Change for Children Alphabet Soup in the Americas





Teacher Resource:

"Alphabet Soup in The Americas"

Ricardo Acuña for Change for Children Association

The article "Alphabet Soup in the Americas," provides an introduction to the complex issues surrounding the negotiations of the **World Trade Organization** and the **Free Trade Area of the Americas**. While the author addresses only the most salient points of the agreements, the reading level is fairly difficult. This reading guide has been provided to help students work through the article and develop a more comprehensive understanding of these multilateral trade agreements.

We recommend that students read through the vocabulary list and questions prior to reading the article itself, so that they are able to highlight the vocabulary terms and other pertinent information as they read. Students should begin to define the terms and answer the questions only after having read the article through in its entirety first.

The questions and suggested use of this resource have been structured to address the **knowledge**, **comprehension**, **application**, **synthesis** and **evaluation** categories of Bloom's Taxonomy. It incorporates an approach to developing critical thinking skills that requires the students to engage actively with the text in front of them and apply a variety of skills in order to draw conclusions about that text.

Because of the difficulty of the text and the complexity of the agreements it addresses, the suggested use of the resource indicates a plan that involves four class periods. As this is not always possible, teachers are encouraged to use only those parts of the resource that most specifically address the needs of their classroom.

This article and accompanying reading guide are intended to act as a resource for high school social studies teachers addressing the WTO and FTAA talks in their discussions of current events, but applies most specifically to the following curricular components:

Social 20 Topic B: Interdependence in the Global Environment

Theme II - Economic Development and Interdependence

Learner Objective Students understand that economic growth and interactions have

increased global interdependence

Social 30 Topic B: Global Interaction in the 20th Century

Theme IV – Contemporary Global Interactions

Learner Objective Students understand that global interactions are increasingly influenced

by economic developments

CONTACT US!

Our education program is interested in developing more classroom resources that address the current events that are contributing to the root causes of poverty and social injustice in the new global economy. We are concerned with providing teachers with the resources that they need to incorporate a timely, global perspective into their classroom and would appreciate any feedback that you can give us. Please let us know... if you used this resource, if you would like to receive more resources like this one, and how we should structure resources like these - or send us your wish list for resource materials on topics pertaining to global interdependence and development issues.

Tel (780) 448-1505 Fax (780) 448-1507 email cfca@changforchildren.org

Suggested use of this resource:

Step 1 Required Time: One class period (approximately 60 minutes)

Students review the vocabulary terms and short answer questions before reading the article.

Students read the article actively, using a pen or highlighter to demarcate the information they will need to answer the questions provided.

Step 2 Recommended Homework Assignment

After reading the article, students use the text to prepare a definition for each of the vocabulary terms based on the context of that term in the article.

<u>Note</u>: students will have to make assumptions about what they think the correct definition is, and must be prepared to be wrong – the definition is not overtly evident in the body of the text.

Step 4 Required Time: One class period (approximately 60 minutes)

In a large group discussion, the teacher asks students to share their definitions of the vocabulary terms. Options include building a "definition" from student contributions on the board, or having the class vote on which of the potential definitions they believe is closest to the actual definition. The teacher then provides the correct definition for student note-taking.

Step 5 Required Time: One class period (approximately 60 minutes)

Students work in groups of 3-4 to respond to all of the **Short-Answer Questions**.

The teacher facilitates a discussion of the article, using student response to each of the short-answer questions as a basis for extrapolating on the issues surrounding the WTO and FTAA.

Step 6 Recommended Homework Assignment

Students complete the **Questions for Consideration**.

These questions are all based on the opinion of the student and their understanding of the text. There is no right or wrong answer.

Step 7 Recommended Time: One class period (approximately 60 minutes)

Without giving students prior notice, the teacher selects one of the **Questions for Consideration**, develops an issue statement based on that question and class discussion to date and has the class hold a debate on the issue.

The class is divided in to two groups – the "for" and "against" of the debate - and is given 10 minutes to prepare opening arguments and detail key points for discussion. One student from each group must be selected to present opening arguments, and another to provide a closing statement at the end of the debate.

Reading Guide

Vocabulary

The following words or phrases appear in the article "Alphabet Soup in the Americas," by Ricardo Acuña. Write a definition of each word or phrase, using its context in the article.

