



# Justice Rising

## Grassroots Solutions to Corporate Domination

### The Next Millennium Global Corporate Empire or Popular Governance?

by Jim Tarbell

Politics comes down to people against money, Senator Thomas Hart Benton reminded his constituents as the American Empire spread West. A hundred years later Columbia University Economist Robert Brady in his classic book *Business as a System of Power* pointed out that "by the late thirties, the industrial and financial giants had practically without exception moved into the citadels of peak-association power all over the world," with the National Association of Manufacturers at the center of the power grab. As he watched the growth of the business-controlled regimes in Germany, Japan and Italy he observed that "monopoly-oriented business, which attempts to evade effective democratic restraints, can dominate government only through control over the thinking process of the mass of the people."

In *Global Reach*, the 1974 seminal primer on globalization, Richard Barnet and Ronald Müller echoed Brady's concern asking, "Does the rise of the World Managers offer a new golden age or a new form of imperial domination? ...is their vaunted, rational, integrated world economy a recipe for a new state in authoritarian politics and international class war of huge proportions and ultimately, ecological suicide?"

Thirty years later, trade regimes exist that establish global rule making by trade lawyers and corporate advisors. Fossil fuel industry-driven global warming threatens to wreak havoc on the planet. The great grandson of the first president of the National Association of Manufacturers is now the President of the United States.

Meanwhile one of the few world leaders who expresses concern about the trade regimes and global warming is the next king of England. The monarchy we overthrew looks after the public good better than the government we elect. The rich get richer from our petroleum economy. The poor get poorer as the trade treaties instill money as power. Will the international class war presaged by Müller and Barnet change the face of the planet? Has Brady's concern come to pass that monop-

oly-oriented business now controls the thinking process of the mass of the people?

Do they control the thinking of all of us? Or will the participants of the World Social Forum and local groups investigating participatory budgeting carry the day and lead the way to a millennium of popular governance? These are the stories we look at in this issue of *Justice Rising*. A former World Bank economist paints a dour picture of the neo-liberal policies at the heart of corporate empire. The perils of the empire are laid out by those involved. The rise of a popular world movement is outlined. Resources and references are detailed. Now is the time to become involved.

Our next opportunity to derail the corporate empire has already arrived with the Bush administration's latest negotiations for an Andean Free Trade Agreement (AFTA). Groups like the Washington Office on Latin America (WOLA), Oxfam America, Global Exchange and the AfD are hard at work to make sure that Andean organizations express their concern about this global corporate empire.

Meanwhile local groups across the country and around the world are taking responsibility to establish local autonomy and dethrone global corporate empire. Take this opportunity to involve your local community in this historic endeavor. Now is the time.

**"People fighting corporate globalization are telling stories of rural devastation, and corporate control."**

David Edeli, Global Trade Watch, page 2

**"Neo-liberal policies have created a concentration of corporate power."**

Herman Daly, page 3

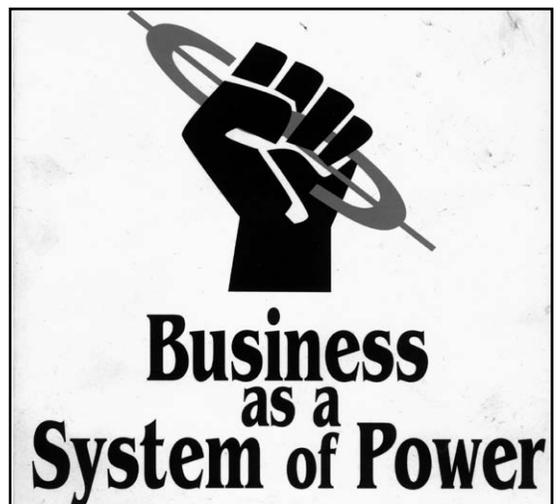
**"A longer, broader vision will spur essential, even revolutionary, developments everywhere."**

David Lewit, page 7

**"We will fight for Venezuela, for Latin American integration and for the world."**

Hugo Chavez, page 10

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# Telling Stories: Lessons from the CAFTA Fight

by David Edeli

The people fighting corporate globalization most effectively are telling stories of their lived experiences of rural devastation, corporate controls over natural resources and public service privatization. These story tellers were the ones who convinced policy makers that the Central American Free Trade Agreement (CAFTA) NAFTA expansion would not benefit U.S. workers and would not lessen poverty in Central America.

Somewhere midway through the last two years of campaigning for CAFTA, having lost the argument for NAFTA expansion on its merits, the Bush administration was forced to turn to a myth that corporate globalization agreements like CAFTA are all about national security. For good measure, the administration threw in that Central Americans and U.S. Latinos really wanted CAFTA.

Without a counter to these arguments, traditional foes of corporate expansionism—labor unions, family farmers and environmental groups—would have been overwhelmed and CAFTA would have passed easily. Instead, CAFTA's final passage by a one-vote margin sapped all of Bush's remaining political capital and sent confidence in the NAFTA model into a tailspin from which it will hopefully not recover.

What happened? First of all, the administration was dead wrong about support for CAFTA in Central America and among U.S. Latinos, and these groups worked aggressively to tell their stories of the poverty born of NAFTA-driven exploitation by multinational corporations.

In the U.S., Latino groups like the League of United Latin American Citizens (LULAC) supported NAFTA in 1994, but then witnessed deteriorating job security for both Mexican and U.S. workers. Seeing that CAFTA had been virtually copied verbatim from NAFTA, they began to work aggressively against CAFTA, bringing their stories of

increased immigration and the impact on the rural poor to U.S. legislators.

Waves of protests in Central American countries were organized by broad multisectoral coalitions like the Central America-wide Bloque Popular, as Central Americans feared that the U.S. was holding their governments hostage by threatening to revoke the trade preferences for Central America already existing in

the Caribbean Basin Initiative (CBI).

Groups in the U.S. worked hard to help Central American leaders tell their stories. For example, the Sierra Club and Public Citizen coordinated visits by Goldman Prize-winning Honduran priest, Father Andrés Tamayo, and Guatemalan Bishop Alvaro Ramazzini, president of the Central American Conference of Catholic Bishops. After months of poor coverage, the Chicago Tribune finally ran a big story about CAFTA—thanks to Bishop Ramazzini's 500 person mass in Chicago, where he told the story of his parishioners resisting the Canadian mining company Glamis Gold Inc, and their fears that CAFTA would lead to more poverty and more violence.

In the U.S., with 3 million manufacturing jobs lost during the NAFTA decade, working Americans have also lived the consequences of corporate-driven globalization. Innovative projects like the Oregon Fair Trade Campaign's "Stories Project" began reaching out to these individuals, helping them to tell their stories and giving them training to be community spokespeople.

The result of these efforts? The Congressional Hispanic Caucus passed an official caucus resolution for the first time to condemn a trade agreement. Pro-trade New Democrats like Adam Smith (D-WA) joined progressive Democrats in opposing CAFTA, and the deal was almost defeated. The administration only prevailed by forcing dozens of Republicans in swing districts to vote against public opinion – passing CAFTA by a single vote.

Lessons learned? We still need to address conclusively the national security argument. Despite being told that CAFTA will increase poverty and that poverty threatens security, many of the Republican flip-flops still justified their vote with the national security fig leaf.

A larger lesson learned, however, is that a decade after NAFTA, the terrain has shifted, and the model now has a lived track record of personal experiences—lost jobs, broken families, devastated communities.

