

4 Resisting global corporate domination

The defeat of the proposed Multilateral Agreement on Investment (MAI) in October 1998 stands out as a striking example of successful nonviolent action, one in which global resistance and democratic networking truly worked. The success can be attributed largely to commitment and effective campaigning techniques, in which communication and good use of communication technology were important factors, with activists using the Internet to alert each other initially of the proposed treaty and later of key developments as they occurred.

In marked contrast, there appears to have been less effective resistance in a number of other cases where global institutions have promoted policies that have harmed the world's most disadvantaged people. While there certainly has been resistance to such policies, until the 1990s it has not generally been effectively coordinated on a global scale.

Starting with a discussion of the draft MAI and why it triggered such widespread concerns, this chapter explores how the campaign against the MAI toppled the proposed treaty, what insights can be gleaned from the campaign and how the push for the treaty was part of a broader corporate goal, with its seeds at Bretton Woods and in institutions such as the World Bank and the International Monetary Fund (IMF) which long preceded the MAI. We then pose some questions as to why a momentum like that against the MAI did not build up significantly and until more recently around other comparable issues such as structural adjustment and the eventual formation of the World Trade Organization (WTO). There had been widespread critiques but relatively little coordinated action until events in Seattle in November-December 1999. This was despite grave consequences surrounding these measures.

The MAI and its likely impacts

For at least several decades there has been a concerted push on the part of multinational corporations to liberalize trade. Some of the trends that formed part of that general thrust towards liberalization included structural adjustment as demanded by the IMF; the direction taken by the European Economic Community's Internal Market in the 1980s; and the setting up of the WTO in 1995.¹ The establishment of an MAI was meant to be a major platform — if not the final destination — on the road to trade liberalization. Its grandiosity can be gleaned from the boast by Renato Ruggiero, Director-General of the WTO, that “We are writing the constitution of a single global economy.”²

In 1995 the Organization for Economic Cooperation and Development (OECD) announced the decision to draft an MAI, with the purpose of achieving “liberalization of investment regimes and investment protection, with effective dispute-settlement procedures.”³ The treaty was meant to complement other bodies already in existence such as the IMF and the WTO. The latter had been recently established to oversee global trade in goods, services, and intellectual property rights by

1 Colin Hines, “Invisible hand of the ERT,” *Ecologist*, Vol. 27, No. 6, November/December 1997, pp. 249–251.

2 Renate Ruggiero, Director-General of the World Trade Organization, speech to the United Nations Conference on Trade and Development (UNCTAD), 8 October 1996.

3 OECD, “Mandate for MAI negotiations,” press release, Paris, May 1995, quoted in James Goodman and Patricia Ranald (eds.), *Stopping the Juggernaut: Public Interest Versus the Multilateral Agreement on Investment* (Sydney: Pluto, 1999), p. ix.

setting rules for foreign direct investment.⁴ The MAI, for its part, was being designed to increase the mobility of all forms of investment and financial transactions, including direct investment, portfolio investment, loans, bonds, and other forms of international finance.⁵

The effect of such a treaty would have been to tie governments' hands in enacting legislation in a vast range of areas that might impinge on transnational investment. Although there were some areas of "exception" that could be nominated by governments, the aim was to eventually eliminate and roll back these "non-conforming measures," as the exceptions were to be called. Moreover, the exceptions had to be listed up-front, with standstill clauses making no provision for later introducing any additional exceptions. Governments would have been prevented from regulating with regard to environmental, employment, consumer, and other issues where multinational corporations (MNCs) deemed that such regulations interfered with their freedom to compete in the marketplace.

In an attempt to remove all barriers to free flow of capital, the agreement would have forced signatory countries to treat foreign competitors and investors as the equals of national companies and investors. Of course, these are not equals as MNCs already enjoy enormous privileges and power that give them a huge advantage over small local competitors. Yet under the MAI any legislation that favored local investment, restricted foreign investment, or required foreign investors to contribute to local development could be regarded as discriminatory. Under clauses relating to "investment protection" and "expropriation," transnational investors could not have been

"impaired" from "operation, management, use, enjoyment or disposal of investments by unreasonable or discriminatory measures."⁶ These clauses alarmed critics of the draft agreement due to their breadth, ambiguity, and terminology.⁷

The implementation of such an agreement would have had far-reaching implications for social welfare, the arts, research, non-profit organizations, and much more. It would have jeopardized governments' ability to maintain some control over matters such as local investment, technology transfer, training, and export requirements. The draft limited many aspects of industry policy, regional development, and government procurement policy, so that governments could not, for instance, require corporations to have joint ventures with local investors or to have specified levels of local ownership.⁸ Nor could they insist that local people be trained or that research and development be undertaken locally. Laws limiting foreign ownership in vital services or setting minimum national content in film and television would also have been seen as discriminatory, as would assistance given to local television and film industries.

Socialist or green governments, if coming to office in countries that had signed the agreement, would have found it impossible to live up to their names, since the agreement sought to reformulate states and give them new roles, so that they would simply become de facto servants of MNCs, able to act only in the interests of global capital. Of course, many governments do this already. The MAI would ensure that they did.

As an exercise in working towards equalizing the investment conditions faced by MNCs across the globe, the MAI would have been likely to bring about a "lowest common denominator" or "race to the bottom" in the areas of environmental, consumer, and labor

4 David Wood, "The international campaign against the Multilateral Agreement on Investment: a test case for the future of globalization?," *Ethics, Place and Environment*, Vol. 3, No. 1, 2000, pp. 25–45.

5 Patricia Ranald, "Disciplining governments: the MAI in the international and Australian contexts," in Goodman and Ranald, *Stopping the Juggernaut*, pp. 15–32, at p. 17.

6 OECD, *Multilateral Agreement on Investment: The MAI Negotiating Text*, as of 24 April, 1998, OECD, Paris, p. 57, article IV.

7 Ranald, "Disciplining governments," p. 17.

8 Ranald, "Disciplining governments," p. 23.

laws. While the proposal spelt out more certainty for investors, it held much more uncertainty for workers and for the poor in general. Indeed, the poor would have been among the worst affected. To cite just one example, the MAI would put a question mark over much assistance to the poor such as subsidized food, which is an imperative in many poorer countries.

Because the draft MAI made no mention of equity provisions based on gender, ethnicity, or race, anti-discrimination or affirmative action legislation could have been challenged under the investment protection provisions. Hard-earned legislation could have been effectively erased with the stroke of a pen. A similar situation existed with indigenous rights laws and, because in many cases indigenous peoples are still struggling for legislation to ensure their rights, positive outcomes to those struggles would have been thwarted.

The production of arms was one of the few areas singled out for exemptions from the MAI. Critics feared that research and development funding for economically and socially productive research would be funneled into military and weapons development. Meanwhile, the sorts of trade sanctions that contributed to ending apartheid in South Africa would have been illegal under the MAI.⁹

Once they were signatories to the treaty, countries would have been bound by its terms for at least 20 years. Furthermore, the proposed agreement had provisions for MNCs to sue governments. Corporations could challenge laws that they felt were inconsistent with the MAI or they could sue governments for damages, for instance for “lost opportunity to profit from a planned investment.” The complainant would also be given the right to nominate a tribunal of its choice to hear the case and could opt for a body as sympathetic to corporations as, for example, the Interna-

tional Chamber of Commerce.¹⁰ The thrust of the legally binding document was certainly that MNCs’ privileges would be vastly extended and the rights and jurisdictions of states correspondingly constrained in matters where there was seen to be conflict between the two. This assumption — that MNCs should be free from accountability to elected governments — was noted as the proposed agreement’s most salient feature and was attacked by critics as undemocratic.¹¹

Further highlighting its undemocratic nature, from 1995 the draft MAI was prepared with substantial secrecy by the OECD, which represents the 29 wealthiest countries. It was chiefly aimed at poor countries, with *The Economist* noting “The more significant barriers to foreign investment lie in developing countries.”¹² Already deregulation and privatization had deepened the gulf between rich and poor both between and within countries. The MAI seemed destined to ensure more of the same.

Even from an economic point of view and within the framework of its own stated objectives, many critics pointed out that the proposed treaty was flawed. According to the Network of Women in Further Education, for instance, the MAI would have further entrenched the type of conditions under which multinational investors set up export production plants characterized by poor working conditions, dismally low wages, and few, if any, labor rights. However, on a macro-economic level, the trend towards these sorts of conditions, encouraged by treaties such as the MAI, does not comprise a viable strategy for economic development, the Network

9 Steven Staples, “Militarism and MAI,” *Earth Island Journal*, Vol. 14, issue 1, Winter-Spring 1999, p. 36.

10 Paul Rauber, “All hail the multinationals!” *Sierra*, Vol. 83, No. 4, July-August 1998, pp. 16–17.

11 Ted Wheelwright, “Carte blanche for global corporations,” *Arena*, No. 34, April-May 1998, pp. 38–40; John Pilger, “The rise of the ‘new democracy’,” *Ecologist*, Vol. 24, No. 4, July 1999, pp. 242–243.

12 Anon, “The sinking of the MAI,” *Economist*, Vol. 346, 14 March 1998, pp. 81–82.

insisted. “Rather, it consistently frustrates local and national economic development objectives.”¹³

Little wonder, then, that the draft treaty sent shivers down the spines of those who had struggled long and hard for social justice. It would not only have presented an impediment to the struggle by placing direct limits on new legislation sorely needed to ensure social justice, but it would have eroded much of what had been won and provided the very conditions for further social impoverishment and corporate enrichment. Many people thought this treaty should be opposed.

