

Democracy of pressure groups

- A look into what is freedom, and what is not -

by Jayant Bhandari

E-mail: contact@jayantbhandari.com
PO Box 3788, Main Terminal Station
Vancouver V6B 3Z1, Canada
Web site: www.jayantbhandari.com

July 2003

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Executive Summary

- The report contains positive references to profit, capital, liberty and freedom (including free-market economy), and the struggle of the world's poor in the developing world – if we dared, and cared to ask them, that is, to achieve these. These references might be too sacrilegious to be tasteful to some.
- The report attempts to show the weaknesses of the activism of the pressure groups, and how empty their rhetoric is. This is of course apart from their unethical conduct in trying to force their views on others. The report refutes comments made against businesses, globalization, privatization, and trade deregulation. At the same time, the need of government in providing property rights is emphasized.
- Using stories of my conversations with 'my friend', attempt is also made to look at how each and every one of us uses economic theories in our daily lives as a natural and rational way. Economics is no mystical science. The second attempt is to show that what we honor as a natural way of our personal lives gets easily translated into a natural way of our social life if honesty is respected. Honesty is important because it helps us look into the contradiction of why if I want freedom, I want to impose sanctions on others. History, particularly of the last century, and the present situation in developing countries are the proofs that lack of integrity in this area has cost millions of lives (in Stalin's Russia, Mao's China, Mugabe's Zimbabwe etc.). And this is only the visible aspect, as the pain and suffering of billions who survive is not quantified. Many NGOs, by glorifying poverty, working against letting infrastructure for productive activities come up, work to ensure that these billions stay as they are: in hunger and poverty. It is a crime against humanity. The seriousness of situation is such that it cannot be discussed and assumed to be understood over a cup of coffee, or when on dope.
- Hope this report will leave a feeling that the biggest reason for differences between the prosperity of a rich and a poor country is neither racial nor cultural, but the system of law and order, property rights, and freedom of action in private, economic and social lives; which work as catalysts to prosperity, growth and the fight against poverty¹.
- The report basis its analysis on the published material of the Council of Canadians, an activist Canadian organization. It shows the lies, manipulations, and distortions perpetuated by them. It is not just a simple case of ignorance, but willful manipulation, to a cause that neither serves Canada, nor other countries; neither the poor of Canada, nor those of the developing world. What they, in the final analysis

A lot of the insights of this report come from the works of David Henderson (Westminster Business School), Hernando De Soto, Wolfgang Kasper, Gurcharan Das, and *The Economist*. My gratitude and appreciation for them by themselves each represent institutions of enormous value to the humanity. My deep appreciation for my colleague for the last ten years, Rajni Bala, for her critical questions, which helped to clarify the insights, and for her help in preparing this report. Many thanks are due to Partha Shah, and Sauvik Chakravorty, at the Centre for Civil Society, New Delhi, for the wonderful work they are doing in very difficult circumstances, and to Philip Booth of IEA, London. Also due are my appreciations for the work of Pierre Lemieux. None of them would necessarily agree with the analysis in this report.

- represent, remains a mystery. They mostly harm the poor although they are the ones, who provide financial and activist support to the Council.
- The initial intention was to look into more of similar organizations in Canada and in other countries, to be able to look at pressure groups holistically. At the end it made no sense. The rhetoric is just the rehashed version of the same; usually not even rehashed. By implication I attributed similar blame to at least the following: Canadian Auto Workers Union, BC Teachers' Federation, Canadian Center for Policy Alternatives.
 - During the course of preparing this report, a temptation developed to nitpick. Since this would serve no intellectual purpose, I have attempted to avoid confronting each individual statement. The fact remains that there is hardly anything in the material and the work of the Council that is substantiated, analyzed or even referenced. The only affable comment they make is in the values and principles section of their guidebook for members: “We do not tolerate racism or discrimination of any kind. We believe in the uniqueness, equality and potential of each culture, race and gender. Accordingly, we seek to include all Canadians who share the organization’s values: No one shall be refused membership or be otherwise subjected to discrimination on the basis of race, national or ethnic origin, colour, religion, sex, sexual orientation, age or ability.” While they do this, their treatment of corporations, businessmen, creative people, those who create institutions of prosperity is worse than sub-human, disrespectful and derogatory.
 - Reading through the works of the Council, one thing that is felt is how well they are able to convey sometimes nothing in a lot of polished words. To some they can leave a feeling of having learnt a lot, having been equipped with tools for a ‘fight’. It is a fight for fight’s sake, and utterly self-destructive. Play of words is such that they sometimes conclude the opposite of what should be.
 - I do not claim that it is all hunky dory with corporations, like with any other sector of the society. The objective of this report is to merely confront the accusations that have no bases in reality. These organizations in the inertia of their rhetoric completely fail to address any of those issues that should have been brought forward to improve the working of the corporations and governments.
 - Dishonesty, manipulation cannot, and is not, the sole privilege of the corporations. Scientists, doctors, politicians, journalists, writers, humanitarian workers, environmentalists, teachers, bureaucrats all expect a salary for their contribution, so do corporations. Why should corporations be isolated for making a profit, and then given a bad name for doing this? It is important to have accountability in all sectors of the society - by definition no sector is incorruptible. Attributing incorruptibility to any sector is a sure recipe for corruption.
 - The usefulness of free-market economy, and social and political freedom is well spread, and most developed countries accept this fact. This acceptance, mostly based on scientific evidence, has neutralized the beliefs of neo-collectivists from dominating. The roots from where illiberal beliefs come from are in most cases not challenged: dishonesty and dependency. Also not challenged is the aspect of dishonesty in each of us that makes it possible to so easily accept the prevalent dogma: lobbying, cheating from the ‘good’ side of the issue is not considered rent-seeking. Unless this is challenged, and brought out in the open, the pressure

groups will continue to get moral support from the people to be a drag on any change to the better. In the meantime, changes will only come from scientific evidence, slowly.

