

FTAA: A Burden to South America

By: Teresa D'Anna, Beth Troia and Sarah Zieba

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In November 1993, Congress passed what is known as the North American Free Trade Agreement (NAFTA). Idealized as an initiative that would benefit American workers by creating thousands of new, high paying jobs and would elevate the situation of Mexican workers by increasing wages; NAFTA has failed to make good on any of these promises. The United States' plan is to now establish the Free Trade of the Americas (FTAA) as a hemisphere-wide follow up and expansion of NAFTA. The plan aims to eliminate trade and investment barriers on virtually all goods and services traded between member countries. In essence, the FTAA is being promoted under the guise of reduced prices for consumers, when in actuality it is big business who will truly benefit from increased profits margins.

The concept of the FTAA seems to take advantage of the low wages and lax environmental regulations present in Mexico and other Latin America nations rather than offer any tangible hope of improving their financial situation. The FTAA is a United States driven project intended to add to its financial control over the region. The direct objective of the United States is to find outside trade alternatives to compensate for its economic deceleration and to fuel the nation's capitalism (Katz p.34). However, the export-driven growth model promoted by the "free trade" agreements and policies of the World Bank and the IMF have destroyed ecosystems around the world. Under this unsustainable model, many countries in the Global South pollute their ground water, cut down their forests and exploit other natural resources to pay off foreign debts (www.globalexchange.com).

In addition to the possible threat the FTAA poses to the environment, there is the potential negative impact the agreement has on labor. The experience of NAFTA, which was recently condemned by Human Rights Watch for creating structures that are consistently biased against the protection of working people, has made skeptics of citizens who can see that a corporate-defined free trade regimen only enriches corporations (www.thenation.com). Despite the negative impact that NAFTA has seemingly had on the working class, the establishment of the FTAA is backed by the 34 democratically elected Heads of State of the Western Hemisphere and if implemented, will affect 800 million lives. While the goal of liberalizing trade may seem in the best interest of all, we intend to prove quite the opposite.

History

The FTAA is introduced at a time when South American countries are trying desperately to repair their governments from problems which often had American support. The nations of Brazil, Chile, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, and Uruguay (among others) have all felt the heavy hand of the US. There are many facts, which have caused South Americans to doubt any free trade agreement sponsored by the US. In Cuba, in 1976 evidence came out that the US had tried over a dozen times to assassinate Fidel Castro (*Beyond Hypocrisy* p.36). In Chile, the US helped to sponsor a coup d'etat, which brought General Augusto Pinochet to power from 1973 to 1990. Amnesty International documented Pinochet in 1983 for human rights violations for torturing by electrical shock (while naked), arresting random individuals for no reason, and beating and torturing prisoners. This is all amidst many "disappearances" in

Chile, which seemed to occur at an alarming rate. In Guatemala it has been proven on many instances the US helped to arm Guatemalan rebels by selling them arms, which began in 1983. In 1985, the US began to assist the Guatemalan military, which was unaccountable for their human rights violations by government statute. Other involvement includes:

- Participation in coups in Brazil, Dominican Republic, Chile and Ecuador.
- Direct invasion or sponsorship of invasion in Cuba, the Dominican Republic and Guatemala.
- Assassination or attempted assassination of leaders in Chile, Cuba and the Dominican Republic (Beyond Hypocrisy p.34).

The list continues to go on into sabotage, destabilization, buying officials, and providing military forces. These are many reasons why South America has problems trusting anything the US sponsors as past instances have caused pain, suffering and direct problems in their economics, political structure and stability.

Impacts on Labor

The effects that the FTAA could potentially have on labor, both in the United States and in other countries, has long been a source of considerable controversy and debate.

There are those who argue that the FTAA promotes utilizing low cost labor available in other countries, in turn undermining the job security of Americans, while at the same time exploiting the difficult economic situation of foreign workers. There are also those who counter that it is simply good business to make use of lower cost labor in order to ensure lower prices for consumers. That the jobs created in foreign countries through

the FTAA will actually provide the population with a much-needed income. In reality, though, is this source of income just another burden to a population already trying to climb out of the depths of poverty?

Mexico is a perfect example of a country whose workforce has yet to relish in any true “benefits” of American investment under NAFTA. Mexican salaries were a third of those in the U.S. up to the 1970s and they are now less than an eighth (Bacon p.1). This certainly does not paint a picture of a profitable outcome for Mexico as a result of NAFTA. Sure, one can argue that jobs were created, but they were low-paying and did little to alleviate poverty. Rather, these jobs seemed to create an even more precipitous situation for the Mexicans, supplying them with just enough to live – barely – without offering them any tangible economic solutions.

The thin thread that has been holding the Mexican labor force together are the labor unions, which are most prevalent in the state sector. A characteristic of Mexico, up until recent decades, was that the government controlled many essential services, such as airlines, banks and education. In the 1970s, unions represented nearly three quarters of the Mexican workforce. Since the government embarked on a campaign to privatize such services, union membership has dropped to less than 30% (Bacon). While one could argue that a decline in union membership does not necessarily signify the workforce is suffering, the numbers state quite the opposite. Over one million more Mexicans work for less than the minimum wage of \$3.40 per day today than before

NAFTA, and during the NAFTA period eight million Mexicans have fallen from the middle class into poverty (www.sweatshopwatch.org).