(You may have to make an educated guess!)

1. Commodification

When a traditionally non-commercial (and often intangible) good, service, concept or resource is treated like a commercial product (commodity) and made subject to the traditional terms of ownership, purchase, trade and profit.

e.g. Air quality - re: greenhouse gas emissions and the Kyoto Protocol

2. Neo-liberal globalization

Neo-liberalism is an economic ideology and set of economic policies that have become widespread during the last 25 years or so – *neo* meaning *new*, implying that liberal economic policy that underlines the global economy is new. The main points of neo-liberalism include (Source: www.globalexchange.org):

THE RULE OF THE MARKET

Liberating private enterprise from any bonds imposed by the government with little consideration of social structures.

Promote the belief that an unregulated market is the best way to increase economic growth, which will ultimately benefit everyone.

CUTTING PUBLIC EXPENDITURE FOR SOCIAL SERVICES like education and health care.

REDUCING SOCIAL SAFETY-NETS AND INFRASTRUCTURE FOR THE POOR

DEREGULATION

Reduce government regulation of everything that could diminish profits, including protecting the environment and safety on the job.

PRIVATIZATION

Sell state-owned enterprises, goods and services to private investors. This includes banks, key industries, railroads, toll highways, electricity, schools, hospitals and even fresh water.

3. Ratify

When participating members of a body (corporate, governmental, organisational, etc.) agree in writing to a decision or agreement proposed by that body.

4. Food Security

The ability of a country to produce - via trade or agriculture - and store enough basic food staples to adequately supply their population, even in times of emergency. Accompanied by the ability of all levels of the population to access those food staples, regardless of income level.

Food security exists when all people, at all times, have physical and economic access to enough safe and nutritious food to meet their dietary needs. (source: www.fao.org)

5. Land Reform

A process by which land is redistributed more equitably. Usually occurs as a result of government policy, where the redistribution involves claiming large land-holdings from wealthy owners and redistributing it to small farmers and groups of poverty-stricken families.

6. Barrier to Trade

Term common to the documentation of the WTO and affiliated trade agreements - refers to the "rule of the market" philosophy that underlies neo-liberalism. A barrier to trade is anything that business might interpret as impeding their ability to maximize the profitability of their enterprise. Includes environmental protection and labour laws.

7. Security Crop

Those crops produced by a country that are used to satisfy the basic staple needs of its population.

e.g. grain in Canada; corn in Mexico

8. Phytosanitary

Referring to food safety and plant and animal health - in other words, ensuring that plants and animals are kept safe for human consumption.

9. Genetically Modified Organism

An organism that has been changed from its original, naturally occurring state as a result of human manipulation of its genetic code and structure.

10. Bio-diversity

The diversity of plant and animal species in a given environment.

11. Intellectual Property

Ideas, inventions, creations and living organisms as introduced to and controlled in the marketplace - usually having to do with copyright and trademark.

Teacher's note: this includes the "discovery" of plants traditionally used as food sources or traditional medicines for indigenous groups – which would require these communities to begin paying for products that they have traditionally relied on as readily accessible in their immediate environment.

12. Investor State

An investor state is an *investor* (corporate entity/company) that is treated as a *state* (country) with respect to international trade agreements. *Investor State rights* means giving rights to investors that are usually reserved for legally recognized states.

eg. NAFTA Chapter 11 gives corporations the right to sue foreign governments

13. Government Procurement

The process by which governments issue tenders and enter into contracts with private business for the provision of goods and services.

14. Quantitative Restrictions

Limits placed by a country on imports of a particular product or products from a particular country.

Reading Guide Short-Answer

Use the article provided to answer the following questions.

You will need to use a separate sheet of paper.

HINT: the answers to the questions appear in order and can be taken directly from the article.

The answers provided below are quoted directly from the article.

1. What is the World Trade Organization (WTO)?

The WTO was formed in 1995 as a permanent body to enforce the General Agreement on Tariffs and Trade (GATT) and other international agreements.

2. Why was it considered crucial that the talks in Cancun go well?

In 2001 at Doha, they did reach an agreement on a very ambitious work plan which opens up a series of existing agreements and so-called "new issues" for negotiations. These negotiations are to be approved or rejected as a "single undertaking" by a deadline of January 1, 2005... <u>A fruitful Cancun ministerial is critical if the deadline</u> (set at Doha) is to be met.

