasingly militarized border into the USA in search of work.

An estimated 30–40% of this corn is genetically modified, although Mexican law prohibits the cultivation of GM corn. The result: deformed plants with GM traits have been found in Oaxaca and other Mexican states. Mendoza, an indigenous farmer, says: “We have seen many deformities in corn, but never like this. One deformed plant in Oaxaca that we saved tested positive for three different transgenes. The old people of the communities say they have never seen these kinds of deformities.” He also stated that government representatives came to his community to tell him not to worry about contamination, because GM crops have been available in some countries for five or six years and there is no evidence that they are harmful to health. “But we have our own evidence,” asserts Mendoza. “We have 10 000 years of evidence that our maize is good for our health. To contaminate it with genetically modified maize is a crime against all indigenous peoples and farming communities who have been cultivating and improving maize over millennia for the benefit of humankind.”<sup>6</sup>

The evidence of STARLINK is proof that GM food is *not* safe. It is noteworthy that the US Food and Drug Administration (FDA), which safeguards the health standards in food and drugs, *never* states that a product is safe in its letters of approval to biotech companies. According to FDA regulator James Maryanski, “Foods are not required to undergo pre-market approval by the FDA. So new varieties of corn, for example, or soybeans, do not necessarily, do not come [sic] to the FDA for approval.” Instead, according to Maryanski, the legislative authority for the FDA, “places the legal responsibility for the safety of these products on the developer ... of the product.” The transnational biotechnology company

Monsanto denies this responsibility. Its director of corporate communications states, "Monsanto should not have to vouchsafe the safety of biotech food . . . Our interest is in selling as much of it as possible. Assuring [*sic*] its safety is the FDA's job."<sup>7</sup>

Hence, it is evident that nobody knows whether GM food is really safe. Despite this undeniable uncertainty about the safety of GM food, the US has launched a campaign to promote GM food in Europe and Africa.

In a mid-May speech, US President George Bush said, "By widening the use of new high-yield bio-crops, and unleashing the power of markets, we can dramatically increase agricultural productivity and feed more people across the continent [of Africa]. Yet our partners in Europe have impeded this effort. They have blocked all new bio-crops because of unfounded, unscientific fears. This has caused many African nations to avoid investing in biotechnologies, for fear their products will be shut out of European markets."<sup>8</sup>

US Trade Representative Robert Zoellick blamed the EU for the refusal of US food aid by African countries, and claims that in promoting GM food, the US wants to help feed the world. Agriculture Secretary Ann Veneman (a former director of the biotechnology company Calgene) is more upfront. "With this case, we are fighting for the interests of American agriculture." The US is using other people's misery as a marketing tool for US agribusiness.

Amadou Kanoute, African regional director of Consumers International, states that the Bush administration's main concern in launching the WTO case is not African food production and hunger but the export of US corn to the EU. It is estimated that US corn producers have lost US \$300 million because of the GM ban.

A Consumers Union scientist maintains that GM foods have not been proven safe in the United States as they have been consumed there for only the past ten years, which is a very short period for conducting serious research on the effects of GM food on people's health and the environment. This scientist stressed that the concerns about the safety of GM corn may be greater in Africa, because US consumers eat only tiny amounts of corn, mostly in highly processed foods like corn chips and tacos, while some Africans may get 75–80% of their food intake from corn.

Through its "food aid" policies and using the WTO, regional and bilateral trade agreements, the US Administration, backed by American biotech and agribusiness corporations, intends to force genetically modified seed, grain and foodstuffs into all the world's markets, fields and stomachs through deliberate genetic contamination, and by targeting countries which have taken principled stands against GM food.

In order to promote new technologies among Africa's farmers, the Rockefeller Foundation, together with DuPont, DowAgroSciences, Syngenta and Monsanto and the US Agency for International Development have set up the Africa Agricultural Technology Foundation in Nairobi.

In June the Ugandan newspaper *The Monitor* published an article about genetically modified fish ("Biotech fish to hit market"). The author of the article refers to a report published in the US and says,

despite lowered costs, the economic benefit of global supply and demand combined with consumer acceptance will determine the success of this science

.... There is fear of what could happen when the new fish species, which could be more aggressive, predatory or breed faster, escape into the ecosystem.

Genetically modified plants or animals may have disastrous middle-term and long-term effects. Some research points to the danger of GM food and plants, e.g. one researcher found out that a genetically modified potato destroyed the immune system of rats. This researcher was put under heavy pressure by other scientists not to publish this finding. It is a fact that critical researchers are often blamed for falsifying their research or for not following scientific research procedures, and some researchers have already given up publishing their results in order to avoid professional suicide.

### **Agreement on Trade-related Aspects of Intellectual Property Rights**

Like GATS, the Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS) is one of the WTO's very powerful agreements. TRIPS guarantees the property rights of a company which "invents" a genetically modified crop. This means that such a company has the exclusive right to sell this crop to consumers, who have to pay for its use. For example, US scientists have genetically modified the famous jasmine rice from Thailand in order to adjust its production to the American climate. If the US produces this rice under a patent, five million Thai farmers may be driven out of business as they will not be allowed to produce their own jasmine basmati rice because it has been patented.