- Activist organizations like the Council of Canadians, skew the truth, and exaggerate the problems so much to achieve some pre-decided action that it is difficult to know what is true and what is not. Unless this dishonesty stops among NGOs, public trust among other humanitarian organizations will also eventually go.
- The call is to move beyond simplistic rhetoric. This is when institutions can play an active educational role in development. This is the reason for making this study.
- While the report ends at attempting to portray the concept of globalization, privatization etc. as productive and prosperity increasing for us, it would be beneficial and intellectually honest to say that it should not end here. We all sin, and so do businessmen. It is very simplistic to say how bad Bill Gates has been: for monopolistic ambitions, making too much money etc. But have we thought that while this, if proven, are his faults, that he and people like him, have revolutionized the course of our progress? He might have made tens of billions, but the contribution of his work has made trillions for all of us. When we look at his faults, let us look at his contribution as well. Is it not just ethical? Similarly the work of pharmaceutical companies and the advances made have contributed to increasing our life spans by more than 100% in under a century. While whether people accept this, or not, make little difference in understanding this report, it will enormously assist in getting a holistic understanding of the dynamics of development, and its moral underpinnings. Honesty just makes understanding easier.
- In the passing one more aspect, not directly addressed in the report needs a mention and that is that the collectivist causes espoused by the Council and similar organization mentioned have a dehumanizing effect on the society in that they glorify dependency with a resulting negative affect on our self-respect.

My friend and me

She said I would not have any friend, commenting on my lack of social life. I did not fit in – a lot of fun loving youth were socialists, who believed in commanding heights of the public sector. ‘What an irony?’, I said. The people in the poor countries of my origin want private sector, MNCs to come in. Even those in the public sector and in the government, once they have had a couple of drinks say the same. They know what a huge, massive sucking sound - devouring hard earned money of the taxpayers - public sector monopolies, and unaccountable welfare schemes create. The sucking sound of the welfare system in a country like Canada is dampened by the heavy taxes on the free-market based sector, the area of competitiveness, which fortunately has been left free to conduct its businesses. Also, there are fewer monopolies, which are almost always wasteful as there is no motivation to improve, to innovate, or even to control costs. The prosperity of the rich western countries do not come from any mystical cultural reasons but from the relative liberty that they enjoy with their lives and their property and their creativity. I said respect what you have, or you will lose it.

Freedom and Liberty

Freedom is what we all believe in, and it seems from a certain perspective that the only difference in the perspective that people take on freedom is about the path we need to take to achieve this. The reality is that freedom can mean completely different things to different people, and the difference is not only in the paths but also in the goals. For some freedom is a responsibility, for some it is ensuring a system of dependence. For some freedom is voluntary corporation, for some it is top-down collectivism. For some freedom is about achieving 'fairness' through redistributive taxation, for some it is about avoiding this as much as possible to achieve 'fairness'. For some freedom is about believing that we are the ultimate guardian of our welfare, for some it is about believing that the society is the ultimate guardian of our welfare. For some freedom is about riding the wave of change, for some it is about maintaining the status quo. The fact is that these definitions of freedom are completely contrary to each other; one in its implementation leads to a political, legal, and social system of freedom, and another of slavery, of a mutual kind.

The need for a proper understanding of freedom is not just a pedagogical discussion but something that subliminally affects our institutions, their working, our society, the interrelationships, the structure of our polity, and its welfare schemes; basically something that defines how these fundamental institutions work and are organized, what the drivers of these institutions should be. What makes us human is our freedom of action, of thought, of living in a way that our spirit guides us. But such a freedom cannot be based on contrary definitions. And giving a proper definition to freedom, and implementing it is an ethical obligation. Let us not be swayed by nice sounding slogans in a direction which we deep inside feel individually as not being completely right, or by moves that although might seem to give us immediate benefits, but do not look honest or proper. We do feel it inside, and the best thing to do is to challenge it, and reflect on it. Let us not dull this human capacity of discernment.

During the cold war, communism was seen to be working well and the stories coming out of the communist states got the capitalistic forces to accept a major part of their economies to become socialistic. It was seen as the right thing to do given that USSR was seen to be doing so well. Not many had the courage to challenge the socialist aspects of the western polity. How could you challenge something that was working so well in USSR? When USSR broke up, we realized that not only all was not well with communist countries, but also they were very seriously dysfunctional. The socialist aspects of the western civilization started to get challenged, as elsewhere in the world. The western governments by this time were controlling over 35% of their GDPs, a lot it wasteful, unaccountable. What we need to do is not make such mistakes again by following unsubstantiated rhetoric, and take a wrong direction. There are elements in the society that hate companies, and love collectivism without proper information, or understanding. So one of the corner stones really is honesty about information.

The attempt in this document is to show that wrong information is being perpetuated to convince us of a certain set of preconceived beliefs. Not only this, but hope what follows

will also leave a feeling that free-market economy is not only the only system that works, but it works because it is a moral system based on respect, responsibility, and accountability of the individual. We do not even need apologists.

My friend and me

We were jogging near the Wreck Beach in Vancouver, and came across a stall that was full of signature campaigns. Most had titles like 'Save the Planet', 'Now or never', 'For our future' etc. My friend stopped and signed all of these. I asked if she really understood and believed that the actions petitions requested would actually help save the planet, our future, our children, or could it make it worse. Why put your vote for something you do not understand? And if you really want to vote, why not also value it and read what you are signing on? Her face expressed her discomfort for my iconoclastic views. She had, in her generous ways, put some money in a donation box. I did not have the guts to ask her if she knew for sure that it would be really used for the values that she upheld. While she had finished signing all, I had read one and signed it. It was about making sure that the nudist beach stayed a beach of free choice.

Profit vs. non-profit

Expressions 'for-profit' and 'not-for-profit' are used by some as if they explained all the inherent values of the organizations merely by stating this. There is in reality no such conceptual difference. The adjectives only state that the former intends to have residual cash from the operations whereas the latter does not (which itself is not true in reality). Apart from this there is no more information available from this.

To the uninitiated the former sounds very charitable, glamorous, and selfless. The reality is that this is completely erroneous. Firstly in a not-for-profit organization, apart from the organization, everyone else involved makes a profit from the activities. So the employed make a profit (as salary), so do suppliers of services. The only thing that the not-for-profit organization does not necessarily charge for is for the capital employed. Even if they do not charge for the capital employed, this is not completely right, as they do tend to add some revenue to the reserves. All this makes small difference in the total financial value added. The benefit of for-profit system is that it ensures that the capital is usefully employed.