3. What is the Free Trade Area of the Americas (FTAA)?

It will be a hemisphere-wide free trade zone covering all countries of North, Central and South America and the Caribbean, minus Cuba.

4. Why is the FTAA considered to be more than just a geographic expansion of the North America Free Trade Agreement (NAFTA)?

The draft texts of the FTAA released to the public after the Quebec Summit show it to be not only a geographic expansion of NAFTA, but also and expansion in terms of scope – extending trade rules to a whole series of previously untouvched goods and services, and further limiting governments' abilities to play any significant role in the setting of domestic, economic or development policy.

5. Why is the FTAA called "the WTO on steroids"?

Although the WTO and the FTAA are similar in the issues they are dealing with, and in their ultimate objectives, in almost every instance the FTAA is more comprehensive and goes further than the WTO.

6. How are services governed in the WTO?

In the WTO, trade in services is governed by the GATS (General Agreement on Trade in Services).

7. What does the FTAA's declaration that "the stated objective of negotiations is *universal* coverage of all service sectors" mean?

No public services can be exempted if provided commercially or in competition with private providers...Included in this are things like health care, education, telecommunications, transportation, postal services, water, energy and social assistance.

8. What is the effect of agricultural subsidies in Europe and the US on developing countries in the Global South?

(They) result in imported staples coming into their countries cheaper than what local producers can sell for.

9. What poses the biggest problem for the WTO and FTAA in the area of **intellectual property**?

The biggest area of contention on this issue is the need of poor countries of the South to deal with HIV/AIDS and other public health emergencies by distributing free drugs. (Which would not be possible under TRIPS)

- 10. What does a **Multilateral Agreement on Investment** try to accomplish?

 Essentially, what an MAI seeks is the elimination of a government's ability to set any limits or conditions whatsoever on foreign direct investment.
- 11. If the WTO and FTAA are passed, areas that are traditionally kept under government control in Canada would be opened up to competition on the open market. Acuña lists four (4) different areas that would be affected by these competition rules name them. Utilities, Energy, Water...Canada Post
- 12. There are differences between what the more developed countries of the Global North want to achieve with the WTO and FTAA, and what the developing countries of the Global South would like to achieve. What are some of the tools that the North has to help pressure the South into accepting the agreements as they are?

The International Monetary Fund (IMF)
The World Bank
Trade sanctions
Penalties, tariffs and (trade) barriers

Alphabet Soup in the Americas

by Ricardo Acuña

This fall represents a critical moment for proponents of free trade and neo-liberal globalization around the world. September 10 through 14 will see a ministerial meeting of the World Trade Organization (WTO) in Cancun, Mexico, and November 20 and 21st will see the trade ministers of the Americas come together for meetings on the Free Trade Area of the Americas (FTAA) in Miami, Florida.

So what does this alphabet soup of acronyms mean? The short answer is that, in the drive to liberalize trade and eliminate all barriers to the movement of goods and services, these agreements may actually result in the commodification and extension of trade rules to virtually all aspects of life - from water, to health care, to the very genetic structure of the living organisms around us. Although that last statement may sound inflammatory and alarmist, it isn't. A brief history and explanation of what is at stake in each of these agreements may help to reinforce that.

The WTO was formed in 1995 as a permanent body to enforce the General Agreement on Tariffs and Trade (GATT) and other international agreements. Since 1995 there have been four WTO Ministerial meetings. At the third ministerial in 1999 in Seattle, the members of the WTO were unable to come to an agreement on a work plan for negotiations. In 2001 at Doha, however, they did reach agreement on a very ambitious work plan which opens up a series of existing agreements and so-called "new issues" for negotiations. These negotiations are to be approved or rejected as a "single undertaking" by a deadline of January 1, 2005. By treating them as a "single undertaking," countries do not have the option of approving some of the agreements



and rejecting others. It is an all or nothing scenario. As such, a fruitful Cancun ministerial is critical if the deadline is to be met, and pressure on dissenting countries of the South to sign on will be immense.

