

Globalization for Beginners Trainer's Guide



United for a Fair Economy

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Globalization for Beginners

Workshop Goals

1. Connect perspectives and concepts about globalization (e.g., race to the bottom, structural adjustment, racism, sexism) to familiar issues in the U.S. (e.g., sweatshops, declining wages, privatization, welfare reform).
2. Expose the intersection between concentrated corporate power and the establishment of the rules (e.g., trade agreements) governing international trade.
3. Identify the connections between decisions made by International Financial Institutions (the IMF, the World Bank, the WTO) and the effects of these decisions on people's lives.
4. Provide information and resources and stimulate interest among activists for conducting education and action.

Preparation and Props

- Two easels, blank newsprint pads, non-toxic markers, and masking tape
 - A set of pre-printed UFE Globalization for Beginners flipcharts*
 - TV and VCR
 - "Banking on Life and Debt" video tape
 - World map
 - A set of picture cards of US "winners" and "losers"
 - Post-it notes (small-size)
 - Participant packets (including 8.5" x 11" copies of the flip charts, list of resources, articles)
 - Participant Sign-in sheet or UFE Participant Info forms
 - UFE Participant Evaluation forms
- ❖ For additional materials related to this workshop check our website: www.ufenet.org/econ/globalization/globalization_resources.html
- ❖ Read the "Guidelines for Group Discussion" at the back of this Guide for several tips on structuring the workshop for maximum learning.

*The Guide indicates at which points in the workshop the flipcharts can be used as visual aides. These are just suggestions. It is up to the facilitator, based on the participants' expectations and needs, how and where to use them.

Agenda Overview

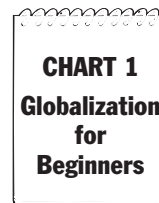
1. Introduction and Agenda Review (10 mins.)
2. What's Driving the Global Economy? (20 mins.)
3. Who's Writing the Rules? (25 mins.)
4. Structural Adjustment in the U.S. (20 mins.)
5. Next Steps - What Can We Do? (40 mins.)
6. Evaluation & Closure (5 mins.)

1. Introduction and Agenda Review (10 mins.)

Objective: To frame the workshop, identify the main points, and review the agenda.

a. Facilitator introduces self and asks others to do the same if it is a large group. Just name and maybe organization or where folks come from.

b. The facilitator frames the workshop by saying, “We’re not against globalization, but we think it should work for everyone. What we have now is special interest globalization. Corporate rights and investor rights are being globalized. Labor rights, environmental laws, and democracy are being curtailed.” The facilitator then reviews the key points:



1. The story of globalization is one of race, class, and gender.
2. Concentrated corporate power is pitting workers and communities against each other in a “race to the bottom” to maximize their profits at the expense of workers, the environment, democracy, and justice.
3. Decision-making is shifting from places where we have some influence (Congress, states, cities) to places where we have none (the WTO, IMF, World Bank).
4. The “structural adjustment” policies of the IMF and World Bank have manipulated the economies of 90 countries (mostly in the global “south”) for the benefit of large transnational corporations and investors.
5. Corporate globalization is also increasing inequality in the United States, particularly for women and people of color.
6. People around the world are changing this system and there are ways we can too.

c. The facilitator then reviews the agenda. [Write your own agenda on the easel pad before the start of workshop.]

“We’ll look at what’s driving the global economy — the race to the bottom. We’ll look at who makes the rules — the WTO, the IMF, and the World Bank. We’ll look at the effects of the rules — what’s happening to the so-called global South, and what’s happening to people here. Finally, we’ll look at what people are doing about it and specifically what we can do. And we’ll end with a quick evaluation of the workshop.

“Everyone wants to know what we can do about the global economy, how we can change it and make it a win-win system for people in the developing countries AND the industrialized countries — the global South and global North. We have more than a half hour for that at the end. First, though, we need to review how the global economy runs and who’s making the rules, before we see how we can change those rules.

“Any questions before we start?”

Optional Warm-up Activity: Globalization Spectrum (10 mins.)

This activity is useful when the facilitator knows little about the participants.

a. The facilitator asks the participants to place themselves at the appropriate point on a line (spectrum) of which one end represents the view that globalization is a magnificent occurrence, and the other end represents the view that globalization is a complete and utter disaster for all. This likely will involve some dialog among participants to arrange themselves accordingly. The facilitator then asks a few folks at different points on the line to say why they placed themselves at that point.

CHART 2
Why Should
We Care?

2. What's driving the Global Economy? (20 minutes)

Objective: This section introduces participants to one another, establishes a personal connection to the global economy, and introduces a key feature of globalization: "the race to the bottom."