Of course while this is being read some of the readers would think 'yes, but not-for-profit fulfill a social purpose'. This is again erroneous. A social worker, or a military personnel, or a teacher who takes a salary are in effect no different from a doctor, journalist, software programmer, a trader or a businessman. They all do what they want to do (and hopefully enjoy doing) and make a salary (or profit) from their efforts. They all add value to the society in their areas of operations. It is morally incorrect to value one person's work as more important relative to the other merely on the basis of some flimsy definition of selfish and selfless work - that anything that we do that we want to do (with whatever form of return: satisfaction, money or a combination) can mean either selfish or selfless depending on how we look at it.

The subsidies, tax support, and charities that a non-for-profit organization gets are not different from revenue of a for-profit organization. Both kinds of organizations then provide services using their finances. Usually in non-profit (and sometimes for-profit) organizations, the source of money is different from (and hence unrelated to) the application of the money. This creates a risk of lack of accountability. This can result in a lot of wasteful usage of money. It is here that sometimes it is suggested that the source of money be transferred to the client i.e. as vouchers to the students.

Some might still say that for-profit still keep an eye on the bottom line. The truth is that so do not-for-profit: they have to keep themselves within budget, and promote (sell) themselves to attract funding. Whether this is done or not, the fact remains that expressions 'not-for-profit' and 'for-profit' do not tell much. Anyone using these terms to convey an assumed meaning should be challenged: there is probably a hidden agenda, expectation for a benefit without merit.

The new age mercantilism

In the mercantilism system businesses lobbied with governments, and pressured them to seek favours. These favours were of course at the cost of the general citizen. Similar tactics are adopted, at the same cost, by the present day pressure groups; they call themselves 'civil society', NGOs.

Whether it is mercantilism of the business lobbies or that of the pressure groups, they signify a non-democratic illiberal mentality. They both attempts to take away the responsibility of the individual, that of the necessary social institutions and that of the democratically elected governments; and expect all of them to follow their dictates. Hence weakening all of them. The ploy is to use nice sounding slogans and compassionate expressions, pressure tactics (to extract more than they as a group of individuals deserve), manipulation of facts, and sometimes outright violence.

The pressure groups have been able to use the modern technology, globalization, advertising to achieve a sound drilling – sort of brainwashing - of their beliefs in large parts of the population. Otherwise they are against technology, globalization and advertisements. At the end of the day these pressure groups have nothing to loose if their - usually simplistic - concepts are accepted, as the final responsibilities are still those of the governments. It is a pretty comfortable position to be in: that of being able to preach 'lofty' ideas, not having to follow them themselves, and then having no responsibility to act; and given the fact that most of these are soft issues, find a new scapegoat when things go wrong.

One of their major ploys to sell an idea is to find a small problem and then blow it out of proportion as if it represented the whole situation. So if an overseas company files a suit against the Canadian government, they without regard to the facts immediately jump to the conclusion that there must be something wrong with the whole of the trade agreements. The facts that there could be a lot of good things about the agreements are simply ignored. The merit of the case is, of course, conveniently ignored. The underlying belief is that the individual is stupid and that the only way to motivate him (or her) is to exaggerate. In all this noise the need for a proper analysis is dumped in the garbage bag.

In the real world, a lot of work goes into creating institutions. None can claim to be perfect. Given the hatred that these pressure groups have for intellectual property rights, they copy, usually word-to-word, other people's work and show those as their analyses. Of course in the course of copying, the facts get muddled, references lost and inferences changed, and sometimes used in a mutually contradictory way (labour and environmental laws of developing countries should be tightened to improve their conditions, while those of Canada should stay untouched for sovereignty reasons; for example). The understanding of the issues is lacking, and concept simplistic, as if concocted when on dope.

The first casualty of lack of respect for intellectual rights is the work of these pressure groups itself. There is an appalling lack of in-depth analysis on any subject. Read other works on the subject and it is just more and more of the same. The work is rhetorical and extremely superficial. And why wouldn't it be? It is easy to copy, and if you did your own analysis someone else would unscrupulously copy it within nanoseconds – none believe in intellectual rights.

Given that (trade) agreements are made by mostly intelligent people the problems are usually not known at the outset. In a normal world there have to be problems. This is an area where NGOs can work – to dig out such problems, and some do. Most prefer the limelight of action, slogan shouting, scapegoating, illiberal behaviour, manipulating – each insidiously takes away the dignity and liberty of the individual, and that of the institutions.

The price of the freedom is eternal vigilance and what follows is for the people, the individual, and the social institutions. The message is to ask for all the facts, not to accept what your intuition tells you as wrong, do not do things that take away someone's liberty. Or someday it will come back to haunt you. Question, question and question.

My friend and me

She asked me why I thought normal person had no authority to discuss economics. I knew she was going to come to this despite that I had never said this. I gave her an example of a few days' back when we were all at a party, where some were playing the piano. Given my recent attempts to learn it, when I tried my hands at it, there was a mass exodus. Why is it that when I play bad music, people just about know it whereas when musicians who know very little about economics, speak about it, most listen to them as if gospel was being spoken? Because it is so easy to look stupid if you don't know music. In economics, there is a time gap before the results are known and sometimes the results just get attributed to different reasons. What politics and economics require is critical evaluation of what is told, questioning before accepting. Unfortunately, our schools teach dogmas. Yes, in Canada. It is not of the religious kind but that makes little difference, as it still is no less insidious. We are taught how to reflexively support anything that happens in the name of environment, poor, planet etc. In many case they go against the very concepts we hope to work for. The indoctrination includes completely switching off any critical evaluation. So if you asked a child what she thought of the environment, the response would be how bad things were getting. If you then said something to the effect that a hundred years back, what you had in big cities were smelly roads with tons and tons of shit being generated by horses, the answer would be to the effect that that is not right: those days the world was green, quiet, and peaceful. The other aspect relates to hero-worshipping. It is about why we should attribute those qualities to movie stars and singers that have nothing to do with their success (and hope they stayed away from pontification). In the final analysis, it is really not so much about economics education, but about education that makes you think, critically, objectively, honestly. About self-respect that asks you to be responsible and not to believe something just because you are mesmerized by someone.

Free-trade vs. sovereignty

Here is an (east) Indian story: once God visited a disciple. The God was very pleased with the disciple, and offered him three wishes, but said that since he did not like the disciple's enviousness against his neighbour, the neighbour would get twice as much as the disciple asked. Of course the disciple forgot the condition, and asked God to give him a palace with wealth, and women. He got it all but the next thing he saw was that a massive golden palace adorned with diamonds stood next doors. Filled with envy, he asked God to give him ten wells; the neighbour got twenty. Then he asked God to blind one of his eyes. The neighbour lost both of his; blinded he fell in a well, and drowned.