The FTAA, on the other hand, is already in the process of being created. It will be a hemispheric-wide free trade zone covering all countries of North, Central and South America and the Caribbean, minus Cuba. The countries of the Americas agreed to this undertaking at the first Summit of the Americas convened by President Bill Clinton in Miami in 1994. It was the fulfillment of a longstanding US dream of linking the economies of the

hemisphere from "Anchorage to Tierra del Fuego." In addition to the Miami Summit in 1994, there have been Summits of the Americas in Santiago, Chile in 1998 and in Quebec City in 2001. The draft texts of the FTAA released to the public after the Quebec Summit show it to be not only a geographic expansion of NAFTA, but also an expansion in terms of scope extending trade rules to a whole series of previously untouched goods and services, and further limiting governments' abilities to play any significant role in the setting of domestic economic or development policy. Like the WTO, the current FTAA timeline requires an agreement for the leaders of the Americas to sign by the end of 2004, with each country ratifying in 2005.

Although the WTO and the FTAA are similar in the issues they are dealing with, and in their ultimate objectives, in almost every instance the FTAAis more comprehensive and goes further than the WTO. This has led many to describe the FTAA as "the WTO on steroids." Following is a summary of some of the more contentious issues at each of the ministerials, and a brief explanation of their implications.

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A QUICK GUIDE TO TRADE RELATED ACRONYMS

FTAA Free Trade Area of the Americas

GATT General Agreement on Tariffs and Trade

GATS General Agreement on Trade in Services

GMOs Genetically Modified Organisms **IMF** International Monetary Fund

MAI Multilateral Agreement on Investment

NAFTA North American Free Trade Agreement

TRIP Trade Related Intellectual Property

WTO World Trade Organization

SERVICES

In the WTO, trade in services is governed by the GATS (General Agreement on Trade in Services). Negotiations on the GATS are going on behind closed doors, with every WTO member submitting lists of which services they are prepared to offer up for inclusion in the GATS, and each in turn submitting lists to other countries outlining which services they would like to see offered up. The FTAA's rules on services are based on the GATS, but go further. The stated objective of negotiations is "universal coverage of all service sectors." No public services can be exempted if provided commercially or in competition with private providers. The combination of these agreements will have severe implications on a government's ability to limit private for-profit involvement in what are currently public services. Included in this are things like health care, education, telecommunications, transportation, postal services, water, energy and social assistance.

AGRICULTURE

In both agreements, agriculture is seen exclusively in terms of trade and economics. Questions of food security, fighting hunger, land reform, and self-sufficiency are not considered in either agreement. In both the WTO and FTAA negotiations, Third World countries are fighting to be able to retain control over what are termed "security crops" - this control would enable them to protect their producers and population from wildly fluctuating international commodity prices, and from shortages caused by natural disasters. These types of national food security programs may be considered "barriers to trade" and would not be allowed under the proposed agreements. Countries of the South are also seeking an end to high export subsidies in Europe and the US, which result in imported staples coming into their countries cheaper than what local producers can sell for. Because the North is unlikely to give in to either of these demands from the South, the issue of agriculture is one

WHAT'S AT STAKE?

CANADA Government could be compelled to open domestic postal service up to competition

MEXICO WTO's elimination of 'Quantitative Restrictions' would enable foreign producers to flood the country with underpriced staple foods

MEXICO Five new major dams to be built in Chiapas for the sole purpose of exporting energy to the southern United States

CENTRAL AMERICA Highways and dry canals built under Plan Puebla Panama 'development' plan will permanently damage sensitive ecosystems and force small producers off of productive land

CENTRAL & SOUTH AMERICA Eco-labels and Fair Trade
Marks could be deemed a 'barrier to trade' by the WTO
and controlled, limited or banned

MEXICO, CHILE North American logging corporations would have unfettered access to the lush forests of southern Mexico and southern Chile and governments could not demand environmentally sound logging practices

of the issues that has the potential of dooming negotiations at both the WTO and the FTAA to failure.

PUBLIC HEALTH AND ENVIRONMENT - GMOs

Biotechnology is another contentious issue in both agreements. The Sanitary and Phytosanitary Measures Agreement (SPS) of the WTO and the FTAA's agriculture rules both seek to limit the ability of governments to ban genetically engineered crops and foods in their countries. Rules prohibiting the import of Genetically Modified Organisms (GMOs) or requiring that they be labeled as genetically modified would be considered a barrier to trade, and thus not allowed under either agreement.