For organizations working with people who have been deeply impacted by pro-corporate policies in both the U.S. and the developing world, helping them to tell their stories is a surprisingly powerful method of communicating with the public, cracking the corporate media, and building strong new leaders in the progressive movement.

*David Edeli (dedeli@citizen.org) is a senior organizer with the Global Trade Watch division of Public Citizen (www.tradewatch.org).*

**Telling stories is a surprisingly powerful method of communicating with the public, cracking the corporate media**



Ecuadorians protesting the FTAA

photo: Jim Tarbell



# Herman Daly on Corporate Globalization

*The following is an excerpt of Peter Mott's interview with Herman Daly, a former economist for the World Bank, originator of ecological economics and recipient of the Right Livelihood award. Daly is the author of: Steady-State*

*Economics; Valuing the Earth; Beyond Growth; and Ecological Economics.*

Corporate globalization will render national policy ineffective. Wages in rich countries will fall as capital migrates to cheap labor, and cheap labor migrates to rich countries. Earnings of capital will increase, and rising inequality will strain social cohesion. Growth advocates insist on more cheap labor, lower taxes on capital. Increasing external costs of environmental depletion and pollution will render growth uneconomic, making the whole world poorer, even as distribution becomes more unequal.

Neoliberalism [the heart of corporate globalization] is a very bad policy. On the other hand, the elites of Argentina, Haiti, Nicaragua, and Mexico are no strangers to home-grown corruption, class-based insensitivity and greed—so I would not blame everything on the IMF et al, although international debt is excessive. There is too much capital searching for too few investment alternatives that yield high returns. So returns are constantly overestimated, debts are consequently harder to pay back, and new debts are incurred to get the foreign exchange to meet payments on old debts. The World Bank is complicit in this excessive lending. Foreign assistance should consist mainly of free transfer of knowledge and small grants—not large loans, nothing that has to be paid back at interest. Countries unable to accumulate capital are also usually unable to invest large amounts productively.

These neo-liberal policies have created a concentration of corporate power, markets more oligopolistic than competitive, control of the media, increasing inequality, the purchasing of politicians and domestic policy levers sacrificed on the altar of globalization. A part of the neo-liberal or free trade ideology refuses to recognize the existence of public goods and natural monopolies.

Before we can enact alternative economic policies we have to establish national borders that are not freely open to the flow of goods, services, capi-

tal and, to a lesser extent, people. Everyone agrees on the critical need to strengthen world community. However, there exists two very different models of the proper structure of world community:

Cosmopolitan Globalization [corporate globalization] refers to global economic integration of many formerly national economies into one global economy, by free trade, especially by free capital mobility, and also by easy or uncontrolled migration.

This globalization is the effective erasure of national boundaries for economic purposes. National boundaries become totally porous with respect to goods and capital, and increasingly porous with respect to people, viewed in this context as cheap labor, or in some cases cheap human capital. In sum this globalization is the economic integration of the globe.

The other model is Federated Internationalization, which refers to the increasing importance of relations between nations: international trade, international treaties, alliances, protocols, etc. The basic unit of community and policy remains the nation, even as relations among nations, and among individuals in different nations, become increasingly necessary and important. Instead of integration this model depends on interdependence. Interdependence is to integration as friendship is to marriage. All countries must be friends, but maybe they should not attempt multilateral marriage!

It seems to me that an "alliance between peoples, ideas and cultures" must respect their separateness. To be a viable system capitalism will require limits on physical scale of the economy relative to the ecosystem, and limits to the acceptable degree of inequality, as well as a revival of trust-busting and commitment to small scale and localism. Would that still be capitalism? I don't know, but a system in which most people are small capitalists seems to merit the name more than a system in which most people are laborers, with a few very large capitalists who are increasingly global.

We should close down the IMF/World Bank and the WTO and start over with a new effort, based on internationalism, not on the globalism subsequently adopted by the unaccountable cosmopolitan bureaucrats who run these out-of-control institutions.

*Peter Mott is the co-editor and publisher of Interconnect, a newsletter for grassroots movement-building and sharing of resources within the US-Latin America Solidarity Community. This interview appeared in the April 2003 issue of Interconnect.*

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# Local Democracy vs Corporate Global Empire

by Nancy Price

When the Central American Free Trade Agreement passed in July, Press Secretary McClellan said, "(CAFTA) helps to strengthen democracy in our own hemisphere. This goes right to our own national security. This is an agreement that will help extend peace and prosperity throughout the Western Hemisphere." So, according to the administration, if you are "anti-globalization" or against "free trade," you are undemocratic and unpatriotic.

The fundamental principle of all "free trade" agreements is that corporate rights and the property of elites are protected instead of the public good, the commons and the welfare of the many. The bottom line is that foreign corporate claims brought against agreement-signer-nations are heard by secret trade tribunals. These tribunals can "rule" that local, state or national laws or regulations are a "taking" of corporate "property" and either void the law or regulation or require payments for lost profit. In this trade tribunal process, judge and jury do not exist and citizens have no right to participate. In almost every case to date, corporations have been awarded hundreds of millions of taxpayer dollars with many more spent to defend against these claims. The trade tribunal process should not be part of "trade" agreements in the first place. Senator Figueroa, Chair of the California Senate Select Committee on International Trade Policy and State Legislation stated recently, "never before...has such absolute authority been granted to any one body."

The reality of NAFTA job losses, factory closings, outsourcing, increased poverty, struggling middle class, and accelerated privatization of essential public services forced Bush to wait out 2004 and not bring CAFTA to a vote until July, 2005. After passing in the Senate, it went to the House of Representatives, where at the end of the official fifteen minute voting period CAFTA had lost by 180-175. Then in an undemocratic maneuver, the vote was held open an extra 47 minutes as promises were made and arms twisted for a 217-215 win for "free trade."

With one less Yes vote, CAFTA would have been defeated.

While the Congressional campaign focused on labor, agriculture, public health, and textiles, new grassroots efforts focused on educating

**Here is the message to give your local officials**

## How Did They Vote?

Will the 15 Democrats that voted for CAFTA and sold-out democracy be voted out? How did your representatives vote? Go to [http://www.globalexchange.org/campaigns/cafta/get\\_involved.html](http://www.globalexchange.org/campaigns/cafta/get_involved.html) to find out how they voted and then call and thank them or let them know what you think: 202-225-3121. At every opportunity ask your local candidates where they stand on democratic trade, sovereignty and citizen rights vs. corporate rights. Let's link the movements for democratic trade, fair and honest elections, including campaign finance reform, choice voting, and for ending corporate rights.



AfD members Jess River, John Wozniak, Maggie Watson and CJ Jones protest the WTO in Seattle in 1999. photo: Toni Rizzo

municipal, county and state officials about their loss of sovereignty and the impact of CAFTA on local government. Here is the message to give your local officials:

- **Government Purchasing:** CAFTA limits the use of non-economic criteria in spending public funds including: buying American-made products, green energy or products, goods made by non-sweatshop and non-child labor. It also prohibits initiatives that support the local economy and ban state contractors from shipping jobs overseas. Last spring, many states let the United States Trade Representative know they would not let their procurement decisions be covered by CAFTA rules.
- **Land Use:** Zoning policies, a primary function of local government, could be challenged as trade barriers. Policies that limit "big-box" stores to protect local business or control the number of hotels, casinos, gated communities, tourist and retail facilities to protect scenic or sensitive environments, water resources, agricultural land or local communities from sprawl could be targeted.
- **Public Services:** Foreign corporations could demand the same favorable treatment as a public agency including access to public funding and infrastructure. Such traditional public services as water and sewer, education, mental health, job training, court record-keeping, etc., could be privatized. Once a public service is opened to "free trade" and privatized, investor claims would have to be paid to prevent further private market access.