The anti-free trade beliefs, it seems, come from envy rather than our capacity to synergise to grow together. The anti-free trade groups would rather that we all stayed hungry than let those who can create institutions of prosperity come up, and prosper at the same time. And that is why their focus is entirely on how much the corporations earn rather than see how much the poor earn from them. These groups go a step further of course, purposely not looking at facts in their entirety, to work up contradictory evidence based on either selected cases, or usually by just ignoring the reality.

What is free trade? The kind of rhetoric that has built up, the arguments that go into negotiating it, the controversy about it affecting our sovereignty have brought it to a stage that it sounds like a very arcane subject, something for big brains. Nothing is further from the truth. Free trade is *not* about loosing sovereignty, but gaining so much of it that it gets delegated to the individual citizen; that is all it means. Is this not what true democracy is about?

Free trade means that instead of local monopolies telling citizens what to buy and at what price, the citizens get the right to decide this. Instead of governments telling who can sell, the citizens individually decide who can sell. Who in the right state of mind can argue against it?

Governments hold a lot of legal power to define rules of transactions – restrictions on free flow, or in other words, just a wasteful cost in the value chain. There are some valid laws that are related to ensuring that an individual, or an organization does not benefit at the cost of another, or at the cost of the society – environmental laws, health and safety laws, public infrastructure etc. If these laws are based on realistic calculations, they are very important costs to be associated with production - the area for governments to be in. The rest of the restrictions on the free flow of trade is an unnecessary cost, a wastage for humanity in general; while the redistributive and rent seeking aspects of it benefit a few at the cost of the most.

The natural resources are freely available in the earth. From extracting the minerals to making the final product, human endeavour is needed. Each occasion that a human involvement comes, the cost of the product goes up. What this means is that the more people there are in a single stream of production, the less they can produce individually.

The 'extras' should be assigned to a separate stream of production. At the end of the day what they produce, in proportion to the individual, is prosperity. The less wastage there are, the more prosperity becomes. This is when unnecessary restrictive laws assign more people in the production stream, becoming a drag, a cost without value.

WTO, NAFTA are about partially removing these unnecessary restrictions on trade.

When the market is open for corporations to operate in, what happens is that they have to produce better products with better prices, to be able to compete. In addition the useless costs associated with restrictive laws, those that can be removed without affecting the product quality, are removed. What the anti-trade brigade does not realize is that some of our best brains work on creating the restrictive regulations, and in companies, to work towards satisfying them. Others refuse to participate in the economy as the passion to work goes out of the window by demeaning regulations. It is too easy for the brigade that marches on the street, shouting slogans, not to appreciate the destructive power of such wastages.

And, is this freedom to operate in the market good for corporations? The reality is that the restrictive regulations create barriers to entry. So the local corporations would rather that the other companies, local or foreign, did not operate in the market. The prime reason for removing the trade barriers is to help the citizen get the direct right to decide what to buy and who to buy from. The competition has a huge humbling effect on all corporations, as without competition they have a temptation to become rude, non-responsive, expensive. The competition has so much affected the business that they have swung to the other side, and some have become servile: 'customer is always right' is the mantra (but this is another area of discussion, digression for the present). So basically, when the anti-trade people say corporations are now ruling the world because of free trade, dump them and their slogans as quickly down the drain as they are spoken.

Free trade is not for corporations, or for governments, or for rent seekers (free loaders). Its sole purpose is to delegate the responsibility to the individual, where it should lie. Free trade is as sovereign as possible, down to individuals. Who said it negatively affected sovereignty, and freedom?

My friend and me

A slogan on a postcard of the Council of Canadians read 'People before profit'; another read 'Heath before wealth'. And came an instinctive response from my friend how bad the pharmaceutical companies were. They charged too much from the poor, while they found the poor cornered, forced in a position to buy medicine at whatever prices the companies asked for. I reasoned that usually there is competition and prices cannot be unreasonably high, and after all the drug companies have to recover their developmental expenses, which are huge; and if someone has to subsidies, it should be the governments. But she argued that they – the pharmaceutical companies - should do something, refusing to clarify what she meant. Anyway I reasoned what gives her the right to force her morality on them. It is their wish to use the rewards of their efforts the way they want. Why not you do your own bidding?

The real problems of the poor are after all not so much about medicine but about preventive care – food, hygiene, education. I explained to her that for a family in a poor county which survived on less than a dollar a day, a sacrifice by her, despite her seemingly limited financial means could easily and literally change and save lives of a score of people if not more. If she really wants to contribute, that is. 'Yes but that can make a difference in the lives of only a score', she replied. And drug companies can make a difference in the lives of millions. 'Hypocrisy', I said - lack of respect for her own capabilities, and then transferring responsibility on someone else for something she could herself so easily do. That is when I paid a mental respect to thousands of humanitarian workers working in inhospitable areas of poor countries, who instead of making noise about what others should do, carry on with a message in their heart, silently, invisibly, with the warmth of the contribution that they make to millions.

We never got around to discussing why pharmaceutical companies do not do much research on the diseases of the poor countries – malaria etc. And that it would be better to have some medicines – albeit at a higher price - than nothing. Most poor would gladly pay for water, education, hygiene, if they had access to it. Forcibly reduced prices have done just one job: keep even the possibility of such access away.

Life does not offer 'perfect' choices as they might look to a utopian. Neither corporations are flush with funds, nor governments can keep printing money.

The way our conversation ended made my heart cry: did she in any way at all care about the poor, or just hated the businesses – for the wrong reasons, doing huge moral damage by not acknowledging their contribution?

There are reasons corporations should be opposed for but then, again, her approach to look for simplistic answers never got us to look into those.

A look at the analogous situation with some pressure groups

There is a difference between an educational institution and a pressure group. An educational institution works towards educating people, whereas a pressure group has nothing to do with education or awareness. They work to further a set of objectives they have decided on – for a so-called social purpose. So in a conference they sit to discuss tactics to achieve a set of objectives, closed to any challenge, discussion. Pressure groups whether fighting for profit, or for so-called social interests are undemocratic and illiberal. They then disguise their dictatorial agenda in nice sounding words: progressive, democratic, values, human rights.