The campaign against the MAI

The diversity of organizations that made submissions to the Joint Standing Committee on Treaties in Australia demonstrates the range of concerns and the depth of feeling engendered by the proposed MAI. Nine hundred submissions were made to that inquiry, 95% opposing the MAI. The submissions included many from environmental groups, women’s groups, Aboriginal groups, unions, aid agencies, and church organizations, as well as from the Public Interest Advocacy Centre, Amnesty International, the Australian Industry Group, and individuals, verifying the widespread nature of the opposition. This was fairly typical of the concerns expressed worldwide about the proposed treaty.

Unlike the OECD, which attempted to conduct its MAI negotiations in secret and as far removed from public scrutiny as possible, the campaign against the MAI was characterized by networking and a commitment to democratic principles. The campaign commenced in 1997 when a photocopy of the draft was leaked to Global Tradewatch, a citizens’ organization in the US. Using the net, Global Tradewatch disseminated the information to numerous organizations, starting a chain reaction that would involve more than 600

groups around the world. The campaign was immediately underway.

Much of the initial impetus came from well-organized groups in Canada where citizens had already had a taste of life under the North American Free Trade Agreement (NAFTA). This investment agreement was similar in many respects to the proposed MAI, with the aim of eliminating export performance conditions, requirements pertaining to hiring certain numbers of local residents and purchasing inputs locally, and other perceived barriers to investment. Both treaties were designed in the same spirit of shifting towards decreased obligations and increased rights for MNCs. Both had very similar ramifications across a range of areas, for example the environment, where the Environmental Defender’s Office in Australia noted that both NAFTA and MAI offered gravely deficient environmental protection.¹⁴

The case of a dispute between the Canadian government and a US multinational corporation, Ethyl Corporation, highlights this point. Due to serious health and air pollution concerns regarding MMT — a controversial manganese fuel additive — the Canadian government banned the importation and inter-provincial transport of this substance. However, Ethyl, as the only North American manufacturer of MMT, claimed this to be discriminatory against its product and filed a claim under NAFTA against the Canadian government for \$250 million in damages. Ethyl claimed that Canada’s regulations would effectively force it out of business. It wanted the Canadian government to formulate its environmental and health policies around Ethyl’s business preferences rather than Ethyl having to meet the environmental standards applicable in the country to which it exported its product. The Canadian government, its sovereignty greatly diminished under the

13 “Submission by Network of Women in Further Education to the Joint Standing Committee on Treaties,” reproduced in Goodman and Randal, *Stopping the Juggernaut*, pp. 152–158.

14 “Submission by Environmental Defender’s Office Ltd to the Joint Standing Committee on Treaties,” reproduced in Goodman and Randal, *Stopping the Juggernaut*, pp. 206–219.

treaty, lifted the ban and paid limited costs to Ethyl.¹⁵

Similar claims and demands could have been made through the MAI, which was to be more all-encompassing in terms of the areas covered and more global in that it would apply to all signatories, not just Canada, the US, and Mexico. Canadian activists quickly realized from the leaked draft that the MAI had even further scope than NAFTA for environmental and social damage, and threw themselves into the campaign accordingly.

Another country where there was particularly strong resistance was France, where film and television interests hotly opposed the MAI since it could have been used to dismantle special government support given to keep them viable against overseas cultural rivals. But such motivations for opposing the MAI were less prevalent than global justice concerns, even in France.¹⁶ While other OECD governments were busily promoting the MAI, the French government was the only OECD member to reassess the MAI, no doubt taking note of popular disquiet. The French government commissioned a thorough report, which concluded that the agreement should be either transformed radically or cancelled entirely. When the French government withdrew from the OECD's MAI negotiations, stating that it would not be wise to "allow private interests to chew away at the sovereignty of states," this virtually signaled the death of the treaty, at least in that form.¹⁷

But in most cases, MAI opponents could not rely on governments. On the contrary, many governments and their bureaucracies seemed determined to push full steam ahead

with the MAI regardless of how much or what level of public dissent was evident. This is amply shown by the tactics of the very pro-MAI Australian Treasury Department. When the Australian Conservation Foundation (ACF), a prominent environmental organization, filed a freedom-of-information request for information relating to the MAI from Treasury, it unwittingly embarked on a protracted bureaucratic process that would last 18 months and test its patience and resources to the limit.

The Treasury claimed first that its "limited resources" made the request, as it stood, impossible to meet. It asked the ACF to restrict its request to just one document plus some basic information already sent to the ACF. The ACF would not agree to such curtailment, though it did narrow its request. Nearly three months after its initial request and following numerous telephone calls, the ACF was told that the request was still being dealt with. By then Treasury had exceeded the time set by the Freedom of Information Act. A month later the ACF was able to contact a Treasury official who said that a letter was being drafted to refuse the ACF's request but that it might take a further two weeks. The ACF responded with a letter demanding a substantive response and setting a deadline to receive this. After the deadline's expiry, the ACF lodged an appeal with the Administrative Appeals Tribunal. Only then did Treasury release the requested documents — but only some of them. The dispute over the remaining documents was still ongoing in June 1999, when the MAI had already been buried.

Treasury's dealings with the ACF were characterized by delays, stalling, blustering, red tape, changing tack, ignoring phone calls and letters, claims of inability, cries of "too hard to do," and generally keeping opponents in the dark. These sorts of tactics obstruct and demoralize activists and waste enormous amounts of their time, energy, and resources. That is precisely the point of such tactics. Treasury would have known that time was of the essence, with the OECD looking to finalize the treaty in 1998.

15 Wood, "The international campaign against the Multilateral Agreement on Investment."

16 Joe Taglieri, "Pressure from citizens' groups kills trade treaty for now," *National Catholic Reporter*, Vol. 35, No. 13, 29 January 1999, p. 4.

17 James Goodman, "Stopping a juggernaut: the anti-MAI campaign," in Goodman and Randal, *Stopping the Juggernaut*, pp. 33–52, at pp. 42–43; Anon, "Bye-bye to MAI?" *Macleans*, 26 October 1998, p. 51.

Treasury's dealings with the ACF also display arrogance and contempt for democratic processes. The Joint Standing Committee on Treaties — a parliamentary committee with members drawn from both houses of federal parliament — also criticized Treasury, claiming that it “seemed to believe that it owned this document [the MAI].” Referring to Treasury's “excessive zeal” for the MAI which, it noted, “can sometimes blind an organization,” the committee expressed concern that Treasury refused to accept the validity of the concern of those who opposed the Treaty.¹⁸

This suggests that defending state sovereignty against corporate domination certainly has its downside, leaving activists wondering why they would possibly want to protect the sovereignty of governments that clearly and frequently act against the interests of citizens and the environment, including when supporting local capitalist interests. Most social justice activists involved in the anti-MAI campaign would oppose both national and global oppression, but feel amply justified in targeting the MAI because it would undermine socially beneficial national legislation while doing little to reduce state-level oppression. Also, the MAI had serious implications even for local government. Activists have had some success in democratizing at least some local government bodies and would hope to continue to do so in the future.

Thus far we have seen who was involved in the campaign and why, but these alone do not make for effective campaigning. The issue of how campaigning took place in resisting the MAI is crucial.

The role of the Internet

The net was central to the campaign. When activists discovered the OECD's secret negotiations, the draft MAI was quickly put on the World Wide Web, where it could be popularly accessed. Activists in Canada worked to synthesize and analyze the information

available on the MAI to make networking and lobbying easier and more efficient. However, there were numerous other ways in which e-mail and the web proved useful:

- *Getting information onto the web.* People could make use of this information in their own time, in their own way, at their own pace, and in accordance with their own abilities and concerns. Because information on the web is not linear but can be accessed in different ways, this can suit activists with their own focuses and philosophies. Canadian groups opposing the MAI were praised by activists elsewhere for their particularly useful and informative anti-MAI web sites, as well as for their commitment to the cause.

- *E-mailing other activists.* This was crucial, as the information on the web is only useful if people are alerted to its existence. E-mail is quick, relatively easy, and can handle multiple messages, allowing numerous warnings to be sent to other activists who then e-mailed other contacts or networked in other ways. This was done very rapidly so that a momentum built up; without e-mail, activists might not have been able to cope with the OECD's deadline for pushing through the MAI.

- *Countering secrecy.* Maude Barlow of the Council of Canadians said “If we know something that is sensitive to one government, we get it to our ally in that country instantly.” She claims that governments will never again be able to conduct such secret trade negotiations, explaining “If a negotiator says something to someone over a glass of wine, we'll have it on the Internet within an hour, all over the world.”¹⁹

- *Forcing governments' hand in regard to information.* Governments' elaborate communication resources often far exceed their willingness to involve citizens in decision making, as was seen with the ACF's dealings

18 James Goodman, “Conclusion,” in Goodman and Ranald, *Stopping the Juggernaut*, pp. 221–228, at pp. 224–225.

19 Madelaine Drohan, “How the net killed the MAI: grassroots groups used their own globalization to derail deal,” *Globe & Mail* (Toronto), 29 April 1998.

with Treasury. Nonetheless, Australian anti-MAI activists claimed that it was difficult for the federal government to maintain the levels of secrecy they desired once news of the MAI was spread. Activists were able to pressure the government to make relevant documents, such as transcripts of sittings of parliament and reports of the Joint Standing Committee on Treaties, available on the web.