In 2007 Congress must re-authorize the President's "Fast Track" authority to negotiate trade deals. In 1997 and 1998, the "fair" trade, pro-democracy movement denied Clinton this authority, however, in 2001, 21 Democrats sided with the Republicans and Bush got Fast Track Authority. In the next election, seven of those "free-trade" Democrats were voted out of office. Keep this in mind as we head into the 2006 elections.

*Nancy Price is the co-chair of the National AfD Council and the Western Coordinator of the Defending Water for Life Campaign*

# Mobilizing For Hong Kong: what Is At Stake?

By Ruth Caplan

Corporate globalization's grand march to dominate the world, using the World Trade Organization (WTO) as its engine, hit a road block in 1999 when protests in Seattle shut down the WTO Ministerial. The isolated environment of Doha, Qatar in 2001 produced a new round of negotiations to be concluded by January 2005. These then hit a road block at the 2003 Ministerial in Cancun when negotiations broke down around the enormous US cotton subsidies that harm other cotton-producing countries. Proposed agreements on investment, government procurement, and competition (the new issues) were left behind in the dust.

Now the question is whether corporate globalization forces can successfully regroup at the upcoming December '05 Ministerial in Hong Kong and move toward concluding the Doha Round sometime in 2006. Or will the people's mobilization, combined with irreconcilable differences among WTO members, halt the march?

Ever since Seattle, the WTO's General Agreement on Trade in Services (GATS), has been seen as the last corporate frontier for controlling the global—and local—economy. Its opponents see it as a threat to fundamental human rights and to essential services such as water. In Doha, GATS negotiations were tied to progress on all the individual agreements.

After Cancun, the WTO negotiations remained stalled for months. As long as developing countries were not seeing any benefit from the agricultural negotiations, they were not interested in opening up their service sectors. Then in July 2004, at a meeting of the WTO General Council—a level just below a Ministerial—a Framework Agreement was successfully negotiated to provide for a successful conclusion of the Doha Round at the December '05 Hong Kong Ministerial. The good news was that the controversial "new issues" were jettisoned. Then over the next twelve months there was almost no progress on the remaining key issues of agriculture, GATS, and opening up markets for non-agricultural products.

In mid-October 2005, U.S. Trade Representative and WTO negotiator Rob Portman set off a flurry of activity by announcing that the U.S. would eliminate farm export subsidies, cut some tariffs by 90%, and cut farm subsidies by 60%, demanding concessions from the EU in return. Still, Portman has serious problems with Congress. Senator Saxby Chambliss, chair of the Senate Agricultural Commission, made it clear that Congress, not WTO negotiators, should set farm

spending policy in the U.S.

Meanwhile Brazil and India, once considered part of the developing countries block, are moving closer to the developed countries and are now key players in the agriculture negotiations. Brazil is allowing vast swaths of the rainforest to be cut down to fuel its burgeoning export of soybeans. Any agreement could end the negotiating stalemate and allow WTO negotiations to move forward on GATS and other key issues.

Industrialized countries are also trying to renege on allowing countries to decide what service sectors they want covered by GATS. The EU has proposed that all countries be required to include a certain percent of their services under the GATS rules. They are meeting resistance, but the outcome is not clear.

A major mobilization is underway to protest the Hong Kong ministerial. In Hong Kong itself, there will be a march, teach-ins, and efforts to use to derail the WTO as was done in Seattle and Cancun. Back home, we need to alert our local, state and federal representatives that the WTO negotiations represent a major threat to their democratic authority to protect their constituents by regulating the activity of corporations, agribusiness, and developers. These officials need to make their voices heard at the US Trade Representative's office and in the halls of Congress.

*For more information on actions to take contact Ruth Caplan at 202-244-0561, Dave Lewit at 617-266-8687 or Nancy Price at 530-758-0726.*

*Ruth Caplan served as AfD's first national co-chair. Since 1997, she has co-chaired the Corporate Globalization/ Positive Alternatives campaign. She was part of the international network that defeated the MAI and represents the AfD in the international Our World Is Not for Sale Network.*

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## GATS Tramples Domestic Regulations

The AfD is concerned about GATS' Article VI titled "Domestic Regulation" because of its scope and impact on our regulatory processes. Since GATS applies to all levels of government, including local municipalities, this provision can be used to challenge a wide range of local, state and federal regulations intended to protect the environment, public health, workers, and civil rights. This applies whether or not the regulations discriminate against foreign investors.

Article VI-4 says, regulations must not be "more burdensome than necessary to ensure the quality of the service." There have been ongoing negotiations in Geneva on Article VI-4. to define just what it covers. In a preemptory move, the EC wants government procurement regulations to be covered by this section. They are using the back door since negotiations on government procurement had been rejected as part of the Framework Agreement. If this goes through, any use of government procurement for policy purposes could be ruled GATS-illegal if found to be "more burdensome than necessary."

Perhaps even more alarming, in a recent case brought by Antigua against the U.S. the WTO ruled that the U.S. ban on internet gambling is WTO-illegal because the US did not specifically exclude gambling from coverage by GATS. Thus any legislative ban on any activity considered illegal by a state or community could be found to be WTO illegal if the activity falls within a sector if the US and has failed to explicitly exclude the activity.

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### Jim Tarbell

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**JUSTICE RISING** is a publication of **The Alliance for Democracy**, whose mission is to end the domination of our politics, our economics, the environment, and our culture by large corporations. The Alliance seeks to establish true economic and political democracy and to create a just society with a sustainable, equitable economy.

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## Update: Tomlinson is Out

Driven by growing public upset—and covered in our last issue of *Justice Rising*—Ken Tomlinson resigned from the board of the Corporation for Public Broadcasting as this issue goes to press. Hurray for the citizens who rose to oust this threat to public media!

**Activists from a dozen countries used the internet and successfully pressured their governments to drop the MAI.**

# Justice Rising



Globalization is a technological and historical phenomena. As communications and transportation become easier and faster, people and cultures of the world come closer together. As human consumption drains our resources and poisons the planet, global problems emerge. How will they be addressed?

The United Nations, beholden to its biggest funder and locked into a nation state paradigm where each delegation is looking out for its own good may not be able to solve these problems. Professors Richard Falk and Andy Strauss promote a Global Parliament modeled after the European Parliament which would start off with only advisory powers and perhaps initially be convened by the citizens of a couple of dozen countries. Their vision is that this advisory body could accumulate such political weight that it would have to be adhered to by corporate powers that want to put global decision making within the auspices of the World Trade Organization.

Others, including the neo-cons of the Bush Administration, worry that such a unitary institution would be susceptible to coercion by money, tyrants or bureaucratic centralization. David Lewit suggests that we establish a World Economic Parliament and a World Economic and Environmental Court overseen by a congregation of county-sized local governments. Such a model leaves power at the local level where it can be seen and communicated with.

My local town of Caspar, California has begun the process of creating a community decision making forum. Eight years ago, my neighbors in this former lumber company town on the Northern California Coast came together to plan our future in the face of the town being sold off as ocean front lots. All political stripes joined the effort at community meetings where the headlands were saved. We reclaimed the commons by turning the old school into a community center. The New York Times, Los Angeles Times and BBC all covered this phenomenon of local empowerment. But can local groups take on the Global Commercial Empire and create global Popular Governance. As Tip O'Niell used to say, all politics is local.

