

A conversation with NAFTA critic Lori Wallach

Lori Wallach — one of the foremost critics of today's NAFTA-style trade treaties — will be in Portland Oct. 18 as the keynote speaker at the Oregon Fair Trade Campaign's 10th anniversary fundraising dinner. Wallach, a graduate of Harvard Law School, is a founder of the Citizens Trade Campaign and author of two books on trade policy. She's been a guest on CNN, ABC, Fox, CNBC, C-SPAN, Bloomberg, PBS, and NPR, and has testified before Congress more than 30 times. Labor Press associate editor Don McIntosh interviewed her by phone Sept. 17.

LABOR PRESS: *You've been campaigning for decades against NAFTA-style trade policy. What brought you to the cause, and why have you stayed with it?*

LORI WALLACH: It was by accident. I was sitting in [Congressional] hearings on food safety when these really unpleasant agribusiness guys from big beef and the chemical manufacturers said things like "Sorry, Congress, you can't do that, not under NAFTA." I started thinking: "What the hell are these guys talking about? I studied trade in law school. It's about tariffs — border taxes. Why are they talking about

meat labels and pesticide standards?" I started to realize there was this sneak attack. The big corporations had taken it to a different venue — trade agreements — to get the same agenda they couldn't achieve at home implemented and locked in forever. This was 1991. I connected to people from around the world, and we realized we had to stop this. Why have I stayed at it? Because it affects everything. These so-called trade agreements shut down the future for progress on good jobs and income inequality and a livable environment and safe food and products. It is the one single instrument that actually undermines and rolls back everything a progressive person would care about. All in the disguise of a trade agreement that's not really about trade.

Most people, when they think of trade, they're visualizing manufactured goods, agricultural products, or raw materials. They assume trade agreements are mainly about reducing tariffs. Is that still accurate?

The phrase "trade agreement" has become false branding to cover up what now is a totally different agenda. The agreements have become like Trojan horse mechanisms where we're all sold about expansion of exports, but really inside the agreement, there's either nothing that creates that outcome, or it undermines it. And the guts of what's in there has to do with locking in permanently a set of extraordinary corporate rights and privileges: new rights for Big Pharma to jack up medicine prices, new rights for the financial sector to escape regulation, new rights for agribusiness to be able to use pesticides and additives and hormones and process meat in ways that are unsafe. All that stuff has nothing to do with trade. It's actually "investor rights" — constraints on domestic regulation that actually remove most of the risk for offshoring jobs, incentivizes manufacturing job loss, and takes away the risk of having to use a foreign court.

A lot of these agreements set up something called "investor-state dispute settlement." Can you explain what that is?

In investor state dispute settlement, individual foreign corporations are elevated to equal stature with a whole national government — in that they have the right to privately enforce an agreement between sovereign nations. They are empowered to skirt domestic courts and laws and directly sue our governments in front of foreign tribunals of three private-sector attorneys, where they can demand compensation from taxpayers for any government action that they think violates their extraordinary new investor privileges and undermines their expected future profits.

What do you think of the term "free

trade" when it's used to describe agreements that expand government-enforced monopolies on patents, trademarks, and copyrights?

I would imagine that the English philosophers Adam Smith and David Ricardo who created that concept are rolling in their graves to see the term free trade attached to agreements that create protectionism for a class of multinational corporations, that expand monopolies in patents, and that have resulted in some of the worst trade imbalances in the history of man.

When today's "trade" negotiations focus on investor rights and intellectual property, do those things benefit American workers, or any workers?

Around the world there's a growing rebellion against the extreme investor rights and investor-state dispute settlement, because they only benefit a very narrow category of multinational corporate interests. Not even small- and medium-sized businesses benefit. In fact they're hurt, because the big guy who leaves gets privileged treatment. The investor rules in these agreements have absolutely no benefit for workers, communities, or the environment. In South Africa, business, labor and government went through a three-year stakeholder process and came to a consensus that it was not in the public or national interest to continue in those



agreements, and they've given notice to get out. They join Ecuador and Bolivia, who've done the same. India is doing a review: Half the government is saying they should get out now; the other half says they should renegotiate them all. Either way, it's not going to be the status quo.

NAFTA turned 20 this year. How do you think the United States, Canada and Mexico are different because of it?

After 20 years of NAFTA, unfortunately, we can see empirically that none of the promises of benefits occurred, and in fact in many instances, exactly the opposite outcome occurred of what was promised. So the United States for instance went from close to a trade balance to an enormous, chronic, almost

\$200 billion trade deficit with our NAFTA partners. If you do the math, that's millions of U.S. jobs lost, mainly through offshoring of manufacturing and some agriculture. But simultaneously we have seen in all three countries a spate of these investor-state attacks: \$350 million has been paid out to corporations over toxics bans, water use rules, timber rules, for public interest policies. In certain very sensitive sectors, like corn, the NAFTA rules allow the dumping of subsidized U.S. production such that even while we lost millions of manufacturing jobs to Mexico, Mexico's wages are down. Inequality has increased in Mexico, just like here, in no small part because NAFTA has wiped out some 1.5 million campesino families' livelihoods. This

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NAFTA and its children

North American Free Trade Agreement (NAFTA), approved 1993

Permanent normal trade relations with China, 2000

U.S.-Chile Free Trade Agreement 2003

U.S.-Singapore Free Trade Agreement 2003

U.S.-Australia Free Trade Agreement 2004

U.S.-Morocco Free Trade Agreement 2004

Dominican Republic-Central America-U.S. Free Trade Agreement (CAFTA), 2005

U.S.-Oman Free Trade Agreement 2006

U.S.-Peru Trade Promotion Agreement 2007

U.S.-Colombia Trade Promotion Agreement 2011

U.S.-Panama Trade Promotion Agreement 2011

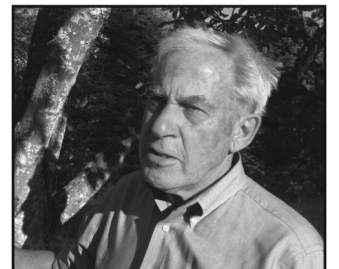
United States-Korea Trade Agreement 2011

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