2.1. Checking the Label (10 minutes)

a. The facilitator introduces the activity:

"Now we're going to look at one way we are personally connected to the global economy. In pairs, introduce yourself to your partner and then check the label on an article of clothing or footwear your partner is wearing. Write the name of the country it came from on a post-it note. As soon as you are finished, go up to the front of the room and place the post-it where it belongs on the world map."

b. When this is done the facilitator asks, "What strikes you about this map?" After a sample of responses, the facilitator praises the group and asks another question: "How would you describe the worker who made these clothes?"

c. The facilitator summarizes:

"So this is a North-South story, a corporations-vs-people story, a gender story, and a story of racism.

"Thirty years ago there were virtually no sweatshops in the United States. Now, sixty percent of the garment factories

TALKING POINTS

The typical garment worker is a woman, probably a young woman, probably from the countryside, most likely uneducated, with no experience of unions or organizing. This is the profile factory managers look for.

Some factory managers also deliberately hire women with young children so they are really tied to the job, desperate for the wages.

It is also likely that the worker is a person of color... whether the garment shop is abroad or in the US. (Exceptions: sweatshops are springing up in eastern European countries such as Romania, and on the Pacific coast of Russia — in industrialized countries that are being turned into third world countries.)

in the U.S. are sweatshops, according to the U.S. Department of Labor, which is supposed to be enforcing labor laws in this country. The definition of a sweatshop is that it is **ILLEGAL**. In two ways. First, sweatshops break wage and hour laws. They pay below minimum wage, or they cheat workers out of their overtime. Second, sweatshops violate health and safety laws. They are dangerous places to work.

“What is going on is that transnational garment companies have changed the rules. They have changed the rules so that transnational corporations and investors can go anywhere in the world with their money and do anything they want. And then they can come back here and say, ‘can you match that?’”

d. The Race to the Bottom doesn’t only affect wages and working conditions. To see what else is affected by the Race to the Bottom, the facilitator asks participants to imagine that they work for a corporation in the Global Opportunities Department. Their job is to decide where to locate a new factory and to cut production costs. “In addition to cutting wages, what are some other ways production costs can be cut?” The facilitator asks for suggestions and writes them on a flip chart, adding a few of the following ones if people don’t name them:

- Fewer labor laws
- Don’t enforce the laws you have
- Don’t let workers organize unions
- Repress workers and unions with military or police
- Fewer environmental laws
- Don’t enforce the environmental laws you have, allow companies to pollute
- Give corporations tax breaks and tax holidays
- Build Free Trade Zones for corporations
- Build infrastructure, such as roads, sewer lines, airports, etc., to enable corporations to export their goods more cheaply.

Optional Activity: The Stadium Scam Story (5 minutes)

a. This activity can replace or supplement the one above. The facilitator tells the following story:

“You may be familiar with the ‘stadium scam.’ The owners of the hometown team says, ‘Build me a new \$100 million stadium or I’ll take the team to Tallahassee and hundreds of hot dog vendors and ticket-takers will lose their jobs. And while you’re at it, build a new road out to the stadium, a new sewer line, and give us a ten-year tax break, and subsidize the worker training, etc.’ Well, the biggest transnational corporations such as Wal-Mart and General Electric are playing the same game on a global scale. They are pitting workers and countries against each other to see who will offer the lowest wages, the lowest environmental standards, the lowest taxes, and the biggest corporate subsidies. The result cuts production costs and increases corporate power at the expense of workers, the environment, and democracy.”

[You may wish to supplement the Participant Packet with a local, appropriate news clipping. See “What Sox call ‘partnership’ sounds more like welfare,” *Boston Globe*, 5/24/00.]

2.2. Wrap-up Activity (5 mins.)

a. The facilitator sums up this section with the following rap:

“This is called the race to the bottom. It is increasing corporate power at the expense of workers, the environment, global equity, and democracy.

1. The race to the bottom is putting a global ceiling on wages, working conditions, labor rights, environmental standards, taxes, and democracy. Our standards are being lowered in the developed countries. But the standards are also being held down in the developing countries because everybody is competing with everyone else.

2. This isn’t just happening accidentally. Corporations are driving the process and they are benefitting from higher profits — though consumers are also benefitting from lower prices.

3. What is making this all possible is that the rules have been changed so that corporations and investors have the freedom to move their factories and their money anywhere in the world. Meanwhile, people don’t have the same freedom to move across borders for better jobs, cleaner environments, or greater democracy.

“In the next section we’ll look at how the rules have been changed and who is changing them. Any questions?”

CHART 2
Why
Should We
Care

CHART 9
TNCs
Large &
Getting
Larger

CHART 10
Globalization
& Racism

Optional Wrap-up Activity: Global Myths and Realities (10 mins.)

a. The facilitator asks participants to read the “Global Myths and Realities” handout and then asks, “What strikes you about what you have just read? What questions do you have?”

b. The facilitator states the following key points:

- Inequality is growing in the global economy and poverty isn’t shrinking much if at all.
- Globalization is about asset holders winning and wage earners losing.