Reclaiming the commons is crucial to our globalized humanity. The next issue of *Justice Rising* will be on privatization and protection of the commons. The deadline for articles is January 16, 2006. We would love to get your contributions.

## Stopping the Empire

by Dave Lewit

“There is an astonishing gap between the dominant ideology of a ‘self-regulating global free market’ and the reality of tens of thousands of trade-lawyer-constructed regulations—imposed across the world by a fast-moving, secretive process instituting the private demands of transnational corporations as absolute rights—to which elected legislatures everywhere are made subordinate.” So asserts Professor John McMurtry from Ontario, Canada, in his foreword to Wayne Ellwood’s *No-Nonsense Guide to Globalization*.

Ellwood then encapsulates the consequences: “Gaps between rich and poor are widening, decision-making power is concentrated in fewer and fewer hands, local cultures are wiped out, biological diversity is destroyed, regional tensions are increasing, and the environment is nearing the point of collapse.” Civil society activists finally connected the dots when the MAI was leaked by Canadian trade treaty negotiators in 1997. This secret, government-

negotiated Multilateral Agreement on Investment was to have been the corporatists’ dream come true—corporations would not only be given free rein but would have the right to enforce their domination over countries which had been trying to balance human and environmental needs with commercial and financial pressures, and to retain their sovereignty. In an uproar, activists from a dozen countries used the internet and successfully pressured their governments to drop the MAI.

The Alliance for Democracy’s Boston-Cambridge and North Bridge chapters were among those activist organizations, mounting the first open conference on the MAI, in May 1997, at Boston College, engaging among others Rep. John Tierney (D-MA) who went on to lead congressmembers to excoriate the Government’s secret negotiating.

*Dave Lewit is Co-Chair of the AfD Corporate Globalization/Positive Alternatives Campaign.*

# Modelling Another World

by Dave Lewit

In the face of the global corporate empire's promotion of the Multilateral Agreement on Investments (MAI) in the late 1990s, 14 citizens (including 5 AfD members) formed the Alliance for Economic Cooperation and Development (a spoof on the establishment's OECD) to draft a model treaty, which we eventually called A Common Agreement on Investment and Society (CAIS)

Standing the MAI on its head, CAIS evaluated or eliminated the IMF/World Bank and WTO, and created four new democratic world institutions to support a great network of autonomous "local system organizations" (LSOs), each roughly the size of a county. The concerns of the CAIS are set forth in the Preamble:

"We as representatives of the peoples of the world, in order to ensure the integrity of the earth and all its inhabitants, to foster the creative and cooperative capabilities of all people, to protect and encourage local economies, to sharpen the productive and adaptive functions and accountability of business organizations as well as public and civic organizations in democratic society, to balance local and international development and trade, to promote fair trade and investment practices, and to ensure that all people share fairly in the fruits of human labor and natural bounty as well as in necessary economic and political effort establish this common agreement on investment for all countries."

The supporting institutions are (1) a popularly elected World Economic Parliament (WEP), which, among other things, certifies or decertifies transnational corporations for international trade, (2) a Development Assistance Institute (DAI) which, among other things, takes over IMF's assets and provides loans, grants, and technical assistance to Local System Organizations LSOs, (3) a World Economic and Environmental Court (WEEC) which, among other things, sets the share of profits which antecedent inventors—indigenous peoples, farmers, technologists, scientists, etc.—get from corporate patents and copyrights derived from their work, and (4) a University of Enterprise which, among other things, engages productive and creative citizens to share their knowledge with LSOs and with other units of this highly decentralized and diversified institution. The UN's Economic and Social Council would play a limited overseeing role, and the UN's Center on Transnational Corporations—killed by Presidents Bush I and Clinton—would be regenerated to regulate currency traffic and transnational corporations (TNCs)

and take them to court if necessary.

The CAIS spells out in almost 200 provisions, the functions and relationships among these new institutions and other institutions of a democratic economy focusing on local and regional development, and human and ecological welfare. The document has been revised six times, and will continue to evolve with your efforts to create applications and further alternatives. The spreading world crisis highlights key areas that need further development along democratic lines.

The CAIS must develop provisions to help all people realize the power of concerted nonviolent struggle against oppressive forces. Nonviolence education has taken hold in Sweden and Australia. Now it remains to develop strategic nonviolence theory and practice across the planet, as in Australian Brian Martin's *Nonviolence Speaks*, and teach it in public schools and public media.

Other suggested alternatives, such as the International Forum on Globalization's *Alternatives to Economic Globalization*, are much in tune with CAIS, but are more narrowly economic. Their suggestions for reforming international financial institutions serve to amplify the need to conceive better institutions in context, and to take first steps. We believe that having a longer, broader vision—with exemplary detail—will spur essential, even revolutionary, developments everywhere.

CAIS is posted at [www.thealliancefordemocracy.org/html/eng/1699-AA.shtml](http://www.thealliancefordemocracy.org/html/eng/1699-AA.shtml) (or just put quotes around "Common Agreement on Investment and Society" and use Google).

**The spreading world crisis highlights key areas that need further development along democratic lines.**

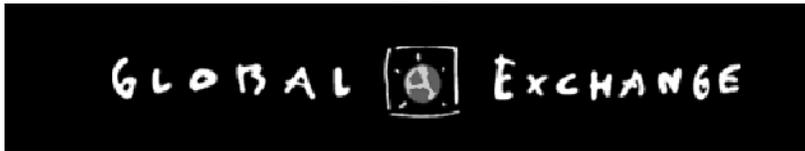


graphic: Kjersten Jeppesen

# Groups—Corporate Empire



The International Forum on globalization is an educator on the the perils of Corporate Globalization. IFG is an alliance of 60 leading activists, scholars, economists, researchers and writers formed to stimulate new thinking, joint activity, and public education in response to economic globalization. It organizes workshops at many mobilizations, and publishes books and reports. See [www.ifg.org](http://www.ifg.org) for more information.



Co-founded by Medea Benjamin and Kevin Danaher, Global Exchange is a membership-based international human rights organization dedicated to promoting social, economic and environmental justice around the world. Their campaigns include dealing with FTAA, CAFTA, WTO, IMF/World Bank, Sweatshops and Fair Trade. They also lead reality tours to some of the most politically critical parts of the world. See [www.globalexchange.org](http://www.globalexchange.org) for more information.



Global Trade Watch (GTW) promotes democracy by challenging corporate globalization, arguing that the current globalization model is neither a random inevitability nor “free trade.” They cover the trade agreements including the Andean Free Trade Agreement (AFTA) and the African Growth and Opportunity Act (AGOA). They have an ongoing list of action items. See [www.citizen.org/trade/](http://www.citizen.org/trade/) for more information.



Sustain Dane's Corporate Globalization website presents an overview of corporate globalization including articles, organizations, actions, alternative media literacy, and publications. It also includes information on neo-liberal globalization and the think tanks that support it and a web directory of corporate globalization resources. See [www.sustaindane.org/globalization](http://www.sustaindane.org/globalization).

The World Social Forum is a meeting place where civil society organizations opposed to neo-liberalism and a world dominated by capital come together to think, debate, formulate, share and network for effective action. Since 2001, it has served as a permanent world process seeking and building alternatives to neo-liberal policies. See [www.forumsocialmundial.org](http://www.forumsocialmundial.org) for information.