- *Lobbying.* Activists were able to instigate and deliver sign-on letters to the OECD and to obtain confirmation that they had been printed and delivered by hand to the chairperson. Being able to document meetings, phone calls, and conversations on the web also made it more difficult for politicians and bureaucrats to “fob off” activists.

- *Sharing.* There is much more shared over the net than data and information. Activists were able to document their particular experiences, establish credibility, and gain insights, as well as support each other.

- *Discussion and initiation of alternatives.* Many anti-MAI activists realized the weakness of campaigns that are primarily negative, so they used the net to broaden discussion, for example through discussion forums. The Polaris Institute and Citizens’ Public Trust, among others, developed websites addressing alternative proposals.

A newspaper article entitled “How the net killed the MAI” describes the extent to which the net was used successfully by MAI opponents.²⁰ That the article itself came to be widely circulated on the net suggests that its assessment resonated with activists.

The mass media, overall, were not an especially useful channel for activists, not being under popular control and displaying little interest in the issue. Although the alternative media covered the MAI, it was remarkably absent from the mainstream media. Indeed, Project Censored, a media watchdog organization that compiles annual lists of the most important stories in the US that received

inadequate news coverage, judged the push for the MAI as the most important under-reported story of 1998.²¹

It could almost be argued that the mass media’s neglect of the MAI allowed the campaign to stay much more focused on core issues. Mass media coverage sometimes can defuse or deflect campaigns by emphasizing side issues and turning a struggle into a spectator sport in which citizen activists are typecast as being on the fringe. Politicians and bureaucrats in Australia — and no doubt elsewhere — attempted to stereotype anti-MAI activists as “conspiracy theorists” advocating a cause not worthy of media attention.²² Politicians and bureaucrats enjoy some special relations with journalists and editors who rely on their media releases and co-operation in order to assemble the news. The relationship, though having its complexities, has a substantial degree of symbiosis to it, something not present in the net.

Nevertheless, governments and corporations can also use the net, so it is not immediately apparent why the net should have proved more beneficial to anti-MAI campaigners. The reason is that the network form of the campaign meshed much better with the net — which, as its name indicates, is a network — than the bureaucratic structure of governments and corporations. In a bureaucracy, most official communication out of the organization is tightly controlled at the top. Uncontrolled lateral e-mail is a potential threat to the organizational hierarchy and often is discouraged in spite of rhetoric about flattened hierarchies, the network organization, and the like. Given that the MAI was being promoted in secrecy, leaks had the potential to undermine the operation. Therefore, employees could not be trusted to communicate without being overseen.

21 Peter Phillips and Project Censored, *Censored 1999: The News That Didn’t Make the News — The Year’s Top 25 Censored Stories* (New York: Seven Stories Press, 1999); <http://www.projectcensored.org/>.

22 Goodman, “Conclusion,” pp. 225–226.

20 Drohan, “How the net killed the MAI.”

It was not simply the goals of the MAI lobbyists and anti-MAI campaigners that were opposite but the organizational structures within which each group was trying to achieve its goal. Anti-MAI campaigners, most of whom had commitments to democracy and equity, were attempting to disseminate information whereas those hoping to push through the agreement were using tactics of careful containment of information and lobbying of a very private nature. The bureaucratic structure of the governments and corporate proponents of the MAI meant that they could not obtain the full benefit of the swift lateral networking made possible by the net.

This suggests a lesson for global activists: avoid being bogged down in movement bureaucracies. If rapid, flexible, and innovative responses are needed to oppose the push for corporate globalization, this can best occur through ad hoc alliances of local groups and networks. To have a few peak organizations speaking for local groups can adversely affect response time, reduce flexibility, and increase risk of co-optation. On the other hand, peak organizations can play their part too. The ACF was able to pursue Treasury through formal administrative channels and obtain at least some of the desired documents where individuals and smaller groups may have failed.

Also, there are some disadvantages to using the net. Goodman claims that news-groups can become an irritating distraction and that there is a need for filtering. "International lists were moderated from the start, mainly with North American-based NGOs [nongovernment organizations] filtering the information."²³ There is, therefore, scope for some to claim that some level of censorship occurs. However, one of the ongoing problems with the net is that the huge amount of information and discussion can be extremely daunting, not to mention time-consuming. Most activists with limited amounts of time, which they hope to use as effectively as possible, would welcome filtering as part of the overall co-ordination efforts.

23 Goodman, "Stopping a juggernaut," p. 44.

Goodman also points out that "internet campaigning, as opposed to internet co-ordination, is no substitute for paper-based dissemination; neither could the 'networked NGOs' afford to ignore the more formal party-political channels."²⁴ The Australian situation illustrates how campaigning and co-ordination worked together. One person in each state was given the task of coordinating a stop-MAI group. Contact names were circulated and a national campaign set up via e-mail. The Western Australian co-ordination was particularly active, initiating a national petition to the OECD. In such cases it is the spread of information via the petition, as a point of focus, and the publicity that are important. The OECD is not likely, of its own volition, to be receptive to the views of Australian citizens or citizens from anywhere else.

One important contribution was by Australian academic Patricia Randal who wrote the first account of the likely impact of the MAI on Australian policy-making. This was launched by the president of the Australian Council of Trade Unions and became the definitive statement on the issue, proving most useful for the campaign in Australia.²⁵ There were also public meetings, campaign meetings, ringing up radio stations, writing to newspapers, fundraising, rallies, and much more.

Some differences were apparent in the campaign from one country to another. In Britain, for instance, the Green Party of England and Wales instigated the campaign, whereas in Canada unconnected concerned citizens are claimed to have started and maintained the Canadian anti-MAI campaign. To the unease of many activists, racist groups played some part, albeit small, in the campaign in some countries. The MAI coordinator for Public Citizens' Global Tradewatch campaign noted that the organization worked on the MAI issue with groups with which they would not normally work and who "represent a very different group of people from the normal

24 Goodman, "Stopping a juggernaut," p. 44.

25 Goodman, "Stopping a juggernaut," p. 45.

Public Citizen activists,” who can be generally described as “left-progressives.”²⁶ In Australia, however, from the very start the campaign made a concerted effort to distance itself from right-wing nationalists, in particular One Nation, which was enjoying some electoral popularity at the time. The anti-MAI campaign was particular about defining itself as being about something very different. Although representatives from both One Nation and the right-wing National Civic Council attempted to gain some influence over the campaign, they failed to do so and were quickly marginalized.²⁷ The net, however, seems to have been universally embraced.

Can a corporate push for something like the MAI be imagined as an open campaign, using paid staff to promote a corporate cause using the net? This would require a drastic shift from the model of bureaucratic planning. Movement in this direction is conceivable, given the existence of corporate front groups used for anti-environmental campaigning.²⁸ However, even in these cases, the fake citizens’ groups have nothing like the enthusiasm and autonomy of genuine activists.

The MAI was only one element in the push for corporate global domination, and not necessarily the most dangerous. Because it was promoted in secret and was a proposal with a name and aim against which people could organize, it provided an ideal target for opposition. Other processes of globalization are more incremental, such as transnational corporate mergers, global marketing strategies, and the transfer of production to regions with cheaper labor. Creeping corporate domination is more difficult to oppose than identifiable initiatives such as the MAI. The existence of the name “globalization”, in as much as it has become shorthand for the process of global

corporate domination, helps in mobilizing opposition.

The campaigns involved in the MAI issue illustrate two types of globalization: one based on large hierarchical organizations operating in secrecy and the other based on a variety of community groups promoting public education and citizen action. The two seem destined to be pitted against each other for quite some time yet.

The MAI was only part of a much larger agenda that powerful institutions are still pushing. The forging ahead of liberalized markets, even at heavy human cost, can be seen in a range of other measures, including structural adjustment programs (SAPs) and the setting up of the World Trade Organization. Yet neither of these met anywhere near the organized opposition that they might have. We need to ask why.

The wider context

The operation of global capital has instigated numerous changes throughout the world, both in rich and poor countries, and in almost every area of life. For instance, mass advertising has spread its tentacles widely into education, sport, and most areas of leisure. Property and currency speculation, both attractive areas for global capital, have led to instability of national economies, as well as pushing the price of land way beyond the reach of many in numerous cities. In rural areas, the poor have usually fared no better, existing within disrupted communities characterized by decreased security and self-reliance. In Third World countries rural people are sometimes pushed off the land altogether or forced on to marginal land to make way for cash crops, often with environmentally damaging implications. Yet there have not generally been the levels of resistance that were witnessed in the case of opposition to the MAI. This is despite many aspects of the MAI being an intensification of inequalities already in evidence.

Among the most significant shifts brought about by global capital has been increased trade, along with associated infrastructure development and technological innovation,

26 Wood, “The international campaign against the Multilateral Agreement on Investment.”

27 Goodman, “Stopping a juggernaut,” pp. 43–44.

28 Sharon Beder, *Global Spin: The Corporate Assault on Environmentalism* (Melbourne: Scribe, 1997).

especially in transport, computers, and communication. This echoes many of the social disruptions caused by colonialism but on a greater scale. In particular, social activists have been concerned that the ability of MNCs' highly mobile capital to scour the globe seeking the cheapest labor and raw materials has led to environmental degradation and jeopardized access to food and other essential items for many of the world's poor. Nevertheless, until fairly recently that concern has not been channeled into action as effective as its opponents would have hoped.