All this does not mean that all is hunky dory with the businesses, MNCs etc. But they are usually blamed for the reasons that they have nothing to do with and usually for their involvement in areas where they make great social contributions. Companies lobby the governments for special favors, exaggerate the capabilities of their products, and bypass democratic laws. The ‘civil society’ organizations discussed above do pretty much the same without even making a financial, educational or material contribution to the society. And why do they not blame the companies for what is obviously mercantilist? Because they do the same, in higher proportion. The stark truth is that Adam Smith, the father of economic liberalism, and Karl Marx, the father of communism both opposed lobbyists, pressure groups.

No doubt there are problems but the only way solutions can be devised is by dissecting and analyzing the problems rather than misappropriating and exaggerating the causes. For such is unlikely to lead to a solution, unless by chance. What we see is a series of lies to misattribute the causes of problems – almost reflectively – to globalization, industrialization, reduction in government programs, privatization. Why should the analyses – if it can be called that at all - be so flawed and consciously blinded sometimes gives reasons to worry if the real agenda is to deal with the problems or to establish a pogrom against some deemed enemies? This can only be a separate discussion but what follows is a brief look at the half-truths, skewed presentation, lies, and blatant lies perpetuated by some very important organizations. The excerpts are from the literature of the Council of Canadians, but could be most other anti-trade, anti-globalization, anti-business organizations.

My friend and me

Another day, our discussion moved to democracy. A vote for an individual, no more no less. I told her why lobbying, violent street protests were corrupt ways to achieving a goal. The aim of such activities is to get a disproportionately higher influence on the process. She said it was all about media, marketing, advertising. This is how the civil societies could be heard, and after all so many corporations lobbied the governments around the world to gain special advantages over others. I agreed that many did that, and it is something that we should all fight against - a corrupt practice does not justify another.

Manipulations and half-truths

*The Council: [Governments] are buying into the **myth** that the public sector is inferior, and that it must be abandoned. This myth is based on many **false assumptions** that big business constantly pushes on us. Here are a few common ones: government regulations and environmental standards are unnecessary burdens on big business, competition is superior by nature to cooperation, corporations and the very wealthy pay too much tax...²*

Comments: How do you know it is not a myth? Or is it that you wish people to join you only after you have decided on who the enemies are, and what the myth is?

We all have different competencies: a tailor is not necessarily good at software programming, for example. Government's job is to look after law and order, monetary policy, preservation of property rights, judiciary etc. These competencies are not necessarily compatible with generating electricity, for example. When government delegates involvement in the day-to-day running of such sectors, experience has shown that the prices go down, and general prosperity increases. Calling it 'abandonment' is wrong, as privatization does not mean abdicating responsibility about what happens to that sector. In fact, once the regulators are distinct from producers, it is a lot easier to enforce standards. Sometimes privatization create problems either because it is not properly done or thought through, or because something just goes wrong, as electricity privatization in California probably did. This is life – we just have to correct the problem. And let us not forget how successful similar privatizations of most utilities in the UK have been.

Government regulations and environmental standards influence all sectors: business, human rights activities, education etc. Such organizations can and do have the right to bring to government's notice what and how much is appropriate – no one knows better than those in the frontline. Unnecessary regulations without a doubt impose a cost not only to the businesses but also as a consequence to the society at large. What is important is to look into how they influence the decision-making: by paying bribes (in case of businesses), by violent demonstrations, pressure tactics, blackmailing by going on strikes, lobbying etc. Also, as a serious thought will explain that too much environmentalism is not about environmentalism, but anti-environmentalism.

Who said anything against cooperation? Or was this statement supposed to be 'competition is superior by nature to monopolies'? Competition is a part of political and economic philosophy, and a natural consequence of economic freedom. In practice no corporation - giant or midget, no shareholder, no boss, no employee likes competition. Competition comes from freedom in economic sphere and it ensures effectiveness of the economy to provide fairness in the conduct of businesses, and above all to provide the best to those who are not in the position of power.

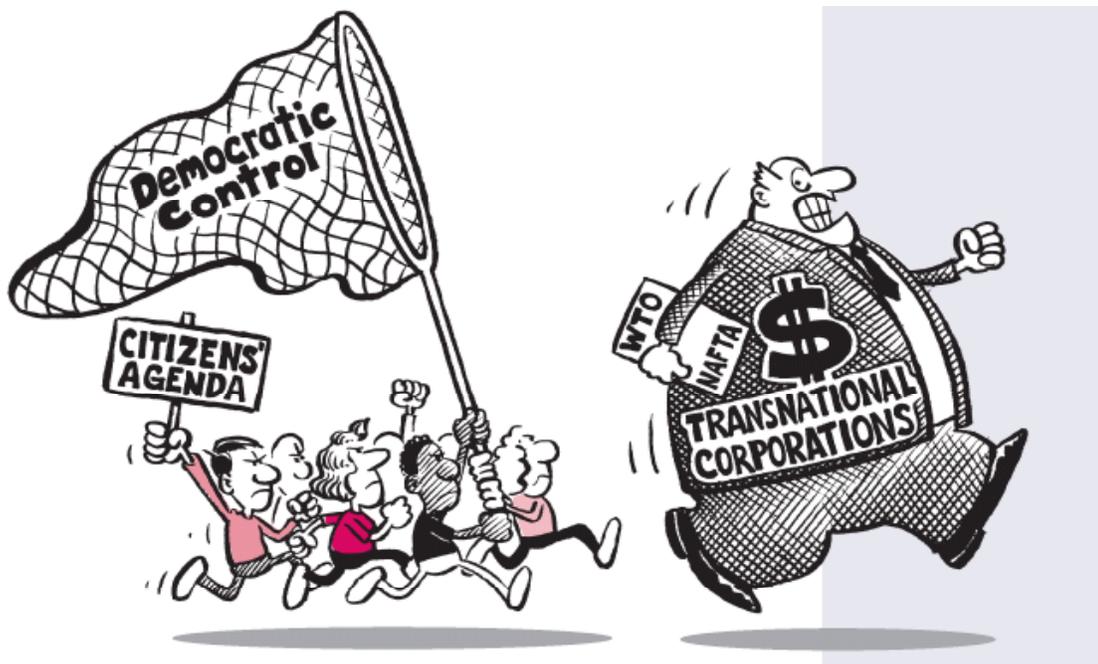
² A Citizens' Agenda, Council of Canadians.