Earth Economics promotes ecosystem health and ecological economics, and works to halt the globalization of unsustainable economic policies. They look beyond nation/state economic systems to a world economic system that promotes the good of all people and the health of the planet. Traditional economics was written in the 18th century when human capital was scarce and natural capital abundant. Now the opposite is true. See [www.eartheconomics.org](http://www.eartheconomics.org) for information.



The Via Campesina co-ordinates peasants, small and medium-sized producers, indigenous communities and agricultural workers to defend their basic interests. Their goal is to develop solidarity to combat the neoliberal model of industrialized agriculture, struggle against the neoliberal capitalist system and promote equal and socially just economic relationships. See [www.via-campesina.org](http://www.via-campesina.org) for more information.



The Sustainable Communities Network is a resource center of innovative strategies that can produce communities which are more environmentally sound, economically prosperous, and socially equitable. They deal with creating community, growing a sustainable economy, protecting natural resources and living and governing sustainably. See [www.sustainable.org](http://www.sustainable.org) for more information.



# Popular Governance—Books

by Chris Calder

Empire – vampire, not only do they rhyme, the words make great metaphors for each other. There are lots of words hovering around empire lately, including globalization. For globalization, at least the kind Paul Wolfowitz gets behind, is certainly a tool of empire if not the creature itself.

This is the beast David Korten takes on in *When Corporations Rule the World*. An updated edition of the 1995 best-seller presents arguments that remain cogent and current. Korten draws on 30 years as a development worker in Africa, Latin America and Asia doing financial deals.

Since the 1970s, he has watched glittering shrines to the world economy sprout in far flung places. Simultaneously he has seen millions of people forcibly displaced, wars engendered, and landscapes destroyed by the same process. In order to tell this story, Korten fixes on corporate power, tracing its roots in America.

Korten shows by example how corporate imperatives shape American life and the lives of billions abroad. *When Corporations Rule* is also filled with facts sure to make a Fox-watching comrade sputter. Take this one, which Korten brings us from the capitalist-Jehovah, Adam Smith, "Civil government, so far as it is instituted for the security of property, is in reality instituted for the defense of the rich against the poor, or of those who have some property against those who have none." *When Corporations Rule the World* remains a benchmark illustrating the society we live in.

A good companion volume to Korten's is *The Case Against the Global Economy, And For a Return to the Local* edited by

Jerry Mander and Edward Goldsmith. Long title, long book: 43 essays touching biotech, GATT, Wal-Mart, the commons and more. Some excellent pieces, including Satsh Kumar on Gandhi's economic vision, are a must-read for every localizer; and Richard Barnet and John Cavanagh write on the "Casino Economy," where, enabled by electronic currency, money laundering is a specialty of the house.

The only book here that explicitly addresses empire is James Garrison's *America as Empire*. As President of the State of the World Forum and with endorsements by George Soros and Strobe Talbott, Garrison is obviously one connected dude and his views toward an American empire reflect that.

Garrison emphasizes that America has already crossed the line from republic to empire, and there is no going back. Nor should we try, he

says, for "an empire squandered is the most damning legacy it could leave behind."

Weaving histories from Sumerian to American, Garrison delivers a string of meditations on empire that produce many lucid passages like the following: "the tragedy of empire is that in gaining it, democracy and the quest for social equity are often the first casualties. Power and freedom are invariably at odds with one another. The more power a nation acquires, the more freedom its citizens are called on to surrender."

Yet warnings like this are rare in Garrison's book. The destruction of democracy and "social equities" seems to interest him far less than that America learn from Rome and Britain, and get it right this time, although, he adds we should be the last empire.

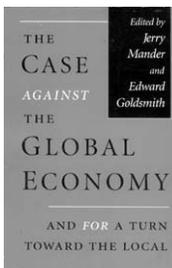
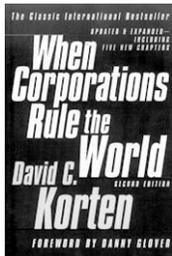
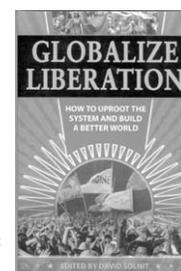
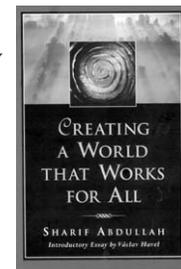
*Creating a World that Works for All* is another bird entirely, full of the persistent hope that empire is not the only path. Author Sharif Abdullah turns dire prognoses on their heads: "Our problems, like those of the falling baby chick, are so overwhelming that we are forced to find a new way of acting, to spread wings we didn't know we had."

Sharif brings spiritual truths to bear on a political landscape, showing the fictional nature of power and scarcity, and of a "they" whose fault things are. Examples of people-centered movements from all over the world testify to the endless bounty of human initiative and creativity. Sharif's book is stocked with potent seeds and written with a combination of warmth and an edge. Good gift material.

*Globalization from Below* by Jeremy Brecher, Tim Costello and Brendan Smith is a strategy manual. If you're looking for a quick seminar, these politically seasoned authors deliver a nuanced, action-oriented discussion focusing on the complexities of building a diverse progressive grassroots movement.

*Globalize Liberation*, edited by David Solnit, a hero of Seattle and someone Naomi Kline calls "the man," is a collection of nearly three dozen essays with good international reach. Writings are from or about Scotland, Colombia, Chiapas, Italy, Argentina, etc. This is an excellent source for broadening one's vision of what a future without a Caesar can look like.

*Chris Calder is a freelance journalist and former small-town newspaper editor in Northern California.*





## Meet The Bolivarian Revolution: At the World Social Forum in Caracas January 24-29, 2006

by Roger Burbach

**Major thematic areas: Power, politics and the struggle for social emancipation; Imperial strategies and peoples' resistance; Resources and rights for life; alternatives to the predatory civilization model.**

Last January at the Fifth Annual World Social Forum Venezuelan President Hugo Chavez gave a rousing speech, denouncing the Bush administration for its imperial policies, and laying out a "socialist" trajectory for the Bolivarian revolution as an alternative to the failed "neo-liberal" economic policies that had ravished his country. At that meeting Chavez suggested that Venezuela could host the next World Social Forum. The upshot is that the WSF will hold a Continental Meeting in Caracas from January 24-29, 2006. This will be the largest international gathering in the country's history, with more than 80,000 people expected to attend. Over a period of five days delegates will participate in a wide variety of workshops and discussions covering the following six major thematic areas:

- Power, politics and the struggle for social emancipation.
- Imperial strategies and peoples' resistance.
- Resources and rights for life: alternatives to the predatory civilization model.
- Moving diversities, identities and cosmo-visions.
- Work, exploitation and the reproduction of life.
- Communication, culture and education: democratizing dynamics and alternatives.

There will be two transcendent themes at the WSF on gender and diversity. This year marks the first time that the WSF has broken down its annual meeting into regional or continental gatherings. In addition to Caracas, parallel forums will be held in Pakistan and Mali.

At the coming WSF in Caracas, international delegations will have a chance to see first hand what is taking place in Venezuela. As Edgardo Lander, a Venezuelan sociologist who is an organizer of the Caracas Forum, noted visitors "will have the opportunity to put themselves in touch with the processes taking place today in Venezuela." They will encounter a new "Bolivarian Socialism" that has already carried out reforms much deeper than anything that has occurred in Lula's Brazil.