The current globalization of capital has many roots going back to Bretton Woods where the Allied powers met in 1944, laying the framework for what has been called "the global shopping center."²⁹ The Bretton Woods system was set up with the expressed purpose of ensuring capitalist economic stability and stopping the sorts of nationalist trade rivalries that helped set the stage for World War II. Following the conclusion of the war, the International Monetary Fund and the World Bank were set up, both located in Washington and both playing strong parts in pushing a US government point of view.³⁰

The specific aim of the IMF was to monitor and help manage the operation and adjustment of the international monetary system. As well as supporting fixed exchange rates and ensuring that governments managed their balance of payments, the IMF was also a "lender of last resort" to its member nations. The World Bank, set up to channel funds for reconstruction and development, often was the lender.

The international monetary system that emerged from Bretton Woods, along with the principles of free trade embodied in the General Agreement on Tariffs and Trade (GATT), was geared towards encouraging

29 Richard J. Barnet and Ronald E. Müller, *Global Reach: The Power of the Multinational Corporations* (London: Jonathan Cape, 1974), p. 67.

30 For a full account of the World Bank and its workings, see Susan George and Fabrizio Sabelli, *Faith and Credit: The World Bank's Secular Empire* (London: Penguin, 1994).

expansion of world trade but favored MNCs. With the use of the US dollar as the world's carrier currency, MNCs were allowed to steam ahead with eyes set on cheaper labor and raw materials, lower taxes, and global markets.³¹ Many perceived that the US dollar was highly overvalued, allowing US-based MNCs to expand into overseas markets and buy up national industries relatively cheaply.

Even before the setting up of the system, the terms of trade were already working increasingly against Third World countries and in favor of the heavily industrialized countries. This largely resulted from the international division of labor whereby the great majority of manufacturing industry was in the wealthy countries. The Bretton Woods institutions and arrangements merely formalized that, so that by 1980 these countries accounted for 90 per cent of such industry.³² Exacerbating this was the tendency, over the years, for the price of primary products to decline in relation to the price of manufactured goods. This is evident from an example from the 1970s and 1980s. President Nyerere of Tanzania claimed that, whereas it used to be possible to purchase a tractor with the earnings from 17.25 tons of sisal, seven years later 42 tons of sisal were needed to buy exactly the same model tractor.³³

While MNCs have long bemoaned trade barriers, they were quick to erect their own where it suited their purposes. These included the hoarding of mineral deposits so as to affect pricing; limiting technological diffusion; and establishing exclusive marketing networks.³⁴

31 Barnet and Müller, *Global Reach*, p. 456.

32 Willy Brandt, *North-South: A Program for Survival* (London: Pan, 1980), p. 32.

33 William D. Graf, "Anti-Brandt: a critique of northwestern prescriptions for world order," in Ralph Miliband and John Seville (eds.), *The Socialist Register 1981* (London: Merlin, 1981), pp. 20–40, at p. 36.

34 G. K. Helleiner, "World market imperfections and the developing countries," in William R. Cline (ed.), *Policy Alternatives for a New International*

Patents were also used as barriers. As of 1981, 90 per cent of foreign-held patents in developing countries were never worked in those countries.³⁵ Thus in various ways MNCs can have a stifling impact on local development and competition.

It has also been noted that certain provisions found in numerous technology contracts introduced by foreign firms in Third World countries would have been illegal under antitrust laws, had they been introduced in their home countries. Such provisions included “tie-in clauses requiring the licensee or purchaser to buy inputs from particular sources; prohibitions of export sales without the permission of the technology owner; assignment of rights to modifications or improvements by the licensee to the licensor, etc.”³⁶ Less developed countries have also been disadvantaged by the restrictive practices that operate between firms, such as allocation of territorial markets, pooling and allocation of patents, trademarks, and copyrights, fixing of price relationships (including discriminatory pricing), allocation of total amounts of export business, and establishment of reciprocal exclusion or preferential dealing.³⁷ That such practices have contributed substantially to the build-up by MNCs of their own businesses in Third World countries puts the activities of the WTO and the efforts to achieve an MAI in an interesting light.

It simply cannot be assumed, therefore, that supply and demand are the key determinants of prices and levels of output, nor that the market will find its own equilibrium. It has been pointed out that the centralized decisions of MNCs with relation to the physical movement of goods and services among their various subsidiaries, for instance, along with

the character and location of future of investment, have made for “international trade and factor flows that are not governed by the spontaneous and impersonal forces of markets.”³⁸

Home governments of MNCs have also provided assistance for them in relation to both trade and aid, as was the case during the 1965–1966 famine in India. The US government withheld food aid until the Indian government agreed to the penetration of US capital into the field of fertilizers.³⁹ The US petrochemical corporations, and in particular the Rockefeller Group, did well financially from this arrangement. The order and structures which the Bretton Woods arrangements formalized and perpetuated were claimed to be of universal benefit but in practice mainly served the interests of the industrialized countries and particularly the MNCs whose home bases were in these countries.

Nevertheless, by the 1970s the Bretton Woods system had met a range of problems, more numerous and complex than can be dealt with here.⁴⁰ Certainly the international monetary system being tied to the success of the US economy and especially to maintenance of a US balance of payments surplus was a problem. In August 1971, US President Richard Nixon suspended the convertibility of US dollars into gold. Soon after, the system of fixed exchange rates finally collapsed. Although it had contributed to Japan and Europe’s economic recovery, many leaders of the less developed countries felt that the Bretton Woods monetary, trade, and financial system had exacerbated their underdevelopment and subordination to the more developed countries and they were becoming increasingly

Economic Order (New York: Praeger, 1979), pp. 357–389, at p. 369.

35 Helleiner, “World market imperfections and the developing countries,” pp. 372–379.

36 Helleiner, “World market imperfections and the developing countries,” p. 379.

37 Helleiner, “World market imperfections and the developing countries,” p. 376.

38 Helleiner, “World market imperfections and the developing countries,” pp. 362–363.

39 Geoffrey Barraclough, “The great world crisis I,” *New York Review*, 23 January 1975, pp. 20–29, at p. 25.

40 See Joan Edelman Spero, *The Politics of International Economic Relations* (London: Allen & Unwin, 1982, 2nd ed), pp. 27–30, for a discussion of these.

vociferous on this point.⁴¹ The other major events were the floating of the US dollar in 1973, oil price rises from 1974, and the deregulation of financial markets.

A new international economic order arose but it was far from the more equitable model for which numerous Third World leaders had been calling. Rather it was anchored by market-oriented economic policies, global technology based on information, and new roles for the old Bretton Woods institutions whose major tasks were now seen as designing new economic policies and supervising international debt agreements.⁴²

Structural Adjustment Programs

Many post-colonial states became heavily indebted to foreign governments and banks during the 1970s when interest rates were low and loans were particularly easy to obtain due to the hike in oil prices and consequently the oil-exporting countries having more money than could be quickly absorbed domestically. Many of the Third World governments that took advantage of these loans were not popularly elected. Numerous repressive regimes used loan funds to build up massive armaments, many to be later used against their own people.

By the 1980s interest rates were much higher than they had been in the 1970s, causing a crisis which the IMF stepped in to resolve by means of structural adjustment.⁴³

41 Spero, *The Politics of International Economic Relations*, pp. 28–29.

42 Oscar Ugarteche, “The structural adjustment stranglehold: debt and underdevelopment in the Americas,” *NACLA Report on the Americas*, Vol. 33, Issue 1, July-August 1999, pp. 21–23.

43 For a full account of structural adjustment and its implications, see Susan George, *A Fate Worse Than Debt* (London: Penguin, 1994); George and Sabelli, *Faith and Credit*; Susan George, *The Debt Boomerang: How Third World Debt Harms Us All* (London: Pluto with the Transnational Institute, 1992); Morris Miller, *Coping Is Not Enough!: The International Debt Crisis and the Roles of the World Bank and International Monetary Fund*

Banks and the international financial institutions were worried that the Third World states would renege on their loans, as the Mexican government threatened to do in 1982. They were desperate to work out some solution that would ensure repayment to the banks. Renegotiations were therefore offered but under strict conditions. The IMF and the World Bank insisted that loan repayments could not be renegotiated until the borrower-state in question had adopted a structural adjustment program (SAP). Mexico, where there had been popular anger at the huge debts incurred and the heavy-handed tactics of the industrialized countries, was the first country to have a SAP imposed on it. Many national leaders felt they were forced to sign since otherwise, they believed, their country’s economy would be even more drastically hurt.

Typically, a SAP would include:

- liberalization of agricultural markets, foreign exchange, trade, interests rates, and prices;
- deregulating the labor market and creating labor “flexibility”;
- liberalizing and deregulating the financial system; and
- reducing and restructuring state involvement by means of eliminating subsidies, privatizing public firms, and reducing state personnel and functions.⁴⁴

The effects of the reforms and restructuring imposed at the IMF’s insistence were usually jettisoning of large parts of welfare

(Homeward, IL: Dow Jones-Irwin, 1986); Chris C. Carvounis, *The Foreign Debt/National Development Conflict: External Adjustments and Internal Disorder in the Developing Nations* (New York: Quorum Books, 1986).