“Ideally, you’d have all your plants on barges.”

— Jack Welch, the CEO of General Electric, in a 1998 interview with a paper in Erie, Pennsylvania in which Welch bragged about how GE closed a factory in Mexico and moved it to Korea in only 45 days.

3. Who's Writing the Rules? (25 minutes)

Objective: To show where the new global rules are being written, who is writing them, and how they work.

a. The facilitator introduces the video tape "Banking on Life and Debt" by saying the following:

"This section looks at the three most powerful global rule-makers: the International Monetary Fund (IMF), the World Bank, and the World Trade Organization (WTO). These International Financial Institutions (IFIs) are the targets of protests now, but when they were founded in 1944 they looked like very progressive projects.

"The video tape traces the post-WW II change which led to the current world economic order and describes structural adjustment, the name given to a set of "free market" economic policies imposed on countries by the World Bank and the IMF as a condition for receiving financial assistance." [Play the first 15 minutes of the video tape.]

b. The facilitator asks participants to share their feelings, impressions, comments and questions about the video tape.

CHART 3
Who
Makes
the Rules?

CHART 4
International
Financial
Institutions

CHART 8
Financing
the Global
Economy

TALKING POINT

The "North" and "South" are generalizations. They are used to describe differences between the rich, industrialized countries and the poorer, developing countries. But there are also differences within the North and the South. There are poor people in the North and rich people in the South. There are people of color in the North. There are elites in the South who have more money and power than most of us. So "North" does not necessarily equal "white" and "rich."

TALKING POINT

Structural adjustment programs (SAPs) are austerity programs designed by the IMF that obligate governments to:

- cut social programs such as education, health care, food subsidies/food stamps
- freeze wages and take away labor rights
- sell off publicly owned agencies and businesses to private investors
- stop growing and making things for their own people and start producing goods for export
- open their economies to transnational corporations and investors.

Over 90 countries around the world now have structural adjustment programs. That means that the IMF exercises some control over the economic destiny of half the world's population.

TALKING POINT

The IMF is controlled by about seven of the wealthiest countries in the world. There is a board of directors and each director's vote depends on how much money his country puts in. The U.S. contributes over 15% of the IMF's budget so the US director gets 17% of the vote. That gives the US Treasury Department effective veto power over the decisions of the IMF.

TALKING POINT

The World Bank also uses structural adjustment programs, withholding urgently needed loans until poor countries adopt an SAP. However, the World Bank has much more money for loans than the IMF does (because it gets 80% of its money by selling World Bank bonds to large investors, such as banks and colleges and pension funds). So the World Bank spends most of its time on big loan projects. The Bank used to fund huge dams and roads in countries such as India, but that led to so much social displacement and destruction that people rebelled and started attacking the Bank. Now the Bank says it has stopped lending to these projects.

Nevertheless, the World Bank still pursues a "free" market, corporate-friendly agenda. First, the Bank pushes for corporate control of education and of the world's water supply. Second, 40% of the World Bank's loans go to coal and oil-based energy projects that are increasing Third World pollution and global warming. Basically, the Bank is subsidizing transnational oil and energy corporations. Nine out of ten energy projects financed by the Bank benefit at least one corporation headquartered in the wealthy Group of Seven nations.

[Source: Simon Retallack, "How U.S. Politics is Letting the World Down," *The Ecologist*, March/April 1999, pp. 11-118. Also see www.foe.org.]

c. The facilitator introduces the World Trade Organization (WTO), not featured in the video tape, by saying:

"The General Agreement on Tariffs and Trade (GATT), created at the same time as the IMF and the World Bank, was supposed to increase trade between countries, and replace the protectionism and isolationism that led to the Great Depression, fascism, and World War II. The GATT freed up global trade by gradually doing away with many tariffs, which are taxes on goods moving across borders, as well as other trade barriers.

"In 1995, protracted trade talks (known as the Uruguay Round) resulted in GATT being replaced by the World Trade Organization (WTO). The WTO serves as a kind of world economic government, setting the rules for the global economy. In theory, the WTO is like the UN, 134 member countries, one country one vote. In theory, these countries voluntarily negotiate international trade agreements on topics like agricultural exports and patents and even food safety. In reality the WTO serves the transnational corporate agenda."

CHART 5
How the
WTO Works

d. The facilitator concludes this section with the following key points:

“What is going on with these three international financial institutions (IFIs) is that decision-making is shifting from places where we have some influence, such as Congress, to places where we have almost none.

“The IMF and the World Bank are controlled by the rich nations of the world. The countries that put the most into them have the most votes.