During Chavez's seven years in office, 1.4 million people in a country of 25 million have learned to read and write while three million Venezuelans previously excluded from education due to poverty have enrolled in the education system. Illiteracy has been virtually eliminated. Meanwhile, 70% of the population now enjoys access to free health care while 60% of the people receive subsidized food via cooperatives, special food programs and government distribution centers. The cooperative movement in general has boomed. Today there are over 70,000 cooperatives of all types operating throughout the country. All this has taken place in a true participatory democracy as eight elections and referendums have been held in the past seven years.

The Bolivarian revolution also resonates strongly on the international scene. Recently the government has launched PetroCaribe, a program to provide oil to the Caribbean nations at reduced prices and with access to long-term credits at 1 percent per year. This comes on top of both the formation of PetroSur, a plan to integrate the energy grids of several South American countries, and Venezuela's adherence to the South American Common Market (Mercosur) and the Andean economic community.

Small wonder the Bush administration and its right-wing evangelical ally, Pat Robertson, have a vendetta against Chavez and the Bolivarian socialist revolution in Venezuela. As Chavez stated in a speech before the United Nations, in spite of such "internal and external aggressions...we will fight for Venezuela, for Latin American integration and for the world."

See <http://www.forosocialmundial.org.ve/> and <http://www.wsf2006.org/> for more information

*Roger Burbach is the director of the Center for the Study of the Americas. His most recent books include Imperial Overstretch: George W. Bush and the Hubris of Empire (with Jim Tarbell) and The Pinochet Affair.*

# Our World is Not For Sale

By Ruth Caplan

The AfD has been a member of the Our World Is Not for Sale Network (OWINFS) since it was formed to spearhead ongoing resistance to the WTO after the 1999 demonstrations in Seattle. Members range from Public Services International, representing service sector labor unions around the world to Via Campesina representing landless peasants and small farmers. Over the past few months, AfD has worked with an international team to draft a new mission statement for OWINFS. Here are a few excerpts. We hope you will bring this statement to other organizations and networks with which you work and urge them to sign the statement.

## OUR CHALLENGE

Our World Is Not for Sale is a worldwide network of organizations, activists and social movements committed to challenging trade and investment agreements that advance the interests of the world's most powerful corporations at the expense of people and the environment.

Against this process of corporate-led globalization, we pose the vision of a global economy that is built on principles of economic justice, ecological sustainability, and democratic accountability—one that asserts the interests of people over corporations. This is an economy built around the interests of the real producers and consumers, such as workers, peasants, family farmers, fishers, small and medium-sized producers, and around the needs of those marginalized by the current system.

We believe that a just system must protect, not undermine, cultural, biological, economic and social diversity; put the emphasis on the development of healthy local economies and trade; secure internationally recognized environmental, cultural, social and labor rights; support the sovereignty and self-determination of peoples; and protect national and sub-national democratic decision-making processes.

Democracy means not being on the receiving end of a top-down, one-size-fits-all set of values, priorities, and policies that are imposed through multilateral bodies, such as the World Trade Organization (WTO). Democracy means not being subjected to non-transparent and non-accountable decision-making, such as the WTO's dispute settlement processes. Democracy means people taking control over forces directly impacting their lives....

The WTO trade regime has counteracted measures that would promote development, alleviate poverty, and help ensure human and ecological survival, both locally and globally. Under the guise of "free trade," WTO rules are used to force open

new markets and bring them under the control of transnational corporations.

Big trading powers have used the WTO to advance and consolidate transnational corporate control of economic and social activities in areas beyond trade, including development, investment, competition, intellectual property rights, the provision of social services, environmental protection and government procurement....

Around the world, the negative results of the current global economic system are propelling democratic movements—acting via the ballot box and in the streets—to demand change....All this is taking place in the context of growing inequality both between and within nations and a resurgence of militarism...we must devise new institutions to facilitate trade, production and distribution for the common good if we are to avoid the growing prospect of social and ecological catastrophe.

The current trade regime, which includes the WTO, as well as regional and bilateral trade and investment agreements, must give way to a new, socially just and ecologically sustainable trading framework for the 21st Century.

## WHAT WE STAND FOR

- Asserting People's Right to Choose: Self-determination, Democracy and Development....
- Advancing the Primacy of Social Rights and the Environment....
- Protecting Essential Services ....
- Defending Knowledge, Culture and Life Forms as the Essence of Civilization ....
- Preserving and Advancing Food Sovereignty and Food Security....
- Stopping Corporate Globalization and Promoting Trade Justice ....

The choice before us is stark: either we accept the current corporate-centered global order and forfeit the welfare of succeeding generations and the future of the planet itself, or we take up the difficult challenge of moving toward a new system that puts at its heart the interests of people, communities, and the environment.

*The full statement can be found at [www.thealliancefordemocracy.org](http://www.thealliancefordemocracy.org). See [www.ourworldisnotforsale.org](http://www.ourworldisnotforsale.org) for more information*



graphic: Kjersten Jeppesen

**We hope you will bring this statement to other organizations and networks with which you work and urge them to sign the statement.**

# Will Corporations Get Caught In a Local/Global Pincer?

By Ruth Caplan

Just as transnational corporations use the trade and investment agreements to gain control over the global economy, trample democratic rights and strangle local enterprises, they use the guise of corporate personhood here at home to assert their claim to protection under the U.S. Constitution—the right of free speech, protection from search and seizure and compensation for the taking of property.

This is not news to Alliance members who have learned much from the work done by the Program on Corporations Law and Democracy (POCLAD) and others.

Nor is it news that corporations have used their political clout to bend the government regulatory agencies to serve their corporate ends or even that these agencies were originally formed to create a predictable climate that would serve the corporate agenda. Yet when faced with a toxic waste incinerator, a threat by a bottler to pump a community's natural springs, or a proposed Wal-Mart, intervening in the regulatory review often seems like the only game in town.

Now this is changing. Attorney Thomas Linzey, who founded the Community Environmental Legal Defense Fund (CELDF) in Pennsylvania, has blazed a new path by working with rural communities to pass ordinances focused on the actor, the corporation, not on the action, the regulation. It started with corporate factory hog farms which were threatening to put local farmers out of business. The question was reframed from "How much pollution is too much?" to "Do we want these kinds of corporate farms in our town?" When the answer was no, Linzey worked with the townships and their selectmen to draft an ordinance that allowed family corporations but banned non-local, "foreign" corporations.

Of course the corporations are fighting back, lobbying for the state to take away local jurisdiction and claiming constitutional protections. For Linzey and those working with him, this is where it really gets interesting for it precipitates a fundamental discussion in the streets and in the courts about the



graphic: Kjersten Jeppesen

**Our global/local strategy needs to focus on taking away corporate rights embedded in the trade agreements and taking back the Constitution for the people through local ordinances**

nature of the Constitution and our democracy.

The Alliance is working toward implementing this approach so communities can prevent corporate theft of their community water resources. Watch for more on this in future issues of *Justice Rising*.

On the West Coast, there has also been trail blazing in direct challenge of corporate power at the local level. Under the leadership of Alliance member Paul Cienfuegos, Democracy Unlimited of Humboldt County got Measure F passed in Arcata in 1998. The measure called for two town meetings to discuss the question: "Can we have democracy when large corporations wield so much wealth and power under law?" Now the Humboldt County Coalition for Human Rights is working on passing a countywide ordinance that will ban non-local corporations from contributing money to local elections. This effort is spearheaded by 2004 Green presidential candidate David Cobb and is a direct challenge to the corporate assertion of constitutional protection of free speech. Further down the coast, the Alliance chapter in Point Arena got the first corporate personhood resolution passed by a city council.