44 Suresh Chandra Babu, Review of *Structural Adjustment Reconsidered: Economic Policy and Poverty in Africa*, *American Journal of Agricultural Economics*, Vol. 81, No. 3, August 1999, pp. 756–758, at p. 756; Walden Bello, with Shea Cunningham and Bill Rau, *Dark Victory: The United States, Structural Adjustment, and Global Poverty* (London: Pluto, 1994); Ugarteche, “The structural adjustment stranglehold.”

and social services as well as deregulation. Very often this involved weakening of labor legislation. Argentina, Ecuador, and India were among the countries whose governments weakened their labor legislation or amended their land laws to qualify for a loan with the conditions imposed under structural adjustment arrangements.⁴⁵ What unfolded in India as a result of its reforms in compliance with these conditions paints a grim picture of the reality of structural adjustment.

The Indian government was forced to adopt a SAP in 1991, along the lines drawn up by the IMF and the World Bank. The measures demanded included:

- cutting expenditure on social programs and infrastructure;
- eliminating state subsidies and price support programs, including food and fertilizer subsidies;
- privatization of the more profitable public enterprises;
- closure of a large number of other public enterprises;
- devaluation of the currency;
- liberalization of trade to encourage entry of foreign capital;
- major reforms of banks and financial institutions, in particular a reduction of subsidized loans in rural areas;
- alteration of tax structures, including abolition of wealth tax and reduction of capital gains tax.⁴⁶

A study of the effects showed that the rhetoric of what was supposed to occur as a result of this SAP was vastly different from the actual impact. For instance, the rhetoric emphasized integration with global opportunities, market freedom, and empowerment, whereas the reality was marginalization, exclusion, scarcity, and shrinking opportunities

for many people.⁴⁷ Also the SAP reforms were supposed to lower India's budget deficit and reduce inflation, whereas they triggered the opposite. The increased cost of imported raw materials, along with an influx of luxury imports enjoyed by the wealthy minority who benefited from tax cuts and other measures, aggravated the balance of payments crisis.⁴⁸

Another major stated aim was to rapidly open up the economy to make space for globalization. On one hand, there was increasing reliance on new technologies, often involving foreign collaboration or imports. Competition was "not necessarily in terms of quality and/or costs of production but also in terms of shaping tastes and choices to carve out a wider reach of the products." This led to a large number of retrenchments.⁴⁹ But other units were not in a position to modernize and had difficulties competing with those that did, which also resulted in large numbers of job losses. Then there was the flow of capital into new industries, invariably in areas where there was little scope for employment growth due to technology intensiveness. Labor expansion was largely confined to the informal sector, resulting in workers becoming increasingly dispersed, disconnected, and exploited, leading to greater marginalization and difficulties for the poor.

Particularly affected were women, many of whom suffered the negative outcomes of structural adjustment silently, sometimes even voluntarily to reduce the burden on others. In many cases women served as "shock absorbers" for the worst aspects of the reforms and were badly affected by new forms of control, new emphases on property rights, and technologies that facilitated centralization and

45 Kamran Abbasi, "Under fire," *British Medical Journal*, Vol. 318, 1998, pp. 1003–1006, at p. 1003.

46 Michel Chossudovsky, "India under IMF rule," *Ecologist*, Vol. 22, No. 6, November/December 1992, pp. 271–275.

47 Dooly Arora, "Structural adjustment program and gender concerns in India," *Journal of Contemporary Asia*, Vol. 29, Issue 3, August 1999, pp. 328–361, at p. 328.

48 Chossudovsky, "India under IMF rule," p. 271.

49 Arora, "Structural adjustment program and gender concerns in India," p. 332.

control over various economic processes.⁵⁰ Indian women had long been oppressed and affirmative action and policies aimed at alleviating some of women's worst difficulties were essential. The Indian SAP made it virtually impossible for the bulk of women to overcome their gender-related impoverishment.

Jamaican women, given the chance, may have been able to tell Indian women that it would be so, for that was also their experience after Jamaican Prime Minister Michael Manly signed a \$74 million emergency loans agreement with the IMF in 1977. The following year, in a precursor to the formal SAPs that were to come in the 1980s, the World Bank demanded that the government favor exports over domestic needs in exchange for loans to the Jamaican Public Service Company and the Sugar Industry Authority. A sharp decline in living standards followed, largely resulting from the collapse of the local garment industry. Few women could be absorbed in the new export industries; those who found work in the Free Trade Zone were classified as unskilled and paid pitiful wages. There were also cutbacks in health and education.⁵¹

In Uganda one third of the public sector work force was laid off, such were the enforced cuts in that area.⁵² Russia is among the latest countries to be affected by a program that included drastic cuts in services and subsidies, devaluation of the rouble, and massive privatization. This has resulted in a rise in electoral support for right-wing nationalism.⁵³

According to a study published in the *British Medical Journal*, structural adjustment

50 Arora, "Structural adjustment program and gender concerns in India," p. 329.

51 Joan Ross Frankson, "Hagglers, higgles and empty stomachs," *New Internationalist*, December 1990, pp. 20–21.

52 Richard Swift, "Squeezing the South: 50 Years is enough," *New Internationalist*, July 1994, pp. 4–7.

53 "Adjusting structures, destroying lives — an NI map," supplement to *New Internationalist*, July 1994.

is responsible for a drop of 10–25% in average incomes, a 25% reduction in spending per capita on health, and a 50% reduction in spending per capita on education in the poorest countries of the world. UNICEF claims that this has led directly to the deaths of half a million young children.⁵⁴ Moreover, the gap between rich and poor countries has widened enormously rather than narrowed. At the same time as the per capita gross domestic product fell by 30% in the world's ten poorest countries, it doubled in the ten richest.⁵⁵ Not surprisingly, the process of structural adjustment as it has been applied in Africa has been described as "recolonization."⁵⁶

Nor have the SAPs resulted in pegging back the debt. Total Third World debt rose from \$751 billion in 1981 to \$1,355 billion in 1990.⁵⁷ The struggle to pay off the debt can be crippling as is seen by the case of Guyana where, since the late 1980s, nearly 80 per cent of government revenues and 60 per cent of export earnings have gone to service and repay foreign debt. Since essential services have been starved of funding, malnutrition, infant mortality, disease, unemployment, and poverty have all soared.⁵⁸ Since the 1980s, SAPs have contributed to a new outflow of wealth from Third World countries that have paid out five times as much capital to the industrialized countries as they have received.⁵⁹ The US Treasury Department has calculated that for every dollar the United States contributes to international development banks, US exporters

54 Abbasi, "Under fire," p. 1003.

55 Ugarteche, "The structural adjustment stranglehold," p. 21.

56 Wayne Ellwood, "Pinstripes and poverty: inside the World Bank," *New Internationalist*, December 1990, pp. 4–6, at p. 6.

57 Swift, "Squeezing the South."

58. Susan Meeker-Lowry, "Removing the noose," *New Internationalist*, April 1996, pp. 15–16, at p. 15.

59 U.S. Network for Global Economic Justice, "50 Years is Enough," <http://www.50years.org/>, at <http://www.50years.org/update/questions.html>.

win more than two dollars in bank-financed procurement contracts.⁶⁰

Even where some people within the country do well, the “trickle-down effect” has proved either negligible or non-existent. As wealth gets rechanneled into the hands of elites, they tend to buy more imported goods, adding to their country's deficit while providing few opportunities for small businesses and marginalized workers who, in contrast, would usually spend their money locally. Critics point to the vast social problems created by SAPs but there appear to be few successes, in terms of helping the poor, to which the advocates of SAPs can point.

The World Trade Organization

The World Trade Organization embraces the same philosophies and economic hopes as the engineers of SAPs. Established on 1 January 1995 after an eight-year process of trade negotiations known as the Uruguay Round of GATT, the WTO is probably as aggressive an advocate of global capital as the world has seen, being described as “the policy voice, the muscle, and ultimately the fist of transnational corporations.”⁶¹

The WTO replaced GATT but with a much wider brief. Whereas GATT was concerned principally with repealing tariffs — although seeking to expand its scope during its Uruguay Round — the WTO is concerned with a range of issues which it perceives as barriers to trade. Essentially its brief is to codify the rules upon which a global system of investment, production, and trade depends and, in doing

so, to radically deregulate international trade.⁶² It has gone about this ruthlessly.⁶³

The WTO oversees more than a dozen distinct trade agreements whose articles spell out serious threats to the environment, world health, small-scale agriculture, and those schemes and national laws aimed at alleviating poverty. It attempts to make the lowest environmental standards the general standards, as has been the plan with NAFTA. The WTO has sought to overturn national laws that MNCs claim to be barriers to trade. For instance, in 1997 the WTO overturned part of the US Clean Air Act that had prevented the import of low quality fuel with a higher than normal potential for air pollution. The following year the organization declared illegal a US regulation requiring that imported shrimp be caught by methods that minimized harm to endangered sea turtles.⁶⁴

Bans on the import of dangerous materials can be overturned, as well as pollution control regulations.⁶⁵ Canada initiated proceedings in the WTO tribunal to overturn a French ban on import of chrysolite asbestos, of which Canada is a major producer.⁶⁶ Following heavy lobbying by Monsanto, the US National Cattlemen's Association, and other organizations, the US Trade Representative initiated action against a European Union ban on hormone-treated beef. The ban hurt US exporters, since 90 per cent of US cattle were being treated with some type of growth hormone by 1995. The WTO ruled against the ban, thereby making it illegal to use the precautionary principle, as the European Union had, to ban products on

60 U.S. Network for Global Economic Justice, “50 Years is Enough.”

61 Peter Montague, “The WTO and free trade,” *Rachel's Environment and Health News*, #673 & #674, 21 & 28 October 1999, <http://www.rachel.org/>.