If unions were working so well for the people, why have they been dismantled? The answer can be found in the enormous income potential in privatizing Mexico's state enterprises, where unions are most prevalent. Foreign investors, primarily the United States, have much to gain by moving into the largely untapped market of the Mexican public service sector and investors have a much better chance at negotiating lower wages without having to deal with the presence of unions. Resistance to privatization does exist in Mexico, illustrated by the fact that "soldiers had to occupy the port of Veracruz in order to privatize it and fire its workforce (Bacon p.3). The fact remains, though, that privatization of the Mexican service sector represents enormous business potential. Too enormous to be ignored by its leader, President Vicente Fox, who is ironically a former Coca-Cola executive.

The problem with the proposed FTAA is that while the agreement opens the door to further prosperity for American big business, it will encourage no backward member country to move closer to the level of the powerful economy which stands behind the pact. No north to south business transfers are planned and gaps in living standards between Latin American countries and the United States will remain (Katz p.37). Under the FTAA, exploited workers in Mexico could be leveraged against even more desperate workers in Chili, Guatemala or Brazil.

Environmental Impact

Free trade and liberalization of investment through NAFTA has had harsh social and environmental implications for the workers and the people of the Americas. The problem with traditional trade and investment policy from an environmental aspect is that it does not account for environmental and social costs, while promoting more intense energy consumption, over-use of natural resources and the pollution of land and water. All of these factors undermine the fundamental basis of the economy and society. Such policies increase the destruction of natural resources, environmental degradation in agricultural and urban areas, environmental deregulation and the violation of the civil rights of generations present and future (www.web.net).

Increasingly, international trade agreements overrule domestic laws designed to protect the environment and civil society. For example, NAFTA includes unique ways for corporations to attack our laws through so-called “investor-to-state” lawsuits. Such suits allow corporations to sue governments for compensation if they feel that any government action reduces their profits. This includes the enforcement of public health and safety laws. Lawsuits have already been used to challenge California’s phase-out of MTBE, a gas additive that is poisoning the state’s ground water and in Canada to revoke a law banning MMT, another gas additive linked to many health and environmental problems (www.globalexchange.com). Canada banned MMT for its environmental/health consequences and was sued by Ethyl Corp., a US company that produces MMT. The corporation claimed that Canada had expropriated its business.

This resulted in Canada issuing an apology, paying Ethyl millions of dollars and lifting the ban (Withers p.1).

The FTAA will authorize the United States to continue violating environmental protection agreements. As an outcome of NAFTA, several regions along the US- Mexico border became toxic sewers due to improper disposal of chemical waste. This has raised the rate of hepatitis and birth defects to twice the amount of the US average (Katz p.36).

This is a degradation of the environment and humanity of the people who inhabit these areas. It is also estimated that 40% of the forest in the Mexican state of Guerrero has been decimated. The export-driven growth model enabled by NAFTA is destroying ecosystems around Mexico as the country cuts down its forests to earn hard currency. Since NAFTA, 15 US wood product companies have set up operations in Mexico. The logging industry there has increased dramatically. Massive clear cutting has led to soil erosion and habitat destruction (www.globalexchange.com).

Mining in the Americas has also been a pollution dilemma throughout the decades. It has been an example of disregard for the safety of humanity and the environment. Heavy metal contamination of the land and sea habitats has been an on going environmental issue. These conditions threaten the health of mine workers and their families, who often live near hazardous worksites. Contact with toxic ground water and noxious fumes can be linked with physical and reproductive problems of these inhabitants. The results are present through out the hemisphere and reflect the inability of the public sector to control effectively the environmental impact of this activity. The

accelerated growth of mining by international companies has not been associated with stronger regulations or the protection for human and environmental health. Instead, it has created a demand for greater use of resources such as water, land and energy.

Alternatives to the Free Trade Agreement of the Americas

In order to allow the countries of the Americas to retain their independence in democracy, and the well being of their citizens (www.witnessforpeace.org), it is important to create an agreement which takes into consideration the thoughts and concerns of citizens which should supercede that of corporations; one which considers the harmful effects to the environment; one which helps to promote growth in each of the countries involved, domestic sector growth should be more important than exports, to create competition first in domestic markets and then in international markets, and to protect small family farms' resources and basic food protection.

The alternative to the FTAA would remember first of all the rights of citizens in the countries involved, which includes labor, the environment, culture and the standard of living these individuals currently have. It should start from the satisfaction of basic demands, such as increased minimum wages, unemployment insurance, free education and health care (Katz p.38). Corporations should be second to the rights of those people who are the ones most affected by an agreement like the FTAA.

Conclusion

The rights of humans should be considered priority before that of corporations, which is not the case with the FTAA. We have seen in the areas of history, labor and the environment the US's FTAA agreement seems to have become in itself a human rights violation through low cost labor that just barely provides the living needs of individuals. These same individuals are then forced to live in an area, which has felt the harmful effects of pollution from the very same company that the individuals work for. This is not the way life should be lived. Money and free trade should not surpass the livelihood of even the smallest child in South America.

This is not to say that a loosening of trade restrictions could, in many ways, benefit South America, as well as the United States. It is simply that this transition needs to be done in a very careful manner, taking into consideration the vast economic and cultural differences that exist in the Western Hemisphere. The FTAA does not seem to, at this point, include any of these considerations. It is an all or nothing campaign, which threatens the already unstable livelihoods of many people.

It is difficult to truly predict the effect the FTAA could potentially have on labor, both in the United States and further South. Realistically, it seems though, that if NAFTA has not produced positive results, how could an extension of the very same plan be much different?

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