In sum, our global/local strategy needs to focus at the global level on taking away corporate rights embedded in the trade agreements; and at the local level on taking back Constitutional rights for the people through local ordinances and building an unbeatable movement from the ground up. It's our pincer strategy.

# Localization Elbows Globalization In AfD's New England

by Dave Lewit

Democracy is supposed to mean "the people rule." Today, "We the People" seem to be crippled in both legs. One leg is constrained by our winner-take-all electoral system where a fraction of the electorate sets all the rules, the agenda, and sometimes—as in Washington today—loots our political and financial heritage. The other leg is twisted by corporate leaders and their herd of managers and shareholders who dumb us down by controlling media and manipulating our elected officials, who override our Constitution with secretively constructed and secretively adjudicated trade treaties, and who corral our poorer youth into an imperial army to control world resources and create markets. It's called corporate globalization.

Localization is a reasonable answer to corporate globalization. It stimulates local self-reliance and regional integration. These are the aims of the newest program of AfD's Campaign on Corporate Globalization and Positive Alternatives—"Popular Governance in New England."

The second roundtable conference in this series was held in Burlington, Vermont, on September 24, in the cozy conference room of the city's Center for Community and Neighborhoods. Thirteen civic leaders from Vermont, Massachusetts, New Hampshire, and DC examined citizen participation, particularly "participatory budgeting" (PB) in cities and towns of New England and Brazil—where participatory budgeting has burgeoned and set examples for thousands of municipalities there and around the world.

The roundtable was led off by former city councilor and state representative Terry Bouricius and Burlington's director of economic and community development Michael Monte, both founders of Burlington's ward assemblies where citizens gather to recommend city budget priorities something like their Brazilian counterparts. Burlington's mayor Peter Clavelle and citizens Wanda Hines and Jules Fishelman brought first-hand observations. I talked about Porto Alegre's experience, filling in for Gianpaolo Baiocchi, a Brazilian sociologist now at UMass/Amherst, who missed the gathering because Hurricane Rita threatened his in-laws in Houston. Boston City Councilor Chuck Turner revealed the complex politics of his city's fragmented citizen participation and Ned Perry—Concord, Massachusetts' veteran town moderator—explained how that town's finance committee and open Meeting successfully functions.

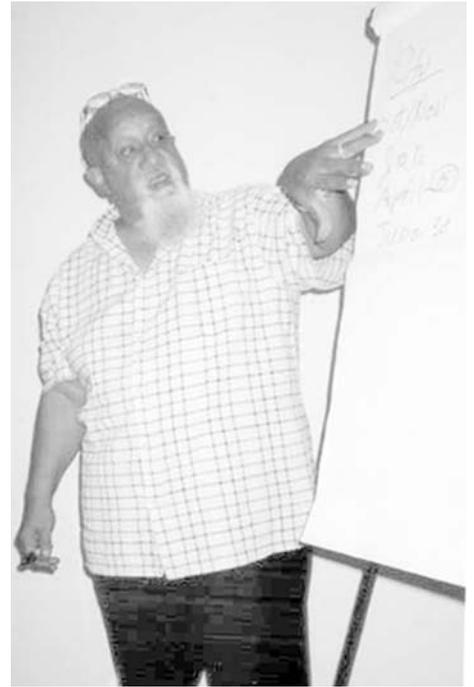
Lively discussion among all of us, and in

groups of six, brought out insights such as:

- In Porto Alegre and elsewhere in Brazil, support by the city administration is essential, and citizens participate heavily because their participant-elected Council of the Budget has real authority in carrying forward their wishes, and gets results for all.
- Getting the power of "home rule" would be one step toward municipalities being able to ban corporations from engaging in certain activities, e.g., banning corporate factory farms as has been done in Pennsylvania, and even banning corporate personhood.
- In Boston corporations managed to get 100 tax privileges, forcing gentrification at the expense of minority, immigrant, unemployed, elderly, and other low-income citizens. With budget hearings limited to late stages of the mayor-controlled budgeting process, citizen effectiveness is marginalized and limited to federal Community Development block grants. Active councilors like Chuck are opening up citizen participation in demanding and controlling a share of revenues from the rent of city-controlled land in their neighborhoods—formerly siphoned off by the Boston Redevelopment Authority and the development corporations.
- In Concord, a detailed "warrant" and "Finance Committee Report" educates citizens about the draft budget prepared by town professionals and citizens, and large numbers turn out at the annual Town Meeting for open discussion and voting on the town's many discretionary budget areas.

AfD's Campaign leaders will make a 30-minute DVD of highlights to be shown on cable TV and in organizing meetings all around the region, to promote citizen participation and control of their tax money and other resources. We look forward to an enlarged Spring roundtable on democratically-based economic models, and possibly a mini-Congress of Local Governments, including Canadians in both. By making cities and towns more responsible in their spending, citizens can reduce their dependency on absentee corporate boards and governments, and re-start democracy.

*Dave Lewit is Co-Chair of the AfD Corporate Globalization/Positive Alternatives Campaign.*



Boston City Councilor Chuck Turner explains Boston's budget.  
photo: Ruth Caplan

**By making cities and towns more responsible in their spending, citizens can reduce their dependency on absentee corporate boards and governments, and re-start democracy**

# Triple Birth: Corporations, Empire and Liberal Democracy

by Jim Tarbell



**Corporations, since their beginning, have thrived amidst big money, big politics, limited liability, monopoly power, foreign exploitation and empire building.**

Corporations, corporate empire and liberal democracy all emerged together out of the bubbling brew of post-reformation Europe. The

Vereenigde Oost-Indische Compagnie of the rising Dutch Republic and the British East India Company both burst onto the scene in the early 1600s—the first government chartered, limited-liability, business corporations whose on-going operations were capitalized on a permanent basis.

Trading companies became the first corporations because of the huge capital investments needed to make them a success, which were justified by the huge profits that were reaped from the voyages. The further the traders went, the greater were the rewards. Such an accumulation of capital in a few hands made it possible for these few hands to capitalize even grander undertakings. Even though the Portuguese, Spanish and Italians had been involved in overseas trade for centuries, it was only in north-west Europe, where the individualist capitalist spirit reigned supreme, that corporations really took hold.

In the 1590s, Dutch merchants stole secret navigation routes to the East Indies from the Portuguese and began a trading boom. In 1598, 22 ships from various Dutch trading centers set sail for the East Indies. Fearing competition would ruin the market, Amsterdam merchants petitioned the Dutch Republic to give them a monopoly on all trade east of the Cape of Good Hope. The leading politician, Johan van Oldebarnevelt, who received a substantial part of his income through private gifts "for services rendered," used his influence to form the Vereenigde Oost-Indische Compagnie or V-O-C. The States General gave the company a twenty-one year monopoly and the authority to negotiate treaties with foreign governments, raise an army, establish forts and appoint governors and justices. Such a monopoly allowed them to conquer new markets, keep the buying prices low in the Indies and the selling prices high back in Europe.

This Dutch activity threatened the recently established British Levant Company, which acquired East Indian spices by overland routes. In response London merchants petitioned the English Queen to form what became the British East India Company, with government sanctioned powers to raise an army appoint governors and conquer new territory.