Although the UN has guaranteed countries the right of taking measures to protect the natural environment, bio-diversity, and public health, to date the WTO seems to have taken precedence over those UN agreements. Likewise, precedents under NAFTA have shown that companies who sue governments as a result of these types of restrictions have won.

INTELLECTUAL PROPERTY

The WTO agreement dealing with intellectual property is the Agreement on Trade Related Intellectual Property (TRIPs). The FTAA is also dedicating significant attention to rules for intellectual property which closely mirror TRIPs. The biggest area of contention on this issue is the



need of poor countries of the South to deal with HIV/AIDS and other public health emergencies by distributing cheap or free drugs. Although TRIPs currently allow for member countries to make and use generic drugs for public health purposes, countries with little or no manufacturing capacity are seeking the ability to import generic drugs from other countries. This issue was to be settled by the end of 2002, but the power and influence of US pharmaceutical companies vis a vis the US government have made progress on this issue a near impossibility. The FTAA would make it illegal for countries to distribute drugs for free, or to access generic drugs from other countries. A further issue in this category is that these same corporations are seeking to extend (by way of the US government) their patent protection from 20 to 25 years. This will result in ever-increasing prescription drug prices world-wide.

INVESTMENT

In 1998 a massive mobilization by global civil society succeeded in exposing and bringing an end to negotiations for a Multilateral Agreement on Investment (MAI). On the agenda for Cancun is a revival of this agreement. Essentially what an MAI seeks is the elimination of a government's ability to set any limits or conditions whatsoever on foreign direct investment. It is feared by many countries in the South that the ultimate goal here is to adopt

"investor-state" rights (similar to NAFTA) at the WTO. This would allow corporations to sue governments who attempt to set limits or controls on investment. The proposed FTAA investment rules go beyond what currently exists in NAFTA, and what a new MAI proposes. Corporations would be given the right to challenge any and all forms of government regulation, performance requirements, or environmental and public health safe-guards.

GOVERNMENT PROCUREMENT

Many governments around the world currently promote and support domestic businesses by favouring local suppliers in government contracts and by setting domestic content requirements. The proposed WTO rules on government procurement would ban those practices, enabling foreign corporations to bid for government contracts at par with local suppliers, and making domestic content laws null and void. The FTAA would go one step further by prohibiting governments from discriminating against any country in the FTAA, meaning that a government would no longer be able to embargo products from a participating country with an oppressive regime that violates human rights for example.

COMPETITION

Both the WTO and the FTAA are seeking to adopt new "competition rules" which would mean the end of governments protecting domestic monopolies for things like utilities, energy, water and a host of others. These new rules would eliminate government's ability to exercise any control over natural resources. The FTAA speaks directly to government owned monopolies (such as Canada Post) which would be allowed to exist, provided that they promote competition at national and regional levels. Here too, corporations and investors would be allowed to sue governments for administering monopolies or state enterprises.

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A CRITICAL TIME

Because of the looming deadlines on both of these agreements, and because of the substantial disagreements which are still present, the meetings this fall will be a critical determinant of what happens with these agreements. The distance in bargaining positions between the North and South on questions of agricultural subsidies, intellectual property, and investment could spell the collapse of negotiations in Cancun and Miami. By the same token, however, the countries of the North are exerting tremendous pressure on dissenting voices to fall into line on these agreements, or face significant repercussions in terms of World Bank and International Monetary Fund (IMF) loans. In the case of Central America, they are faced with the prospect of losing a large sum of money promised by the Inter-American Development Bank for the capital development scheme known as the Plan Puebla Panama. In the case of Brazil, perhaps the most vocal opponent to the FTAA currently, Lula's government is facing the prospect of huge trade sanctions, penalties, tariffs and barriers if they refuse to fall into line.



Canadian union delegates meet with their counterparts in Mexico to discuss labour issues

What do you want the world to look like on January 1, 2005?

The vulnerability of the WTO and FTAA negotiations also presents a significant opportunity for popular opposition to the agreements. In Seattle, the WTO negotiations were shaky to start with. The mass popular mobilization that brought the trade talks into the global spotlight played an important role in ensuring that the talks would end in failure. That opportunity exists again, only this time the failure of the talks would cer-

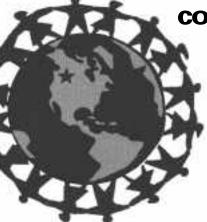
tainly result in neither the WTO nor the FTAA being able to meet their deadline of December 31, 2004, and would deal a serious blow to the cause of the corporate driven global economic agenda.

