



SECTION 1: EDUCATION AND SOCIETY: GLOBAL PERSPECTIVES

Neff, F. W. (2002). Potential consequences of international trade agreements for higher education.
Workplace, 8, 57-61.

POTENTIAL CONSEQUENCES OF INTERNATIONAL TRADE AGREEMENTS FOR HIGHER EDUCATION

Franklin W. Neff

For many of us older folks, the concept of the university has meant independence, commitment to truth, and a skeptical attention to existing ways of thinking and doing—and a source of creativity, analysis, and alternatives. However, the reality today is quite different. Many forces operate on the colleges and universities to induce them to trade independence and skepticism for financial support and business accolades. I will consider the implications of international trade agreements for the pervasive corporate influences on higher education.

Basic Beliefs

First, let's consider some basic beliefs which underlie these international trade agreements that accompany and promote globalization. For many years, trade negotiators of the United States have been pursuing policies which reflect particular economic and political doctrines about free enterprise, how markets work, and the claimed benefits of competition in all aspects of life. This dedication—of many members of the elites—to promoting the power of corporations over more and more aspects of life has produced colleges and universities which dedicate resources to the kind of cost/benefit analyses that assign dollar values to human lives and catastrophes, ignoring tremendous human and material costs which are transferred to individuals and the community.

Maude Barlow, a Canadian who has been fighting so-called "Free Trade" since the 1980s, wrote in an article which appeared in the *National Post* on August 31, 1999:

The dominant development model of our time is economic globalization, a system fuelled by the belief that a single global economy with universal rules set by global corporations and financial markets is inevitable. Everything is for sale, even those areas of life once considered sacred. Increasingly, these services and resources are controlled by a handful of transnational corporations that shape national and international law to suit their interests. At the heart of this transformation is an all-out assault on virtually every public sphere of life, including the democratic underpinning of our legal systems.

The most important tool in this assault has been the creation of international trade agreements whose tribunals and enforcement measures supersede the legal systems of nation-states and supplant their judicial processes by setting up independent dispute

resolution systems that exist outside the confines of their courts and their laws.

For instance, the North American Free Trade Agreement gave American corporations Chapter 11, the first "investor state clause" in any international agreement. For the first time, a corporation can sue a foreign government if that government enacts any law, practice or measure that negatively affects the company's profits or reputation, even if that law, practice or measure has been enacted by a democratic legislature for legitimate environmental, social, health or safety reasons.

Agreement Consequences

To give Maude Barlow's language the life of actual events, here are some examples of disputes which corporations have brought under that chapter of NAFTA.

The Ethyl corporation sued Canada for proposing to ban the gasoline additive which Ethyl manufactures, even though Canadian authorities had determined it was toxic. Ethyl prevailed.

Interestingly, a Canadian corporation manufactures MTBE, another gasoline additive, which California has used for a number of years because it reduces air pollution. It also contaminates underground water. The California governor issued an executive order ending its use in a couple of years. The Canadian corporation sued.

A Mississippi court fined a Canadian funeral home chain for business practices against a local funeral businessman, which practices the jury considered very bad. The corporation has sued the U.S., claiming it had been discriminated against.

A U.S. corporation sued Mexico after it stopped the corporation from operating a waste disposal plant over a sensitive alluvial stream. The corporation won in WTO tribunals.

Under other international agreements, there are additional examples of their impact on issues of importance to many Americans.

Guatemala passed a law in 1983 based on World Health Organization policy, to control the way corporations marketed infant formula. The regulations were intended to protect babies of parents who could not read and understand the necessity of sterilization or who had no facilities for it. The law prevented using pictures of healthy babies on products. After the Uruguay Round was completed in 1994, the Gerber corporation threatened to use the Trade Related Intellectual Property agreement (TRIPS) to claim that it had the right to use its baby symbol. Guatemala concluded it did not have the resources to fight the case and dropped the requirement. So babies in Guatemala may be at more risk.

Take clean air. Venezuela sued the U.S. when the EPA issued regulations intended to reduce the amount of pollutants in gasoline. The claim was that those regulations discriminated against foreign corporations, even though the regulations applied to *all* sources.

Lori Wallach, in her book, *Whose Trade Organization?*, claims that a trade tribunal made a ruling in 1991 that any law which was based on how a product was produced was in violation of GATT's rules. A U.S. law was intended to protect marine mammals—namely turtles—by requiring tuna to be caught in nets that exclude turtles. Mexico and other countries successfully challenged this law.

These examples illustrate that international trade agreements reach right down into our communities, and

that they take away local, state, and national authority—in a truly democratic country, the authority of the people. The U.S. Constitution states that "We the people ..." formed the government.

Potential Impacts on Education

Now let's turn to those agreements most relevant to education. During the Uruguay Round of negotiations, which brought the World Trade Organization into being in 1994, an agreement was made in regard to services and is called the General Agreement on Trade in Services, or GATS. Agnes Bertrand and Laurence Kalafatides, in an article in the *Ecologist*, October, 1999, wrote: "The service sector ... is as vast as it is undefined. It covers everything from telecommunications to transport, distribution, postal services, insurance, the construction industry, environment and real estate, as well as tourism and entertainment industries of all sorts, from the McDonald's in Moscow to the brothels of Bangkok."