With the return of the first ships, the dividends to the shareholders were distributed in pepper. When

the London pepper market collapsed the investors demanded that the company repay their initial investment. The Court of Committees, which ran the new company, however, insisted that unlike previous enterprises this company was to be funded on a long-term basis. Suddenly capital became the key to the enterprise. Individuals who had formed the centerpiece of previous undertakings now became cogs in the great machine and could be replaced with little effect on the overall operation of the company.

The Earl of Essex and the Earl of Cumberland led the signatories of the original petition. But the majority of the investors were merchants and tradesmen who saw themselves as a distinct class from the nobility and shunned the patronage of the court, preferring "to sort out their business with men of their own qualitye."

The shareholders were all part of the General Court of the Company, which gave them voting rights and final authority on major questions. But this group was so large and met so infrequently that the day-to-day operations of the Company were run by the Court of Committees made up of the Governor, Deputy Governor and 24 Directors. Whereas the General Court was made of tradesmen and courtiers interested in quick profits, the Court of Committees was made up of merchants who also had other trading operations, which dovetailed into the operations of the new East India Company. The concept of interlocking directorates was alive from the beginning.

The First Governor had been the major importer of the Moscovy Company and was also involved with the Levant Company. A third of the shareholders were involved in the Levant Company including the Governor, treasurer and two of its founders.

The new company was also deeply attached to the burgeoning democratic politics of the times. The next three succeeding Governors of the East India Company either left the Company to become Mayor of London or had been mayor before becoming Governor of the Company.

As models of corporate operation, the British East India Company and the Dutch V-O-C serve their modern brethren well. Corporations, since their beginning have thrived amidst big money, big politics, limited liability, monopoly power, foreign exploitation and empire building.





graphic: Peter Veres

# Corporate Trade

The Turkish Empire of the 15th century served as the harbinger of modern economic globalization. European civilization of the 15th century could not match Turkish entrepreneurial and military prowess. Traditional trade routes from Europe to China, India, and southeast Asia were controlled by the Turks.

Portuguese traders sailed around Africa and the Spanish sailed west across the Atlantic and, eventually, the Pacific to avoid the Turkish blockade. These Spanish and Portuguese merchants gave birth to a truly global trading network by 1550.

From 1550 until 1950 some global trade was voluntary, most was predatory. European trading corporations established "colonies"—zones of military occupation and economic exploitation across the globe. The British empire, which proved to be the most successful European predator, developed the modern theory of free trade where money is power backed up by military might. As they promoted the notion of "free trade" they simultaneously utilized their navy to reduce the global trading of other European nations.

The 1944 Bretton Woods Conference served as a watershed for creating new means of extracting and creating wealth with the establishment of the World Bank, the International Monetary Fund and

the General Agreement on Trade and Tariffs (GATT). Efficient extraction of timber, oil, and gold required immense amounts of capital investment to insure success. The World Bank developed a model that shifted risk from private companies to colonial and post-colonial governments. Loans made to national governments financed mines, railroads, dams, factories, etc. European and U.S. based corporations used these facilities to extract goods and profits with little risk to their own capital.

By the 1990s the World Trade Organization supplanted GATT and worked on creating a Global Free Trade Zone. This accelerated a new trend in trade: instead of trading goods, merchants traded the factories that make the goods. Whole factories were packed into ships and transported to countries to take advantage of lower tariffs and wages. In the case of the garment industry some machinery has been moved three or more times in the past two decades.

Third world nations rarely can take advantage of the "comparative advantages" that are supposed to make free trade work for all parties. A nation with copper ore in the ground may have a copper advantage, but without capital equipment to extract and transport it, the ore is just so much dirt. Whether interest is paid on the capital required to buy such equipment, or a small royalty is given on the output produced by an international copper corporation, the bulk of the ultimate profit goes to the provider of capital. When all a nation has is cheap labor it is in no position to bargain for its fair share of the profits. The combination of tax concessions and the need to build infrastructure to support export-oriented factories often leaves Third world governments with a net loss.

*William P. Meyers is the author of The Santa Clara Blues: Corporate Personhood Versus Democracy. He serves on the Point Arena, CA school board and the board of the California Center for Community Democracy.*

**Instead of trading goods, merchants traded the factories that make the goods**



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## Rights & Wrongs

by Jan Edwards



## Elites Use Globalization to Block Democracy

Against great odds, sometimes people around the world democratically pass laws that protect themselves and are for the good of their communities. These protections often involve labor, health, civil rights, culture, the environment or the local economy.

The ruling elite (corporate managers, lawyers and wealthy individuals) consider this "protectionist legislation," an "illegal trade barrier" and a violation of "free trade." They have systems in place to eliminate such laws that threaten their wealth and power. These systems replace the will of the many with the will of the few. Separate systems exist for national control and for global control.

The ruling elite use several mechanisms to overturn laws, but they share some basic traits. They all involve

removing the decision-making power from the people and placing it with a special forum where conditions for a rematch are more favorable to the wishes of the elites. They all involve a tiny group of un-elected, unaccountable people who have been given the power to overturn the law.

To overturn laws passed in the U. S., corporate executives and corporate lawyers sue in court. Laws are challenged in federal courts and ultimately in the Supreme Court where five members of the unelected, unaccountable justices can overturn any local, state or federal law on the grounds that the law burdens interstate commerce, or on one of many other justifications. In this way it has long been common for a corporation to sue a state or the nation.

Corporate executives and lawyers can also sue in international trade tribunals over laws passed in U.S. and other nations. These laws are challenged in distant, unelected, unaccountable, international tribunals where local, state or national laws can be invalidated on the grounds that the laws obstruct "free trade," and harm "corporate and investor rights" (read: profits).

Under WTO rules, nations sue nations usually on behalf of corporations. Under NAFTA's Chapter 11, and Bilateral Trade Agreements (BITs), corporations can literally sue nations. Under CAFTA's Chapter 10, the rules of NAFTA's Chapter 11 are expanded. Under the FTAA, the General Agreement on Trade in Services (WTO/GATS), and more and more BITs, corporations will continue to be given these rights.

Under this private, secret and supranational system of corporate justice, the losing party has basically three choices:

es: comply, compensate, or accept economic punishment. There are some other ways used by the elites to add laws they want and to remove laws they oppose.

Democracy is blocked and the elite retain control when they: lobby or bribe legislators with campaign contributions; direct their lawyers to write and lobbyists to push bills through legislatures; add riders to bills as they pass through the legislatures; heavily fund one side of ballot measures and referenda; direct corporate lawyers to rewrite the corporate codes and other codes in state law; and mount advertising campaigns to sway the public opinion. As Noam Chomsky says, they "manufacture consent."

Internationally, the World Bank and IMF are prime instruments for this form of elite control as conditions are placed on developing countries before aid or loans are approved. These conditions often require overturning legislation that protects human health and environmental well-being.

Recent trade agreements have drawn the attention of activists, but the commerce clause has been used for 200 years to much the same effect within the United States. The ruling elite, now using the corporate form, continues to wield their private law of the few against democracy and the will of the many. The question is, will we continue to let them?

*Jan Edwards is the creator of the "Timeline of Personhood Rights and Powers" and has spoken on corporate personhood across the country. She is a member of the Redwood Coast AFD. Contact her at [janedwards@mcn.org](mailto:janedwards@mcn.org).*

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