As far as the taxes are concerned, ideally corporations should *not* pay any taxes at all, as individuals can easily be taxed for the money that the corporations pay out as dividends. And unpaid money that then stays with corporations is recycled back to the society as investment. Unfortunately such tax structure is not easy politically to administer, but is one that would create least distortionary effects, and least administrative expenses.

Also, inappropriate high taxes on the wealthy are immoral: would you rob a person just because he or she is richer? Well, if governments do this – even ‘legally’ - it is still robbery. Moderate redistributive tax from people with higher income is an acceptable part of the present system, something not many oppose. But let us accept this with gratitude.

The Council: So, when we ask our federal and provincial governments to defend our interests, they claim they’re powerless against the global corporate agenda. They say “there is no alternative.”³

Comments: No reference is quoted about where it comes from. It has been simply made up.



³ A Citizens' Agenda, Council of Canadians.

*The Council: With government thinking so in line with the corporate agenda, how can we as citizens make our voices heard and create the kind of communities we really want? We do it by creating our own agenda—a **Citizens' Agenda**. This is an agenda that puts priority on the social, economic, cultural and financial health of individuals and their communities. It's an agenda that gives people the tools to exercise their democratic rights. Through regional and national consultation with Council chapters, activists and coalition partners, the Council of Canadians has begun to construct the Citizens' Agenda.⁴*

Comments: Implicit in the material of the Council is the fact that Canada is a non-democratic country. For them democracy is one in which their autocracy is recognized. The above cartoon⁵ on their website quite well encompasses the thinking - it is democracy misunderstood. Elected governments are the closest we can have to democratic control, and the laws made and actions taken by such governments is closest we can have to any collective citizens' agenda. Despite this there is a lot of truth in the cartoon: a few vociferous people, calling themselves 'civil society', dictate their terms on democratically elected institutions, scare away investors, and then wish to imprison people who work within contracts made by elected governments in a net, euphemistically called 'democratic control'. It is similar to what Hitler, Mao and Stalin believed in: theirs was a government of the masses as long as these dictators were at the helm. In the long run this might turn out to be a big assault on democracy and its legitimate institutions.

The Council: At the local level, citizens have a key role to play in establishing democratic control over our communities and exposing the corporate agenda. They can do this through actions such as demonstrations, direct action, popular education, media work, letter-writing and lobbying of government representatives.⁶

Comments: Mindless demonstration and slogan shouting is about at best emotional manipulation, usually heavy-handed way to achieve a purpose. Serious education, democracy and liberty are the way. Anyway, what is 'popular education'?

*The Council: Sticking to the old ideas of "nationalism" and "national sovereignty" won't work any more in this age of global interdependence. We need to go beyond this narrow definition of sovereignty. We need to embrace a broader kind of sovereignty—a "**popular sovereignty**." Popular sovereignty reflects the dreams and aspirations of people who live in a political community (like a neighbourhood, city, province or country) and who remain connected with peoples around the world in the struggle for social and economic justice. We propose using this new definition of sovereignty as our common base for action. Protecting citizens' rights in a borderless world means working internationally to protect all cultures and communities, and their right to decide the conditions under which they live. It means joining with people around the world to create popular sovereignty, establishing national and global standards on the environment, human rights and social justice.⁷*

⁴ A Citizens' Agenda, the Council of Canadians.

⁵ A Citizens' Agenda, the Council of Canadians.

⁶ A Citizens' Agenda, the Council of Canadians.

⁷ A Citizens' Agenda, the Council of Canadians.

Comments: Nice words. But is this not very pro-globalization, something in other areas you are so against? And hope it considers the wishes of people from developing country, their need to be able to supply the products of their hard earned labor to rich countries without obscene restrictions on trade and without having to compete with those who have received generous subsidies, their need to find what they are most capable of unrestricted by labor (and environmental) laws imposed by the idealists in the west based on lofty ideas that would rather let them starve than let them take job that does not provide western standards. Have you talked to the poor in poor countries or just anti-trade organizations there?

The Council: In the Trade-Related Intellectual Property Rights (TRIPs) and public health area, there has been no give on the part of the US. It continues to maintain its position that only in the case of drugs for three diseases-HIV-Aids, malaria, and tuberculosis-should patent rights be loosened. Since this has been rejected by developing countries, the US is now talking not about loosening patent rights for public health problems but for "public health crises." American negotiators have reportedly told developing country negotiators that they can't change their positions, and if they want any movement in the negotiations, they should talk directly to the pharmaceutical giants. Another disturbing occurrence is that the Director General, Dr Supachai himself is spreading the blame for the stalemate from the US to Brazil and India, whose manufacturers, he alleges, will be the ones that will principally benefit from looser patent rights.⁸

Comments: Wonder if the US 'gives', who will continue to do research on HIV-Aids, malaria and tuberculosis? And yes, American government has no right to act Robin Hood and give access to the property rights of the pharmaceutical giants. Wasn't this a part of etiquettes to request for something that did not belong to us rather than seize it? Unconditional respect for property rights make the developed countries what they are, and no sensible government will let this institution collapse.

We should all feel sorry for poor of countries like Brazil and India. Indian protectionist corporate giants can make money out of looser patent rights by copying expensively developed drugs, and poor in the short-term by access to some cheap drugs. India in general will continue to make itself bad investment for mega-research activities that it is so capable of, were these rights solid. And the diseases exclusive to India and Brazil will go un-researched, and undeveloped.

The Council: Through its research, educational work and campaigns, the Council is committed to building a stronger civil society. Its Citizens' Agenda, launched in 1994, is a long-term project outlining a vision and action plan to bring our economy and society under real public control while protecting the environment.⁹

Comments: The agenda does not seem to say much about what the next society will be based on: how the business organizations will be run and how such control will lead to

⁸ The Stalemate in the WTO, the Council of Canadians.

⁹ Our History, the Council of Canadians.

more effectiveness for the society in general. The last century was replete with similar experiments in scores of countries – all failed; communism has stood discredited. So the council should put forward a plan that can at least theoretically prove how their kind of collectivism will be better, how they will manage creativity, and freedom of speech, thought and action. What research the Council does will become more evident as we go.