“Giant corporations have great influence in the WTO, IMF, and World Bank. They use that influence not just against smaller competitors — companies that just operate within one country, for example — but also against smaller governments and even against large governments when those get in their way.

“The World Bank and the IMF manipulate the economies of debtor nations through Structural Adjustment Programs which have deepened poverty, undermined food security and self-reliance, and led to unsustainable resource exploitation, massive environmental destruction, population dislocation and displacement, and an increase in militarism.”

CHART 7
Structural Adjustment

CHART 8
Financing the Global Economy

CHART 9
TNCs Large & Getting Larger

CHART 10
Women & Structural Adjustment

Optional activity: WTO Case Studies (10-15 mins.)

a. The facilitator breaks the participants into small groups and asks them to read a short case study. [There are several case studies that can be used here. The groups can all read the same one or different case studies can be distributed. The case studies can be found in the back of this Guide.] The groups are asked to consider one or more of the following questions:

- What conclusions do you draw from the story you read?
- How would you describe the decision-making process portrayed in the case?
- Who is making those decisions?
- How would you describe the effects of those decisions? Who benefits? Who loses?

b. After a few minutes, the facilitator brings the group together and a sample of responses are shared with the whole group.

CHART 5
World Trade Organization

CHART 6
How the WTO Works

“We are writing a single constitution for the global economy.”

— Renato Ruggiero, former Director General of the World Trade Organization.

4. Structural Adjustment in the U.S. (20 minutes)

Objective: To identify the ways globalization affects people in the U.S. and to compare structural adjustment policies in the global South with economic policies in the U.S.

a. The facilitator distributes picture cards — 2 or 3 per small group — that portray people from various occupations and stations in life in the U.S. The facilitator asks participants to choose who they think benefits from globalization and who loses. After a minute or two, each group in turn places its picture cards on the Winners and Losers spectrum and the spokesperson for the group explains why they chose that spot. [Create your own “Spectrum” flip chart with “US Winners” at the top and “US Losers” at the bottom.]

If you don’t have a set of picture cards, you can ask people to name occupations and categories of people. Be sure to include:

- wage earners
- big asset owners
- people who are both winning and losing (for example, someone who depends mostly on wages but also has some money in the stock market)
- women
- African-Americans
- immigrants

b. The facilitator wraps up with the following:

“Think back to the Race to the Bottom exercise we started with. In that exercise, we saw that wage earners around the world are pulling down each other’s wages. But corporate profits are increasing. This means that people who own corporations — stockholders — are getting richer. (And only half the people in this country own stock. Any stock. Most of them don’t own much.) So corporate globalization is good for asset holders, people who own stock, but bad for many wage earners — particularly wage earners at the bottom of the ladder. So, for example, if you have a pension plan that is invested in the stock market, you are winning as an asset holder but you may be losing as a wage earner. The moral of this is that the Race to the Bottom and corporate globalization are an inequality engine that is driving our society apart.”

Optional Activity: Wheel of Misfortune (15 minutes)

a. The facilitator starts by displaying the Wheel of Misfortune chart and forming groups of three or four people. Participants are given a few minutes to look at the wheel and are asked to name how each piece drives the next. (It’s not necessary to debrief this point; go straight on to the next point.)

b. The facilitator’s summarizes the Wheel of Misfortune by saying:



CHART 12
Wheel of
Misfortune

“This wheel isn’t turning by itself. These points on the outside of the wheel are directly driven by the global economy. For example (point to “Structural Adjustment”), when unions try to organize workers in a factory, the corporation often threatens to move the factory overseas. In fact, the rate at which this is happening has tripled since NAFTA became law. And the threats aren’t subtle. They’re things like putting shrink-wrapped machinery in the company parking lot with a sign that says ‘Mexico moving job,’ or bringing Mexican workers to tour the plant and see how the production process works. This means that fewer workers are unionized, and since union jobs are higher-paying jobs, it means that wages overall go down while corporate profits go up. Bingo! Greater economic inequality.”

c. The Facilitator asks participants if they can look at other points on the wheel and brainstorm ways that the global economy drives the wheel of misfortune forward. The facilitator can bring up the following points if participants don’t:

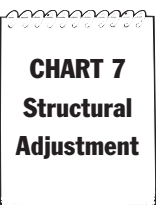
- Capital mobility and financial deregulation directly shift power to corporations and investors, who threaten to pull out their factories and investments if governments don’t give them the tax breaks and subsidies they want.
- Structural Adjustment abroad drives immigration, which leads to US wage competition and scapegoating. [This discussion can be tricky.]

d. The facilitator returns to the Wheel of Misfortune. Participants are asked to break into small groups and answer the following questions: At what point in the Wheel would you intervene and what would you do to stop the wheel and turn it around? The groups have five minutes to dialogue, then a spokesperson for each group reports back to the whole. The facilitator gives big post-its to put on the wheel on their spot. Focus on one example from each response.