Currently one multinational company is trying to get patents on the *mwarobaini* (neem) and *omukombera* trees, which Kenyans use for herbal medicine and other purposes. If the company gets the patent, Kenyans will not only lose their right to use their plants but Kenya will also lose millions of shillings. "It is feared that the patenting will kill traditional technology and make Africa entirely dependent on the West, in particular on the wealthy multinationals."<sup>9</sup>

The TRIPS Agreement globalizes patents as every WTO member must have a patent system covering products and processes, which until now has not been the case in many developing countries. It allows the owner of a patented product to prevent third parties from making, using, offering for sale or importing it without its consent.

It is not only products that can be patented, but also processes of production. Thus, if a process for producing a plant (e.g. a genetically modified plant) is patented, the owner of the patent has exclusive rights over the plants obtained using the process. Farmers are not allowed to use any seeds coming from such a plant.

TRIPS goes hand in hand with WTO commitments to liberalize agricultural trade, further expanding agribusiness control over food systems and biodiversity. Genetic modification is now providing radically new ways of manipulating biological resources, thus giving rise to immensely profitable industrial processes. In principle, genes can now be exchanged among plants, animals and microorganisms regardless of their sexual compatibility. The number of patents on transgenic plants and animals has increased considerably during the past few years.

Some churches have raised their voices against the patenting of plants and animals as they consider experiments with genes as an intervention into God's own domain. The Church

of Scotland puts its opposition to patenting living organisms as follows:

Living organisms themselves should therefore not be patentable, whether genetically modified or not. It is wrong in principle. An animal, plant or micro-organism owes its creation ultimately to God, not human endeavour. It cannot be interpreted as an invention or a process, in the normal sense of either word. It has a life of its own, which inanimate matter does not. In genetic engineering, moreover, only a tiny fraction of the makeup of the organism can be said to be a product of the scientists. The organism is still essentially a living entity, not an invention. A genetically modified mouse is in a completely different category from a mouse trap.

CIDSE, a network of Catholic development agencies in Europe, stresses that:

the Gospels require us never to overlook the poorest and most vulnerable members of society, telling us again and again that they are our sisters and brothers, and more, to ask not only what impact any particular measure will have on them but to discern what they have to contribute in insight, learning and inventiveness.

If granting patents on biological material leads to further disadvantage and vulnerability for the poor of the developing world, then patenting, which was once a response to potential injustice against the person of the inventor, now represents a real threat of injustice against the world's poor. This can happen:

- by privatising genetic material to which they would otherwise have free access;
- by failing to recognise the collective achievement of previous generations of mainly poor farmers in identifying and isolating plant varieties and thus contributing to the sum of human knowledge and well-being; and
- by denying them access to biological inventions which could mean the difference between hunger and an adequate livelihood.<sup>10</sup>

Vandana Shiva, a famous Indian scientist and activist concludes:

Sustainability and science are being sacrificed for a reckless experiment with our biodiversity and food systems which is pushing species and peasants to extinction. We need to re-embed technology in ecology and ethics to ensure that the full ecological and social costs are taken into account.

What is at stake is the evolution of nature and survival of people, our food sovereignty and food freedom, integrity of creation and our food systems based on the evolutionary freedom of nature and democratic freedoms of farmers and consumers. The choice before us is bio-imperialism or bio-democracy. Will a few corporations have a dictatorship over our governments, our knowledge and information, our lives and all life on the planet or will we as members of the Earth family liberate ourselves and all species from the prison of patents and genetic engineering?<sup>11</sup>



**Notes**

1. European Union. Recommendations authorising the Commission to negotiate Economic Partnership Agreements with the ACP countries and regions. Agreed by the EU General Affairs Council, 17 June 2002.
2. Ibid.
3. Susan George. How GATS could affect your life. *Red Pepper*, 2003.
4. The International Consortium of Investigative Journalists. Metered to death: How a water experiment caused riots and a cholera epidemic. 6 February 2003.
5. Wayne Ellwood. *The No-Nonsense Guide to Globalization*. London: New Internationalist Publications Ltd., 2001.
6. Press Release. Indigenous and farming communities in Oaxaca, Puebla, Chihuahua, Veracruz, Mexico City, 9 October 2003.
7. Cited in Kathleen Hart. *Eating in the Dark: America's Experiment with Genetically Engineered Food*. Pantheon Books, 2002.
8. Ibid, p. 85.
9. *Daily National*, Kenya, 10 July 2003.
10. CIDSE. *Biopatenting and the Threat to Food Security, Part 1: Biopatents: A Christian and Development Perspective*, 2000.
11. *Biotech Wars: Food Freedom vs Food Slavery*, 2003.