People often ask what the point of protest is, given that it so rarely makes a difference. This is a case where the potential exists for popular mobilization to make a significant difference. What our world looks like on January 1, 2005 depends in large measure on what happens in Cancun and Miami this fall, and many across the world are not prepared to leave that determination in the hands of a few of the world's elite. Keep this in mind as you the watch the news and read the coverage of the summits and accompanying protests. Determine what you want the world to look like on January 1, 2005, and determine what part you are prepared to play to make it happen. The time is now.

Ricardo is Executive Director of the Parkland Institute, a public policy research and education network based out of the University of Alberta. For more information on the Parkland call (780) 492-8558 or visit www.ualberta.ca/parkland.



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Alphabet Soup in The Americas

Ricardo Acuña for Change for Children Association

Reading Guide

Vocabulary

The following words or phrases appear in the article "Alphabet Soup in the Americas," by Ricardo Acuña. Write a definition of each word or phrase, using their context in the article.



Reading Guide

Short-Answer

Use the article provided to answer the following questions.

You will need to use a separate sheet of paper.

HINT: the answers to the questions appear in order and can be taken directly from the article.

- 1. What is the World Trade Organization (WTO)?
- 2. Why was it considered crucial that the talks in Cancun go well?
- 3. What is the Free Trade Area of the Americas (FTAA)?
- 4. Why is the FTAA considered to be more than just a geographic expansion of the North America Free Trade Agreement (NAFTA)?
- 5. Why is the FTAA called "the WTO on steroids"?
- 6. How are services governed in the WTO?
- 7. What does it mean that "the stated objective of negotiations is *universal coverage of all service sectors*"?
- 8. What is the effect of agricultural subsidies in Europe and the US on developing countries in the Global South?
- 9. What poses the biggest problem for the WTO and FTAA in the area of intellectual property?
- 10. What does a Multilateral Agreement on Investment try to accomplish?
- 11. If the WTO and FTAA are passed, areas that are traditionally kept under government control in Canada would be opened up to competition on the open market. Acuña lists four (4) different areas that would be affected by these competition rules name them.
- 12. There are differences between what the more developed countries of the Global North want to achieve with the WTO and FTAA, and what the developing countries of the Global South would like to achieve. What are some of the tools that the North has to help pressure the South into accepting the agreements as they are?

Questions for Consideration

Based on your understanding of the issues involved in the administration of the WTO and FTAA, answer the following questions. The questions require that you **state your opinion**, but you must support it with examples and evidence wherever possible.

You will need to use a separate sheet of paper to answer these questions.

- 1. In the section marked "AGRICULTURE," Acuña notes that the WTO and FTAA are only concerned with agriculture in terms of trade and economics, and that questions around food security and hunger are not considered in either agreement. He clearly believes that they should be. Do you agree with him? Why or why not? Would your answer be different if you lived in another country?
- 2. Why do you think that the WTO and FTAA would consider restrictions on GMOs a barrier to trade?
- 3. Do you think that companies should have to label food as genetically modified? Why or why not?
- 4. The FTAA would make it illegal for countries to distribute drugs for free. Acuña claims that this is a result of the influence that US pharmaceutical companies have on their government. Do you believe him? Why or why not?
- 5. The proposed FTAA investment rules would make it possible for companies to sue the government of a country if they felt that government regulations were prohibiting their ability to be profitable in that country. If the company won the lawsuit, the government would be forced to pay that company for damages incurred as a result of the legislation, and remove the regulation. Do you think that companies should have a right to sue governments?
- 6. Apply your understanding of the Canadian economy to the idea of government procurement. Is it more important for the Canadian government to invest in local business, or to ensure that Canadians have access to products at the lowest possible price? Explain.
- 7. Why do you think **Fair Trade** labels would be considered a barrier to trade?
- 8. Acuña demonstrates a clear bias in his article on the WTO and the FTAA. What is it? Quote two (2) separate sentences (or sections) that reveal Acuña's bias. Do you share his bias or not? Explain.