My friend and me

A group of us were discussing about socialism, and how it was implemented. Some of us had lived a lot of our lives in partially, or fully socialist countries. And the discussion was getting more and more entangled when a well traveled Lebanese friend with little understanding of the terms of economics walked in. 'Are you joking?' he said. 'Only the free-market economy countries are socialist.' All of us with a background in so-called socialist countries stood in awe with what he had just said; I certainly did. All our experiences were similar: free-market economies make it possible for governments to collect enough taxes to support welfare programs. The 'socialist' countries at best only provided the very basics, most failed to provide even that – you could die of a minor disease, and no one cared. Were Marx and Lenin to visit today's world and see the developed free-market non-mercantilist countries, they would probably burn their books to save embarrassment. Would you kill the goose that lays the golden egg?

Having said this, the welfare system, which has an element of redistribution, dependency in it, has to be put on leash to include a deep sense of user accountability. My usual companion, my friend, had seen the tornado coming when the Lebanese friend made his first comment. She had quickly made it to the kitchen.

The Council: Profit is not the cure for medicare. Every Canadian has a right of citizenship to publicly funded, accessible, universally delivered health care. We can afford to maintain and even strengthen our health care system if we eliminate the current for-profit components that are causing some costs to spiral, such as patented drugs, fee-for-service, and overpaid administrators, and, instead, turn to a primary care, community-based, fully public model run more equitably and more efficiently. Further, the right of Canadians is the right of every human being on the planet; Canada must re-commit to its former position and work with other governments and the United Nations to see that universal, public health care is provided to the world.¹⁰

Comments: This is wishful thinking at its best. Words, even if they meant anything (most don't here), are easy to say than implement. The patented drugs will leave Canada as quickly as such a policy is implemented. So will the administrators. The ineligible higher payment that undeserving employees get is under the pressure tactics of the unions. And what is this rhetoric about profit? Don't we all make money for what we do? Everyone makes profit even from the health care except for the government, which

¹⁰ Page-3, Profit is Not the Cure: A Citizen's Guide to Saving Medicare, the Council of Canadians.

finances it using tax money. You can for sure influence your associates – the unions - in health care to relinquish profit motive and give up taking salaries.

As far as the world goes, millions go to bed hungry everyday, and the best of the action plans do not foresee this problem going away for the next several decades, or may be for the rest of the century. Lets sort ourselves out first – the public health care to the world's poor is so much a pie in the sky that they don't even dream about it. (More on this later).

The Council: A new Canada was beginning to emerge from the First World War. It was clear that unfettered, unregulated capitalism was not working for the majority. Anger at the old class structure in which a privileged few dominated government and the economic and social lives of millions exploded. The propertied classes had become richer from a war that had cost so many working families their sons. The elites used their power to suppress political dissent and resist workers' demands, fully expecting to return to their pre-war status.¹¹

Comments: History has a great use, if properly understood and interpreted, and learnt from. There is a horrible mix-up of concepts in this. What the author is talking about as 'unfettered, unregulated capitalism' was, as Hernando de Soto would call 'mercantilism', which is not 'capitalism' but a system of lobbying for trading favours using corrupt connections with the people in power. It was in no way unregulated but highly regulated, the source of corruption. By definition it was not 'free-market individualism' as claimed by the author in the same document. Mercantilism grew out of over-regulation, and hence the lobbying culture – both fed on each other to create a corrupt system. Is the author advocating going back to the earlier corrupt system by messing up the flow of logic?

My friend and me

She came up with some of the strongest points ever: what about Enron, WorldCom? I had to think with contempt how much I had lost in the stock exchange because of these companies. Were it not for these, I would be sipping nice cocktails in some wonderland. I said, 'what happened with these companies proves how important it is to work under financial constraints'. My indication was at government's budget deficit and at the cost structures of monopolies. Companies like Enron, were they monopolies in the public sector, could go on forever, charging their customers on a cost-plus basis, without any shortage of money, their loan payments guaranteed by the government. It is important to kill cancer before it spreads. This is what the system did. I ended the conversation with a comment: 'why not the anti-business organizations bring forward some serious research to expose such corruption? After all what was happening at Enron could have been visible to alert eyes much earlier. Or hardcore research is not a glamorous thing to do? Or is it that people who oppose intellectual rights so vehemently, and just about use the same material, copying it without acknowledging their sources do not make committed researchers?'

¹¹ Page-5, Profit is Not the Cure: A Citizen's Guide to Saving Medicare, the Council of Canadians.

The Council: The evolution of the [U.S. medical] system has been driven by vertical and horizontal corporate mergers resulting in the formation of huge transnational health care corporations that dominate the Fortune 500. Large drug companies merged with the health insurance industry to swallow up hospitals, free-standing clinics, doctors' practices, nursing homes, outpatient clinics, and pharmacies. In 1993 alone, at the height of the mergers, the top ten HMOs saw profit increases ranging from 14 percent to 270 percent over the course of the year; and third quarter profits in 1994 rose 732 percent over the same quarter in 1993. The annual profit of the corporate health care market in the U.S. now stands at almost one trillion dollars (US). Meanwhile, frontline nurses cover their arms and hands with sticky bar codes and slap them on patients' "bill" charts to record each drug, treatment, or supply administered.¹²

Comments: As usual there is no attempt at all to show the sources of these figures. No attempt has been made to analyze the source of increase in profit: was it because of cost reduction, or because of monopolistic power?

The US budget documents of 2001 show the total GDP attributable to Medical Care as 1.270 trillion dollars. So, was almost all health care revenue profit with no salaries or payments made? The reality is that consolidated corporate profit of **all** US companies was less than one trillion dollars, despite including profits from overseas operations.¹³

The Council: The costs borne by employers also differ greatly between the two countries. Health insurance premiums paid by Canadian employers amount to only 1 percent of gross pay compared with 8.2 percent in the U.S. This gives Canadian business a huge advantage. In fact, the World Competitiveness Report has identified Canada's universal health care system as a major competitive advantage. Canada's health care system has been shown to save the auto industry, for example, between \$1,200 and \$1,500 for every car assembled here.¹⁴

Comments: Government of Canada is not an inexhaustible reservoir of money. Money that goes out must be matched exactly by what comes in (even printing of money ends up as a kind of taxation). By making statements like the one the Council has made, public is made to believe in some mystical financial power of the governments – helping spread, and sustain superstitions.