Optional Activity: Comparing Structural Adjustment at Home and Abroad

a. The facilitator asks participants to review Chart #7: Structural Adjustment. Then, going down the list one by one, participants are asked to name what they see as examples of similar economic policies in the U.S.

- Restrict credit (raising the prime interest rate)
- Lower tariffs & open markets (over 50% of Wal-Mart goods are made in China)
- Balance the budget (anti-tax agenda, welfare “reform”)
- Lower wages (race to the bottom)
- Privatize state industries (health care, child care, prisons)
- Repay the national debt (cuts in human services to rease the deficit)



5. Next Steps - What can we do? (40 mins.)

Objective: To demonstrate how people around the world are resisting corporate globalization, to suggest strategic priorities and to identify specific actions that people can take.

a. The facilitator asks participants to name signs of hope they see of resistance to corporate globalization. This can be done in pairs, using post-it notes, which can be placed on a sheet of flip chart paper labeled “Our Signs of Hope” or a brainstorm as a whole group, with the facilitator writing the signs on the paper.

b. The facilitator displays Chart 13: Signs of Hope and reviews the Signs.

c. The facilitator introduces Chart 14: Strategic Challenges

“We have a special challenge in this country. The US government set up this world economic system. More than any other country, it wrote the rules and made the economy in its own image — radically individualistic, property rights over human rights, etc. And the United States military enforces the system.

“So we have a special responsibility in this country. But we also have more power than anyone else in the world to change it. Here are some strategic challenges we think are important.”

CHART 13
Signs
of
Hope

CHART 14
Strategic
Challenges

d. The facilitator asks participants to name specific campaigns, events, and/or actions. (It is extremely helpful to consult with the workshop host or a local campaign organizer about local actions, prior to the workshop. The facilitator can then prepare a handout or flipchart with information and ask local activists to present this information to the whole group.) Local organizers can recruit participants for specific actions at this point.

Some Next Steps to recommend are:

- Anti-sweatshop campaigns (Clean Clothes Campaigns, municipal anti-sweatshop purchasing ordinances, etc.)

- Legislative campaigns to support the *Sanders-Kucinich Global Sustainability Resolution*; the *Resolution on Taxing Cross-border Currency Transactions to Deter Excessive Speculation* (aka Tobin Tax, H.Con.Res.301) sponsored by Congressman Peter DeFazio (D-OR) and Senator Paul Wellstone (D-MN); *Corporate Code of Conduct Act* sponsored by Rep, Cynthia McKinney, (D-GA).

TALKING POINT

Tobin Taxes are excise taxes on cross-border currency transactions. They can be enacted by national legislatures, followed by multilateral cooperation for effective enforcement. The revenue should go to global priorities: basic environmental and human needs. Such taxes will help tame currency market volatility and restore national economic sovereignty. (The name Tobin Tax and the original concept derives from James Tobin, a Ph.D. Nobel-laureate economist at Yale University.)

- The World Bank Bonds Boycott campaign
- Jubilee 2000 debt cancellation campaign
- Rapid Response Networks/Labor Defense Networks

e. The facilitator reviews resources for those participants who want more information about globalization.

Optional activity: Personal Next Steps (10 mins.)

a. The facilitator asks folks to name, in pairs or as a whole group, a specific activity that they will do following the workshop. They can write their choice on post-its and place those on a blank flipchart; then ask for some examples or not. Or they can write themselves a letter saying what they'll do.

6. Evaluation & Closure (5 mins.)

a. The facilitator hands out workshop evaluation forms and UFE Participant Info Forms. The facilitator can also ask the group to say what parts of the workshop worked for them and what changes they would suggest. The responses are written on a flip chart.

b. The facilitator thanks the host and the participants.

Globalization for Beginners

Key Points

1. The story of globalization is one of race, class, and gender.
2. Concentrated corporate power is pitting workers and communities against each other in a “race to the bottom” to maximize their profits at the expense of workers, the environment, democracy, and justice.
3. Decision-making is shifting from places where we have some influence (Congress, states, cities) to places where we have none (the WTO, IMF, World Bank).
4. The “structural adjustment” policies of the IMF and World Bank have manipulated the economies of 90 countries (mostly in the global “south”) for the benefit of large transnational corporations and investors.
5. Corporate globalization is also increasing inequality in the United States, particularly for women and people of color.
6. People around the world are changing this system and there are ways we can too.

Action Steps for Global Justice

1. Change global policies

The World Bank Bond Boycott gives us a way to change the World Bank through our local institutions. The World Bank gets 80% of its funds by selling bonds on Wall Street. Ask your union pension fund, city government, university, or religious denomination to boycott World Bank bonds! *Neil Watkins*, 202-299-0020, watkinsn@cepr.org, www.worldbankboycott.org.