62 Steven Shrybman, “The World Trade Organization: the New World Order laid bare,” *Ecologist*, Vol. 29, No. 4, July 1999, pp. 270–275.

63 Lori Wallach and Michelle Sforza, *Whose Trade Organization? Corporate Globalization and the Erosion of Democracy* (Washington, DC: Public Citizen, 1999).

64 Montague, “The WTO and free trade.”

65 Shrybman, “The World Trade Organization.”

66 Wood, “The international campaign against the Multilateral Agreement on Investment.”

health grounds.⁶⁷ At least one other ruling by the WTO has similarly made it illegal to penalize products from manufacturers involved financially or otherwise in regimes where human rights are abused.⁶⁸ Altogether during the first four years of the WTO's existence, there were 177 cases in which a government challenged a law or practice of another country by invoking WTO rules.⁶⁹

At a macro level, the WTO has an obvious impact on state sovereignty, not dissimilar to the proposed MAI. It also has significant impact at the micro level, with small farmers, for example, faring poorly under the 700 pages of rules written by the WTO. The elimination of trade barriers has seen Third World economies inundated with cheap food from major grain-exporting countries, driving down the prices local farmers receive for their produce. Small farmers are finding it increasingly difficult to compete against highly mechanized, large-scale intensive farming. There is a social as well as economic loss from the swallowing up of small holdings, leaving local economies in tatters. On the other hand, land reform, when pursued, not only creates a small-farm economy which is beneficial for local economic development but has social benefits, since the poor are not driven off the land and into burgeoning cities.⁷⁰ Small holdings are generally also less environmentally harmful and yet usually produce more agricultural output than an equivalent area of larger farms, now widely known as the "inverse relationship between farm size and output."⁷¹

67 Public Citizen Global Trade Watch, "The MAI shell game: the World Trade Organization (WTO)," http://www.tradewatch.org/Shell_Game/Wto.htm

68 Ted Bardacke, "American boycotts start to bite," *Financial Times*, 2 June 1997.

69 Public Citizen Global Trade Watch, "The MAI shell game."

70 Peter Rosset, "Small is bountiful," *Ecologist*, Vol. 29, No. 8, December 1999, pp. 452–456.

71 Rosset, "Small is bountiful," p. 453.

Some have claimed hypocrisy in relation to the WTO's insistence that there be no favoritism shown for local or small businesses. The corporations based in highly developed countries have mostly enjoyed considerable support from their home governments, especially in their early days. This included public investments, state partnerships with infant industries, and explicit favoritism for national as opposed to foreign-owned enterprise. These are the very tactics that the WTO has declared illegal.

But now the WTO wants the exact opposite for Third World countries, as is seen by one of the agreements negotiated within its framework in 1997, relating to the liberalization of financial services sectors, including banking and insurance. Many Third World countries, until recently, had policies in place to protect the domestic banking and insurance sectors.

Yet, the problems brought about by the WTO are not confined to Third World countries, as is clear from the threats to national health care schemes in industrialized countries. In its attempts to incorporate traditional areas of public services into the free market, the WTO is forcing the dismantling of socialized healthcare in Europe and elsewhere. Policy initiatives such as compulsory competitive tendering and public infrastructure privatization are threatening the health safety nets previously put in place and breaking down the systems whereby society at large took some share of the economic responsibility for the costs of ill health.⁷² As usual, this is being done with little public debate and virtually no attempts to scrutinize likely health outcomes. The goals of universality of healthcare and equity in access are being replaced by the rhetoric of consumer sovereignty, which is another way of saying that ultimately the health care one receives is dependent on what one can afford.

72 Jean Shaoul, "How the World Trade Organization is shaping domestic policies in health care," *The Lancet*, Vol. 345, 27 November 1999, pp. 1889–1892.

Moreover, many of the actions of the World Bank, IMF, and WTO, despite their rhetorical concern for efficiency, are counter-productive in a wider social sense. Their drive for micro-efficiency leads to what has been called macro-insufficiency, as small and medium sized enterprises are driven into bankruptcy and large amounts of human and physical resources stand idle, laid off, or bypassed by the global policies.⁷³ Their actions also frequently defy logic, even of their own economically narrow kind. For instance, in 1992 the World Bank made \$US\$ million available to China for greenhouse gas reduction but at the same time proposed \$630 million in loans to the same country for fossil fuel development.⁷⁴

An important aspect of the WTO is its disciplinary measures, enforced through dispute tribunals that meet in secret and consist of undemocratically selected representatives from corporations. These tribunals are under no obligation to publish their findings and their rulings are final and not subject to appeal.⁷⁵ Their capacity for demanding annual compensation for victors in their rulings or to impose non-negotiated trade sanctions adds to the power of the WTO and its ability to demand compliance in accord with its own agenda. Although the WTO does not have its own troops to exercise coercive force, violence is definitely involved in implementation of its policies by governments, as well as structural violence associated with inequitable economic arrangements.⁷⁶

73 Michel Chossudovsky, "Global poverty in the late 20th century," *Journal of International Affairs*, Vol. 52, Issue 1, Fall 1998, pp. 293–311.

74 Lorraine Elliott, *The Global Politics of the Environment* (London: Macmillan, 1998), p. 203.

75 Wood, "The international campaign against the Multilateral Agreement on Investment."

76 On structural violence see, for example, Johan Galtung, *The True Worlds: A Transnational Perspective* (New York: Free Press, 1980).

Resistance and barriers to resistance

The implications of both structural adjustment programs and the WTO's ravenous appetite for liberalization at any cost are so enormous that one might expect them to have been challenged with widespread campaigns of civil disobedience and mass actions. Yet, arguably, resistance was more sporadic and sometimes less focused on the institutions than might be expected to have been the case. Reflecting the disadvantages of attempting to take on global institutions and MNCs, it took a number of years to build up to the enormous public outrage expressed on the streets of Seattle in November-December 1999 coinciding with the scheduled WTO meeting. Subsequent major protest in Washington, DC, Prague, Melbourne, and other cities at meetings of global economic elites reveal that substantial momentum has built up. Certainly, since the early 1990s NGOs and activists world-wide have been attempting to target many of these problems at their source rather than concentrating solely on the local symptoms. However, prior to the campaign against the MAI, there was relatively little effective and highly visible action directed at the institutions responsible for many of the problems. For instance, Dooly Arora has noted in relation to SAPs that the schemes had not generated as much active resistance as their nature warrants.⁷⁷ A brief overview of the resistance is useful here.

The resistance has been both local and later global. From the early days of structural adjustment, Mexicans took to the streets, as they did later against NAFTA and GATT. Women also held demonstrations against the effects of structural adjustment in Jamaica. Voters have supported candidates standing on anti-SAP platforms in Venezuela, Argentina, and Brazil, but it has made little difference. "Those who buy and sell government bonds and hold the nation's debt will see to it that SAPs get implemented anyway," one observer

77 Arora, "Structural adjustment program and gender concerns in India," p. 329.

lamented.⁷⁸ This suggests that relying on politicians to challenge institutions such as the World Bank and IMF is unwise and must, at the very least, be accompanied by other strategies involving networks and grassroots activism.

More visible and better publicized internationally have been some of the major protests against World Bank projects, especially those to do with dams such as the Narmada Dam project in India. Once again women's groups were heavily involved in the protests. They attempted first to establish the rights of the directly affected people before moving to a campaign that involved hunger strikes and other activities for which protesters were arrested.⁷⁹ The movement against the Narmada Dam, called Narmada Bachao Andolan, was characterized by its diversity and its support for communities that were dislocated and dispersed by the project.⁸⁰ These campaigns were inspiring and even partially effective, as some claim that the World Bank has shown more trepidation in funding large-scale dams since the bad publicity generated by resistance groups such as Narmada Bachao Andolan. Nevertheless, they have been of a somewhat reactive nature, opposing individual projects that are the symptoms of globalization, even while fully understanding the wider picture and having a very thorough analysis. Meanwhile, campaigns addressing the roots of globalization seemed to be lagging behind.

Similarly, there have been a number of actions taken against MNCs in relation to their global practices, if not in respect to their globalization per se. Most well-known among these was the boycott of Nestles, particularly

in response to its aggressive marketing practices that were misleading mothers in Third World countries to believing that baby milk formula was a better option than breast milk for their children.

In Australia there was a boycott of the fishing company SAFCOL because its operations in South-East Asia disrupted local communities through insensitive and environmentally unsound operations. Boycotts are no doubt useful and can be highly effective, but they do need to be well thought through and to be instigated in response to requests from local people, who can be detrimentally affected by boycotts.⁸¹ They can also be difficult to enforce. For instance it is much more difficult to carry out a boycott against Nestles in Australia nowadays as the MNC has bought up numerous previously Australian companies and has a virtual monopoly in some food lines. Operating under the original names of the products' manufacturers, it is also difficult for activists to spread the information that these companies are now part of the Nestles group. Activists face ever-new challenges.