And more specifically about education, Abid Aslam in Washington, D.C., wrote for the IPS news network on November 3, 1999: "Question: Why is education like a side of beef? Answer: Both are commodities ... Schooling, along with health care, telecommunications and finance, falls under the 1994 General Agreement on Trade in Services..." Aslam quotes a report from two groups, Education International and Public Services International. The report, "The WTO and the Millennium Round: What Is at Stake for Public Education," states: "An opening-up of the education sector would give a free hand to a small number of transnational corporations specialising in education, who could establish subsidiaries wherever they pleased by using ... standardised teaching modules ... based on a single system of values and projecting a single outlook on reality."

International trade agreements, which are built around so-called "free trade" ideas, have certain provisions which take power from the people and their elected governments, local, state, and national, and give rights to transnational corporations. Here are some examples.

National Treatment. A government (in democracies the people) cannot "discriminate between foreign and domestic suppliers of services." It has to provide foreign corporations "treatment no less favourable than that it accords to its own like services and service suppliers." For example, governments cannot "discriminate" against a foreign corporation by requiring that it hire locally or establish a local presence or do anything else that "modifies the conditions of competition" between domestic and foreign corporations.

Government grants and subsidies. The GATS covers subsidies, and commits members to negotiate to eliminate any "trade distortive effects." Governments could not require corporations to be local in order to qualify for a grant. E.g., governments could be obliged to give loans to students attending foreign-owned institutions.

Application to all levels of government (Article I, 3a). The measures covered are those taken by "central, regional or local governments and authorities; and (ii) non-governmental bodies in the exercise of powers delegated by central, regional or local governments or authorities ..."

Domestic regulation. Governments have to ensure that their licensing requirements both for facilities and for service workers, "are not more burdensome than necessary to ensure the quality of the service."

Weak exemption for public services (Article I, 3b, 3c). The agreement does have an exemption for "services supplied in the exercise of governmental authority." But to qualify, a public service has to be a) the sole supplier of the service and b) not operate on a commercial basis. Once there is a private competitor—and the GATS guarantees the right of private providers to set up one—public providers may

lose the protection of this exemption.

Thus, the international trade agreements cut the heart out of methods by which the people in a local community can promote the development of enterprises which will be responsive to their concerns, reflect their culture, and provide income and services for the people.

It is instructive to see how the World Bank deals with education. Adriana Puigros, a professor at the University of Buenos Aires, wrote in an article titled "World Bank Education Policy" (*NACLA Report on the Americas*, May/June 1996):

the World Bank ... recommends drastically reducing public investment in education through privatizing and breaking up school systems, and nullifying teachers' contracts. Such a restructuring of the education system is part of a larger effort to wipe out the remnants of the region's so-called "paternalistic" states.

The Bank's education policy has an exclusively economic logic ... A researcher ... affiliated with Argentina's Minister of Economics, Domingo Cavallo put it recently, "What we try to measure is how well the training provided by each school fits the needs of production and the labor market." The World Bank advocates reducing all investment in education that does not generate direct income or cannot be recouped right away ...

The Bank's education policy is part and parcel of a larger neoliberal economic program whose overarching goal is to reduce state spending so that governments are able to continue making payments on their foreign debt ...

One of the principal recommendations of the World Bank's education policy is that governments focus on improving primary education. To achieve this goal, the Bank does not recommend increasing public spending on education; rather, it proposes diverting money that used to go toward financing high schools and universities in order to expand access to primary schooling....

Far from acknowledging the need for more teachers, the Bank recommends cutting back the number of primary school teachers as well as government-funded teacher-training and education programs.

In the 1990s—the age of neoliberalism—education levels across the region have declined. Illiteracy is making a comeback in countries such as Argentina and Uruguay whose literacy rates were traditionally as high as those of developed countries ...

National exam results in many countries have declined significantly since the application of neoliberal policies.

It is clear to me that the implementation of international trade agreements by international agencies, such as the WTO, the IMF, and the World Bank, is a significant part of the problems being experienced by people whose jobs and property have been taken or devalued, whose opportunities are now limited, and whose hopes are now dashed.

The elites like Margaret Thatcher's acronym, TINA: There Is No Alternative. They are dead wrong. But we have to convince the peoples around the world that democracy means that the elites cannot steamroll, discount, or bamboozle them. We must promote alternative views that advocate ways people can stop the actions that cheat them. We must build programs and governing processes which are of the people, by

the people, and for the people.

How shall we do this? I think we may have to live a different expression of the word, democracy. We will have to do the task ourselves, not avoid the responsibilities which the term implies and vote occasionally. We can change the membership of our legislatures. We can get laws and policies which benefit people. We can change or end the international trade agreements which solidify corporate control.

It can be done. We must do it.

Frank Neff (nefffw@umkc.edu) is a retired professor, Institute for Human Development, University of Missouri, Kansas City. This essay was first published in The Faculty Advocate 1.4 (April 2001), newsletter of the AAUP chapter at UMKC (online <http://iml.umkc.edu/aaup/facadv4.htm>) and appears in Workplace by permission of The Faculty Advocate.