WTO – Shrink or Sink is a global campaign to take health care, water, food, patents, DNA, human rights, and investment out of the World Trade Organization – and to democratize it. To sign your organization on or see the text, mstrand@citizen.org, www.citizen.org/pctrade/gattwto/ShrinkSink/shrinksink.htm.

The Tobin Tax would stabilize global finance and generate billions of dollars for economic development by imposing a small tax on the \$1.5 trillion dollars in “hot money” that flow across borders every day. Rep. DeFazio and Sen. Wellstone have introduced a Tobin Tax resolution in the US Congress. *Ruthanne Cecil*, 707-822-4457, cecilr@humboldt1.com, www.tobintax.org.

The Global Sustainable Development Resolution would reform the IMF and World Bank, regulate global financial flows, and provide citizen input into global decisions. Its sponsors are Reps. Sanders and Kucinich. Dan O’Grady, 202-225-4115, <http://bernie.house.gov/imf/global.asp>.

2. Tame corporations

The Corporate Code of Conduct Act would set human/labor rights and environmental guidelines for US companies operating overseas. There would be public reports and hearings; corporations would receive preference for government contracts if they comply, and lose federal assistance if they don’t. Rep. Cynthia McKinney may start with a disclosure bill for corporate operations abroad. *Jon Fremont*, 202-225-1605, jonathan.fremont@mail.house.gov.

Fair Trade Coffee is grown by farmers — or cooperatives — that receive a fair price for their product. You can educate consumers about the fair trade movement, and pressure mainstream coffee companies to buy fair trade coffee, by contacting *Virginia Berman*, *Equal Exchange*, 781-830-0303 x232, vberman@equalexchange.com, or *Deborah James*, *Global Exchange*, 415-255-7296 x 245, deborah@globalexchange.org, www.globalexchange.org/economy/coffee.

Question Corporate Authority. Did you know that corporations were created by governments to serve the public good? There’s an effort underway to put the public back in the driver’s seat. Contact *POCLAD*, 508-398-1145, people@poclad.org.

3. Build solidarity across borders

Anti-sweatshop campaigns have educated and mobilized thousands of people to change the global economy. *National Labor Committee*, 212-242-3002, nlc@nlcnet.org, www.nlcnet.org or *Campaign for Labor Rights*, 541-344-5410, clr@igc.org, www.summersault.com/~agj/clr or *PICA*, 207-947-4203, pica@mint.net or *United Students Against Sweatshops*, 202-NO-SWEAT, www.umich.edu/~sole/usas

Jubilee 2000 is a global campaign to cancel the debt of the world's poorest countries. Grassroots networks in 60 countries are pushing governments and global institutions like the World Bank to write off their debt and end "structural adjustment" programs. 202-783-3566, www.j2000usa.org

4. Turn up the heat at:

The Republican National Convention in Philadelphia, July 30-31. www.unity2000.com

The Democratic National Convention in Los Angeles, August 13-17, fithiani@igc.org

The UN Millennium Summit in New York, September 6-8, *Mass Action*, 413-634-5663, S6-Mobilization@egroups.com

The Free Trade Area of the Americas negotiations in Montreal, spring 2001, *Citizens Trade Campaign*, 202-454-5103, www.tradewatch.org

Another Set of Strategies

(from *Fight Where You Stand*)

1. Fight for fair labor standards and basic worker rights.
2. Use government to promote stability, not capital mobility.
3. Build a community-controlled economic sector.
4. Link with others fighting for the same goals elsewhere.

Global Myths and Realities

Myth

The global economy is creating enormous new wealth.

Reality

Yes, and transnational corporations and investors are capturing the lion's share of it. The National Labor Committee (which practically invented today's anti-sweatshop movement) investigated garment production in the Caribbean and Central America, and they say they never found a garment worker who was paid more than one percent of the final purchase price of the garment she assembled.

This doesn't mean that Nike is making 99% profit. They have plenty of expenses besides the assembly worker's pay (cost of the materials that go into a sneaker, shipping materials to the factory, paying the factory owner and other middlemen, shipping the finished sneaker back to the U.S., paying Michael Jordan millions of dollars to promote it, 50% markup in the retailer stores). But Nike is making enough to give its CEO hundreds of millions of dollars and still have enough left over to enrich its stockholders (who are mostly wealthy people: the wealthiest 10% of American households own 90% of the value of all stock and mutual funds). They are making that kind of money off some of the poorest people in the world.

And this is the reason why...

Inequality is growing in the world. It's growing between the richest 20% and the poorest 20% of the people in the world. It's growing between the richest countries and the poorest countries. It's also growing within rich countries (US, Europe) and within poor countries, as their own national elites take advantage of globalization to increase their personal wealth by allying themselves with transnational corporations and rich investors from our elite in this country. [Source: UN Development Program, annual reports from the 1990s]

Reality

You can look at the global economy as a machine for redistributing wealth and power upward, from wage earners to asset holders, which means the people and institutions that own stocks and bonds, that control capital.