What were the problems confronting activists that resulted in resistance being initially somewhat sporadic and less focused on global institutions and the unjust framework within which they operated? This is a difficult question and we can only suggest some possible answers. It does seem that global institutions enjoyed enormous benefit from being so integral to global directions and yet playing an apparent "backseat" role in that they were less visible, less well known, and were able to go about their business while heads of governments — if not the victims themselves — took the major blame.

If this is a huge advantage for the global institutions and those who benefit from their strategies, it makes resistance correspondingly harder for those worst affected. According to

78 Swift, "Squeezing the South," p. 7.

79 Medha Patkar, "Armada against Narmada," *New Internationalist*, April 1992, pp. 16–17.

80 Gustavo Esteva and Madhu Suri Prakash, "Grassroots resistance to sustainable development: lessons from the banks of the Narmada," *Ecologist*, Vol. 22, No. 2, March/April 1992, pp. 45–51; Uday Turaga, "Damming waters and wisdom: protest in the Narmada River Valley," *Technology in Society*, Vol. 22, No. 2, April 2000, pp. 237–253.

81 William Kaempfer, Anton D. Lowenberg, H. Naci Mocan, and Lynne Bennett, "Foreign threats and domestic actions: sanctions against South Africa," in Paul Wehr, Heidi Burgess, and Guy Burgess (eds.), *Justice Without Violence* (Boulder, CO: Lynne Rienner, 1994), pp. 191–215.

Arora, the SAPs themselves make it difficult for the worst sufferers to offer much resistance as they are busily tied up with new problems in making ends meet.⁸² Obviously these are also the people who are already most poorly resourced. The dispersion and casualization of work have made it extremely difficult for the most exploited workers and newly unemployed to organize.

Some NGOs have seen their task as giving a voice to these exploited people. Arguably, while being vociferous, most of them have not been as active, coordinated, or focused on the central problems as early as they might have been. Of course, NGOs themselves face considerable difficulties. If we take the case of India again, which has been described as having entrenched and elaborate ideological systems that legitimize inequality and exploitation, NGO workers at the grassroots level have noted numerous hindrances facing them and the impoverished people with whom they work. These include illiteracy, poor health, traditions, addictions, superstitions, fear, and internal divisions. It has been noted, too, that the remnants of semi-feudal patron-client relationships and the mentality that has long accompanied such relationships still persist and provide the framework through which many people understand their position and envisage solutions.⁸³ These difficulties and cultural overlays are not unique to India. James C. Scott, conducting research in Malaysia, confronted at least some of them.⁸⁴ While these difficulties existed before SAPs, they interact with the harsher conditions imposed by structural adjustment and help obfuscate the many interrelated factors of poverty, as well as hindering resistance.

Despite Arora's valid points, there was massive resistance in India when the SAP was imposed there. In 1992, on the anniversary of Gandhi's birth, half a million farmers gathered in Hospet, Karnataka, to protest the SAP and the government's economic policies that accorded with it. The demonstrators pledged to struggle for Gandhi's concept of *swaraj* (self rule) and to resist policies aimed at handing over food and seed production to MNCs.⁸⁵ In the state of Uttar Pradesh, thousands of farmers were arrested after protesting the removal of subsidies. At Ramkola in Uttar Pradesh, police shot four protesters. Protests continued, as did arrests, with demonstrators taking up the chant "A government that rules with bullets and batons will not last."⁸⁶

Another reason for there being less resistance against SAPs than has been warranted is that the contradictory rhetoric of structural adjustment actually generates hope. It is made to sound so attractive that people are not sufficiently suspicious of it from the start, coming as it does with the endorsement of a coterie of experts and economists who say, as does the World Bank, that their aim is to abolish world poverty and that public services and regulations are barriers to this.⁸⁷ By instilling such confidence in their measures, the World Bank and IMF are thereby able to provide time "to the beneficiaries of policies to strengthen the hold over the reality."⁸⁸ It is always easier to oppose trends from the very start than to later try to turn back the tide of changes in that direction. The institutions and those enforcing their policies have also created the illusion of participation in the policy processes through symbolic association with

82 Arora, "Structural adjustment program and gender concerns in India," p. 329.

83 Elizabeth Mathiot, "Attaining justice through development organizations in India," in Wehr et al., *Justice Without Violence*, pp. 233–256.

84 James C. Scott, *Weapons of the Weak: Everyday Forms of Peasant Resistance* (New Haven, CT: Yale University Press, 1985).

85 Vandana Shiva, "Structural adjustment and Indian agriculture," *Ecologist*, Vol. 22, No. 6, November/December 1992, p. 274.

86 Shiva, "Structural adjustment and Indian agriculture," p. 274.

87 Shaoul, "How the World Trade Organization is shaping domestic policies in health care."

88 Arora, "Structural adjustment program and gender concerns in India," p. 329.

decision-making structures. All these methods work to delay or weaken resistance.⁸⁹

The IMF, World Bank, and WTO have also sought to create a different picture of their efforts by manipulating figures. This is starkly shown in the threshold adopted by the World Bank to categorize who is poor and who is not and, more importantly from its own point of view, to be able to minimize the overall picture of poverty. In the Third World anybody who is living on any more than the equivalent of one dollar a day is “non-poor” according to the World Bank definition. Simply ignoring the real cost of living faced by the victims of SAPs, the global institutions are then able to devise, from their simple but socially meaningless arithmetic, glossy tables suggesting that poverty is on the decline. This adds to the propaganda-created perceptions that the policies are working. The institutions are helped in this by media that are often enthusiastic about the policies and talk excitedly about “sustained and increasingly global economic growth.”⁹⁰

Critics have not been sitting on their hands, for there was much criticism of the IMF and World Bank policies right from the start and much concern at the establishment of a WTO which would zealously oversee not only trade in commodities but also in services and intellectual property rights. (Also many NGOs were doing important work at the grassroots level. To help raise the standard of health and education is to prepare the groundwork for people to become active.) But initially the criticism seemed to suffer from not being sufficiently joined with effective actions on a large enough scale to really make a visible impact.

A concerted effort was made to change the focus from the symptoms to the institutional and global causes in 1994, with the launch of a “Fifty Years Is Enough” campaign to coincide

with the 50th anniversary of Bretton Woods, which sought to publicize how the further impoverishment of many of the world’s people was tied up with the strategies of the IMF and the World Bank.

As indicated by this campaign, numerous NGOs acknowledge the need to initiate transformative programs and to play a part in the resistance to the widening global gap between rich and poor. Accordingly a number of them have skewed their efforts in this area. One person who has worked among grassroots organizations in India notes that there is “the unfolding of a new nonviolent movement in India” and that many of the grassroots organizations involved have goals of participation, emancipation, decentralization, democracy, nonviolence, and self-sufficiency.⁹¹

In terms of what might have been done, many of the nonviolent strategies that could be recommended were in fact used, though perhaps not on a large enough scale nor with quite the timing, co-ordination, and solidarity that might have enhanced effectiveness. In Malaysia, when landowners brought in machinery for harvesting, thereby denying traditional work to the laborers, women within villages banded together to enforce a cautious boycott on transplanting, hoping to force the owners to revert to hand harvesting so as to be assured of their services. However, landowners would bring in labor from nearby villages so that the boycott was easily broken. Indeed, those who would boycott transplanting in their own area would sometimes take part in “strike-breaking” in nearby villages, making the whole boycott effort virtually futile. Actions that could have been extremely powerful, if undertaken collectively and across much wider regions, collapsed for lack of support outside of their immediate vicinity.⁹²

Resistance to corporate globalization has not always been nonviolent, as shown by the response to the SAP imposed on Venezuela, which took the form of street riots in 1989. In

89 Arora, “Structural adjustment program and gender concerns in India,” p. 329.

90 Chossudovsky, “Global poverty in the late 20th century,” p. 298, quoting a *Financial Times* editorial.

91 Mathiot, “Attaining justice through development organizations in India,” pp. 233–238.

92 Scott, *Weapons of the Weak*, pp. 248–255.

the same country military dissidents threatened by the cutbacks from the SAP staged two violent coup attempts. We can, therefore, retrospectively identify this as one area where additional effort might have been made to develop and demonstrate the advantages of nonviolent responses.

Most responses, though, have been nonviolent, often taking the forms of civil disobedience and disruption of the system. For instance, in Karnataka in India small farmers, anticipating that the eucalyptus trees planted under an IMF-supported program would benefit lumber industry interests but not the community, pulled up the tree seedlings.⁹³ In Argentina when pension plans were drastically scaled down under an SAP in 1992, there were mass demonstrations and a series of individual protests.⁹⁴

If one goal of action is to win over people from the opposition, then some effort should be made to “convert” workers at the World Bank, the IMF, and the WTO. Very occasionally, one or two of them “change their minds,” as was the case with Davison Budhoo. He had been a senior economist with the IMF and had been responsible for implementing SAPs in Africa, Latin American, and the Caribbean. Eventually he resigned, disgusted and hoping to “wash my hands of the blood of millions of poor and starving people.”⁹⁵ He helped launch the Bretton Woods Reform Organization which seeks to design Alternative Structural Adjustment Programs that combine direct grassroots involvement with the technical skills of government officials and other interest groups, towards the goal of meeting the basic needs of the entire population.

This is, of course, another important part of nonviolent action, namely to actually build the alternative structures needed to replace the structures of oppression. People’s involvement in these alternative structures gives them experience and hope in the practicalities of the

alternative methods and social relationships. Several countries, suffering under the weight of SAPs, have requested assistance from the Bretton Woods Reform Organization. For instance, in Papua New Guinea a coalition of 35 organizations, including trade unions and church, student, women’s, and other community groups, has called for the renegotiation of that country’s SAP and hopes that the Bretton Woods Reform Organization will be able to help.⁹⁶

Meanwhile activists in industrialized countries have organized to resist the jettisoning of labor laws and other social benefits. Across France, demonstrations took place to defend labor legislation, with masses of people chanting “We fought to win it, we will fight to protect it.” Similarly, in South Korea workers demanded new and improved labor laws and received them, in spite of trends working in the opposite direction elsewhere.⁹⁷

Perhaps the opposition to NAFTA and the Uruguay round of GATT marked a watershed. In response to these developments an International Forum on Globalization was formed. Based in San Francisco, this campaign used e-mail networking and held regular meetings and teach-ins through which strategies and programs of action were developed. It can be seen as a trial run for the campaign against the MAI.⁹⁸

Furthermore, there has been a keen acknowledgement that the struggle is not yet over. This was evident from the mass actions in Seattle and other cities. That the fight against the MAI is seen as ongoing is evident from a court case being brought in Canada where citizens are suing the government for preparing to sign away its powers under the MAI. The Defence of Canadian Liberty Committee claims that the MAI is unconstitutional under Canadian law, as “it gives entrenched rights to international banks and

93 Ellwood, “Pinstripes and poverty,” p. 6.

94 “Adjusting structures, destroying lives — an NI map.”

95 Meeker-Lowry, “Removing the noose,” p. 15.

96 Meeker-Lowry, “Removing the noose,” p. 16.

97 Richard Swift, “Just do it!” *New Internationalist*, November 1997, pp. 14–16.

98 Wood, “The international campaign against the Multilateral Agreement on Investment.”

foreign corporations guaranteed by international law which Canadian citizens do not have,” thus breaching the principles of equity before the law enshrined in the Charter of Rights and Freedoms.⁹⁹ Although the Canadian government has tried to assert that it is no longer relevant since MAI negotiations broke down, the citizens are keen to pursue the court case, since it has ramifications for future treaties, calling into question the legitimacy of politicians and bureaucrats to enter into such arrangements with far-reaching implications that have not been endorsed by the citizenry. The court case seeks to challenge the legitimacy generally of international rules, financial mechanisms, and regulations governing the movement of capital.

Activists know, however, that they cannot afford to have all their eggs in “legal baskets.” They must gather more grassroots support and pay careful attention to strategy. For example, the demonstrations in Seattle were only part of a much larger event that involved teach-ins, workshops, and strategy sessions. In Canada community groups, unions, student, and environmental groups took part in a Cross-Canada Caravan that toured the country spreading information about the WTO and the broader picture of injustice in which it is embedded.¹⁰⁰ Following Seattle, these activities continued. Just as Canadians led the way in the campaign against the MAI, their continued actions can be expected to be replicated by activists globally.

Conclusion

Corporate globalization has been promoted by institutions such as the World Bank, IMF, and WTO as well as by MNCs and governments of rich countries. Numerous activists have opposed this form of globalization by undertak-

ing a range of actions, such as small farmers in Uttar Pradesh with their commitment to justice and Gandhian principles, even in the face of grave violence by the state. It has been action by NGOs networking across the globe that has captured world attention, especially in the success against the MAI, a success that appears to have been unmatched in any prior resistance against the offending global trends.

However, it is important not to presume that the activities of the NGOs in industrialized countries, with their better resources and the advantage of mostly speaking a common language (even if as a second language), are more imperative than nonviolent actions by peasants and workers “at the coal face.” They are complementary, with the everyday action of those in Third World countries providing the foundation of the struggle. Successful collaboration between NGOs in rich countries and grassroots movements in poor countries is not guaranteed. As Miriam Solomon points out, there are vast discrepancies in the resource bases of these organizations and those whose causes they purport to espouse. This can lead to various breakdowns at different levels, as those who feel better positioned attempt to speak for others.¹⁰¹

Sometimes collaboration itself is not certain, even where deserving and sought. When representatives of Nigeria's Ogoni people approached Greenpeace and Amnesty International about the grave environmental and human rights abuses against which they were nonviolently struggling, they were initially told that these organizations could not help. Fortunately, the organizations later came to provide international assistance.¹⁰²

99 Michel Chossudovsky, “Fighting MAIgalomania: Canadian citizens sue their government,” *Ecologist*, Vol. 29, No. 8, December 1999, pp. 449–451.

100 Cross-Canada WTO Caravan, <http://wtocaran.org/default.htm>

101 Miriam Solomon, “Lap-tops against communicative democracy: international non-governmental organisations and the World Bank,” in Brian Martin (ed.), *Technology and Public Participation* (Wollongong: Science and Technology Studies, University of Wollongong; <http://www.bmartin.cc/pubs/99tpp/>, 1999), pp. 61–81.

102 Joshua Cooper, “The Ogoni struggle for human rights and a civil society in Nigeria,” in Stephen Zunes, Lester R. Kurtz, and Sarah Beth Asher (eds), *Nonviolent Social Movements: A*

Nevertheless, activists know they must build on struggles. One major reason for the success of the campaign against the MAI was that it built on the nonviolent actions that went before it. Much of this was simply collecting and disseminating data and stories of real experiences so that the myths associated with World Bank, IMF, and WTO policies were challenged at last.

One of the most intriguing aspects of the movement against the MAI is that the protests and actions appear to have been so coordinated and organized, even within such non-hierarchical and informal structures, giving heart that hierarchies are not necessary for good communication. This was accomplished because all had in common a well defined goal and because communication, being crucial, was a strong focus. This allowed people to take their own individual actions towards the broader goals within configurations of agreement. Activists shared a consensus that the cause was worthy without being overburdened by bureaucratic constraints.

Another major factor was that anti-MAI activists employed efficacious communication techniques and technologies to achieve their desired goals. This made the campaign stand out above ongoing struggles against the World Bank, IMF, and structural adjustment.

The campaign shares many similarities with the successes of the forced resignation of Suharto and the defeat of the Soviet coup described in chapters 2 and 3. In the cases of the MAI and Suharto, resisters appear to have paid close attention to co-ordination and communication. Both knew what they were up against, having had previous experience of what their opponents were capable of and the way they worked. In this much, they learned from the campaigns that went before them.

The earlier barriers to action included insufficient interest in the issue from many people around the world. Activists face a constant struggle to build campaigning momentum that can most likely be effective when more people are involved. Other barriers

were the resources and global power of the opponents, a multitude of different languages spoken by the people most affected, divisions between campaigners, sometimes harsh repression for resisters, and the constant day-to-day problems faced by those whose first priority is to feed themselves and their families. As Scott noted of the people he studied in a Malaysian village, "Lacking any realistic possibility, for the time being, of directly and collectively redressing their situation, the village poor have little choice but to adjust, as best they can, to the circumstances they confront daily."¹⁰³ Thus, one of the biggest challenges is to help empower those people so that they are in a position to directly, collectively, and nonviolently redress their situation.

Even with the campaign against the MAI and the Seattle and subsequent protests serving as reminders of the potential of nonviolent action, much still remains to be achieved. The WTO's powers have not been reduced. Its interventions have forced reversals of socially beneficial laws in several countries.

The challenge is for activists to use the best possible tactics, the most appropriate technology, and the best possible use of their talents in an innovative manner to aim at key targets in their campaigning efforts. They need to undermine individual policies and treaties, the institutions responsible for them, and the myths underlying both policies and institutions. These myths include the idea that freeing up trade is necessarily good for competition and that the benefits trickle down to all sections of society. Activists also need to confront the power of the MNCs, which already control more than one third of the world's productive assets but now want to control all government policies as well.¹⁰⁴

Solidarity will be crucial. There have been attempts to divide the opposition by holding talks with some NGOs on specific issues, with the potential to create resentment between

Geographical Perspective (Oxford: Blackwell, 1999), pp. 189–202, at pp. 192–193.

103 Scott, *Weapons of the Weak*, p. 246.

104 Shrybman, "The World Trade Organization," p. 270.

those who resist co-optation and those who are flattered at being “consulted.”¹⁰⁵ That solidarity will need to stand firm in the face of coercion, as it has already been seen that some governments are willing — and eager — to use their police forces to counter, intimidate, and break up opposition. A seminar on globalization being held in Geneva in 1998, for instance, was raided by Swiss police and everyone present was arrested, the police claiming their action was “preventative” as a joint conference of the UN and the International Chamber of Commerce was shortly to take place. Further police raids followed on the offices of People’s Global Action, with computer equipment and discs being seized.¹⁰⁶ Global institutions and supporting governments take the opposition very seriously and can be expected to act accordingly.

The secretary-general of the United Nations Conference on Trade and Development expressed his concern that “Having once tasted blood, the NGOs involved [in the anti-MAI campaign] will not relax their bite. On the contrary, the clash would grow and could end up infecting other related aspects of the WTO’s agenda ... to the detriment of the broader process of trade liberalization and possibly damaging the credibility of the WTO itself.”¹⁰⁷ Nonviolent activists opposed to global corporate domination will want to ensure that his worst fears come true.

105 Chossudovsky, “Fighting MAIgalomania,” p. 451.

106 Wood, “The international campaign against the Multilateral Agreement on Investment.”

107 Cited in Goodman, “Conclusion,” p. 228.