The myth is that everyone wins in the global economy, the economy will lessen the gap between rich and poorer around the world.

It's not happening yet. Free market theories say it should, but there's very little evidence that inequality or even poverty is decreasing. (The exceptions — the east Asian "tigers" or "miracle economies" — often ignored IMF and World Bank prescriptions for how to develop.)

So why are poverty and inequality growing in this new global economy? Partly it was set up to work that way. The rules are stacked and the rule-making institutions are controlled by the wealthiest nations and investors.

Myth

Globalization and growing world trade are driving a growing, prosperous US economy. For example: “Over the last four years, more than 25% of our economic growth has come from overseas trade.” (President Clinton, radio address, 8/23/97 — he was trying to get Congress to pass Fast Track.)

Reality

The Clinton Administration wants new trade treaties, so it deliberately talks only about US *exports* and ignores the other half of the story, *imports* from abroad. And imports are more than half of the story.

You’ve probably heard about the US trade deficit, which is growing at a record rate. That means that more and more of what we buy is imported from abroad. Obviously, that means fewer potential jobs in the United States. (We’re buying things that could have been made here but they were made abroad.) And partly because of those potential lost jobs and investments that weren’t made in US factories, the US economy actually grew more slowly than the world economy every year from 1984 to 1997 – 13 years. (McMillion, 4/13/99 testimony to the U.S. Senate Foreign Relations Committee.)

So if the figures say anything, they say the opposite of what President Clinton is saying. The global economy isn’t making the U.S. economy grow faster — it’s slowing us down.

Myth

The United States will specialize in more and more sophisticated technologies; we’ll use our knowledge base and our educational system to stay ahead of the wave, so we won’t get hurt as the economy globalizes.

Reality

Since NAFTA started in 1994, the US has been importing more finished industrial goods from Mexico — specifically, the list above. What has the US been exporting to Mexico? More grains, oilseed, pulp-wood, animal fats, paper boxes, and packing materials. If high-quality manufacturing is the measure of success in the global economy, the United States economy is not gaining, it’s losing.

Case Studies

1. The WTO's Dispute Settlement Process

Ninety percent of the beef cattle in the United States are fed steroids, growth hormones, to make them grow faster. The steer grows faster, it spends less time in the feedlot, more steers are pushed through every year, cattle raisers make more money.

Because scientists have expressed concerns about the links between growth hormones and cancer, the European Union has a ban on hormone-fed beef. The ban applies to beef wherever it is from — the US, Australia, Europe. Because of the ban, the US cattle industry is losing sales worth over \$100 million a year. So Monsanto, which manufactures the growth hormone, and the US Cattlemen's Association and the Western Cattlemen's Association asked the Clinton Administration to take a complaint to the WTO. The US government went to the WTO and said, 'The Europeans are unfairly excluding our beef. There is nothing wrong with it. You can't tell it apart from beef raised without steroids. Nobody has conclusively proven that steroids cause cancer.'

The case went to the WTO dispute panel. Europe chose one judge, the US chose the second, and the WTO chose the third. According to the WTO procedures, all three panelists had to be "trade experts." They could be commercial lawyers who work for corporations, or even corporate executives — the WTO's dispute system has no conflict of interest rules. They met in secret. The public did not know who they were or how they reached their decision. Their decision was final.

The WTO Dispute Panel decided that the US was right — that the EU ban on importing beef given growth hormones was an unfair trade barrier. When European governments refused to comply with the ruling, the WTO allowed the US to impose 100% tariffs on Roquefort cheese, Dijon mustard, and other European exports.

Source: *Citizen's Guide to the WTO*, The Apex Press, Suite 3C, 777 UN Plaza, New York, NY 10017.

2. Corporate Influence in WTO Rule-Making

One of the most controversial items on the WTO's agenda in Seattle was the "Forest Products Agreement." This trade treaty would have expanded global consumption of paper and wood by 3-4% in the middle of a worldwide glut in wood products. It also could have

- threatened tropical rain forests and other endangered woodlands.
- ended border inspections for pests which can devastate a country's forests.

The US Trade Representative, who is in charge of US trade policy, convened two advisory committees to develop the official US position heading into the WTO negotiations. Every member of both committees came from a transnational logging company. Not a single environmental organization was represented.

The Sierra Legal Defense Fund and several other organizations sued the US Trade Representative to get a seat at the table. They won their suit. Then the US Trade Representative said, 'Okay, you can participate, but not at the same level as the corporations.'

Sources: *Citizen's Guide to the WTO*. WTO website: www.wto.org

3. Bolivia, the World Bank, and the Privatization of Water

Several years ago, Ismail Serageldin, vice-president of the World Bank, said that the wars of the 21st century will be about water. He was referring to the fact that the world is running out of fresh water sources at an alarming rate and that conflict over what remains will be inevitable.

To respond to the crisis, the World Bank has recently adopted a policy of water privatization and full-cost water pricing. Two years ago, the World Bank (whose official attends Bolivian government cabinet meetings as a full participant) refused to guarantee a \$25 million (US) loan to refinance water services in Cochabamba, Bolivia's third-largest city, unless the government sold the public water system to the private sector and passed the costs on to consumers. Only one bid was considered, and the utility was turned over to a subsidiary of a conglomerate led by Bechtel, the giant engineering company.

In January, 1999, before the company had even hung up its shingle, it announced the doubling of water prices. For most Bolivians, this meant that water would now cost more than food; for those on minimum wage or unemployed, water bills suddenly accounted for close to half their monthly budgets. To add insult, the World Bank granted absolute monopolies to private water concessionaires, announced its support for full-cost water pricing, pegged the cost of water to the American dollar and declared that none of its loan could be used to subsidize the poor for water services. All water, even from community wells, required permits to access, and peasants and small farmers even had to buy permits to gather rainwater on their property.

The debate that had been going on in Bolivia about selling off public enterprises, such as transportation, electrical utilities and education to foreign corporations, suddenly turned to protest, and thousands took to the streets. A general strike and transportation stoppage brought the city to a standstill. Polls showed that 90 percent of the public wanted Bechtel out. Police reacted to peaceful demonstrations with violence and arrests. In early April, President Hugo Banzer declared martial law. Activists were arrested; radio and television programs were shut down in mid-program. A 17-year-old boy was killed by police during a demonstration.

In March, almost 5,000 people gathered in The Hague for the second World Water Forum. Officially sponsored by the United Nations and the World Bank, the forum was openly dominated by a handful of huge water and food corporations.

The Forum was dedicated from the beginning to using the growing world water crisis to promote acceptance of the corporate control of water. A key dispute was whether water should be considered a "human right" or a "human need." This was not a semantic exercise. If water is a human need, it can be supplied by corporations. It is hard to make a profit on a human right. Distressingly, the governments attending sided with the World Bank and declared water a human need.

Source: Maude Barlow, "The World Bank must realize water is a basic human right," *Toronto Globe and Mail*, May 9, 2000, Copyright © 2000 Globe Interactive. Maude Barlow is the national chairwoman of The Council of Canadians and the author of *Blue Gold*, *The Global Water Crisis* and *The Commodification of the World's Water Supply*.

4. The Asian Financial Crisis and the IMF

When urging countries to open their markets and promote low-wage export production, the IMF used to cite South Korea as an example of a nation which had followed that path all the way to its prosperity. However, South Korea actually built its economy by ignoring key IMF recommendations, such as governments should not interfere in their economies but instead let private investors (the “free market”) decide what to develop. In the 1950s, following the devastation of the Korean War, South Korea embarked on a program of rapid industrial development. The key to its success was government intervention in economic development:

- land reform boosted domestic agriculture
- government industrial policy promoted technological development
- strict taxation provided a source of domestic capital for designated industrial sectors
- heavy tariffs protected domestic industries in their formative stages

In the 1980s and '90s, following the IMF advice, South Korea increasingly opened its economy to volatile short-term international lending. US, European, and Japanese banks and mutual funds gave 30- and 60-day loans to Korean banks, which turned around and lent the money for new factories, real estate development, and increasingly risky investments. In 1998, there was a sudden reversal of investment flows. The short-term investors were spooked by the failure of a few Thai and Korean companies and by speculative attacks on Thailand's currency. Korea's 30-year record of steady, rapid economic growth wasn't good enough for the new “hot money” markets that send \$1.5 trillion around the world every day. As a result, the South Korean currency plummeted and the economy began to shrink.

The IMF attached austerity requirements (structural adjustment) to a “bailout” loan — high interest rates and budget tightening that made the crisis worse. Then it insisted on the following conditions:

- lower trade barriers even further
- sell the assets of conglomerates cheaply to foreign corporations
- permit 100% foreign ownership in banking and financial sectors
- raise interest rates (making it harder for domestic companies to borrow)
- cut spending on health and other social services
- overrule South Korean law to permit massive layoffs in struggling industries.

The loan rescued reckless foreign lenders at the expense of the South Korean public and the domestic industries. The humiliation of being laid off caused many workers to take their lives. (South Koreans call these “IMF suicides”.)

Source: *False Profits*, (p. 4). Available from Campaign for Labor Rights. Phone: 541-344-5410. E-mail: CLR@igc.org.