As the Council mentions elsewhere in the report, U.S. employers pay insurance premiums closer to what it really costs them. By charging a lot less in Canada, don't you think we might be subsidizing the auto giants? Or in other words, are we not subsidizing luxury of people who buy Canadian made cars at the cost of the taxpayer? And are auto-giants not happy with this? Of course they are. In a joint letter - also available at the web

¹² Page-17, Profit is Not the Cure: A Citizen's Guide to Saving Medicare, the Council of Canadians.

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<http://www.bea.doc.gov/bea/dn/nipaweb/TableViewFixed.asp?SelectedTable=125&FirstYear=2002&LastYear=2003&Freq=Qtr> and
<http://www.bea.doc.gov/bea/dn/nipaweb/TableViewFixed.asp?SelectedTable=30&FirstYear=1999&LastYear=2000&Freq=Qtr>

¹⁴ Page-20, Profit is Not the Cure: A Citizen's Guide to Saving Medicare, the Council of Canadians.

site of Canadian Auto Workers union - the Canadian heads of the Ford, DaimlerChrysler and GM, and CAW have urged that the health system be 'preserved and renewed'. By not letting the true costs reflected in their accounts, by accessing tax money of the common citizens, the auto giants truly participate in 'Profit before people'. As this links in well with the auto union, this corporate lobbying is approved by the Council.

The Council: In a November, 2001, National Post special called The State of Health Care, polling company COMPAS Inc. reported not only that Canadians remain firmly committed to free, universal medicare, but that they reject private-sector solutions to the system's problems. Further, says Conrad Winn, COMPAS president, Canadian support for user fees, corporations running hospitals, and cost-cutting by closing hospital beds and reducing services is "plummeting." In fact, when asked whether they would support the introduction of a "Patient's Bill of Rights" that would guarantee all Canadians a certain level of medical and hospital services, 74 percent of respondents said "yes."¹⁵

Comments: The whole book on Medicare 'Profit is not the cure' is replete with what Medicare should be like rather than why should it be like that. A research organization's - which you claim yourself to be - job is not to rehash what the people think but to analyze the situation and recommend a course of action, which based on the analysis you believe is the best, and then put it forward to people so that they can take educated decision.

My friend and me

I was in a foul mood. As if being broke was not enough, I was being hassled by a mail order computer company, which had messed up my order. My credit card had stopped working for no known reason. Life at that moment looked grim. She knew it was time to get back on me. She said almost in the same tone that my mom once used, "Didn't I tell you so? Now you believe how bad these companies can be?" Well, I said, it proves nothing. They have fouled up, and I have the liberty to move to other companies, a choice I would not have were these sectors public, or private sector monopolies.

The Council: Increasingly, all services and resources are controlled by a handful of transnational corporations operating outside of any national or international law. Of the one hundred largest economies in the world, fifty-three are now transnational corporations. The top two hundred global corporations are now so big that their combined sales surpass the combined economies of 182 countries and they have almost twice the economic clout of the poorest four-fifths of humanity.¹⁶

Comments: These are the figures children play with to impress each other. Let us consider this, if you must: the Council of Canadians has a membership higher than the population of at least a score of sovereign states. So we believe is its budget. What conclusion can we

¹⁵ Page-20, Profit is Not the Cure: A Citizen's Guide to Saving Medicare, the Council of Canadians.

¹⁶ Page-41, Profit is Not the Cure: A Citizen's Guide to Saving Medicare, the Council of Canadians.

draw from this? Canada represents about 0.5% of the world's population. Despite such a small population none of the biggest companies in the world would dare to think it has any influence on the politics of Canada. The information given has absolutely no value. No transnational corporation that we know of has any authority to operate outside the national and international laws, unless they operate outside the planet Earth.

The comparison between corporations and countries is wrong. They are different kinds of entities. Even if such a comparison can be made the financial power of a corporation is dependent on the value it adds. What the authors are doing – if they have at all looked into any numbers - is comparing corporate revenues with GDPs, which exaggerate the size of the companies. Anyway, lets do just this for the sake of doing it: The world's biggest corporation by sales, Wal-Mart, with 165 billion sales (in 2000) represents about 1.6% of the US GDP of 9.8 trillion dollars. With 30 billion value added, it represents about 0.03% of the US GDP in 2000.¹⁷

Now if Wal-Mart despite that it is so small for the US economy, is bigger than Vatican City, or scores of small counties, what is the moral problem with that? Also, Wal-Mart's financial influence in Vatican City cannot be more than – at best – the investment it will make there. And the investment it will make will again be comparable to what it has as a percentage in the US, even lesser if it is just starting out. If profit is the barometer why corporates would invest, why would they invest more than the carrying capacity of a country, which in any sector is only a small percentage of the GDP? (More on Wal-Mart, and related rhetoric later.)

The Council: During the 1960s and 1970s, transnational banks lent hundreds of billions of dollars to poorer nations at very low interest rates. When interest rates soared in the 1980s, the countries found themselves unable to pay off their debts. The IMF and the World Bank (which has famously described public services as a barrier to the abolition of world poverty) made them an offer they couldn't refuse: agree to implement a set of Structural Adjustment Programs (SAPs) and the terms of their loans would be renegotiated. In addition, many countries were given new loans by these institutions, which added to their debt.¹⁸

Comments: This is very one sided. The money paid to the poor countries was diverted to the foreign-based banks of their corrupt politicians, and/or to buy arms. The marginal productivity of funds in developing counties – if used properly – is so high that increase in interest rates should not impact much. Of course this is not the case because of the autocratic control of corrupt rulers on their economies. SAPs attempted to break this, as this was the only way the money could go into productive usage. They did what your banker would do if you asked them for more loans: get your financial system in order, and prove that you can return it later.

SAPs were not perfect, but whatever they were, they managed – as a consequence - to break the vicious cycle of poverty for the poor of many countries. What public services meant, and still means in poor countries follows next.

¹⁷ Figures from UNCTAD publication: The World Investment Report 2002.

¹⁸ Page-42, Profit is Not the Cure: A Citizen's Guide to Saving Medicare, the Council of Canadians.

She said money should not be limited for life, for environment. I said I agreed but unfortunately, there is limited money. That is the reality. But she said environment should be the first priority without responding to my comments about limited money – she had made an indication to our earlier discussion on Kyoto protocol. I said let us consider: if she – as she accepted – had a limited budget to live on, and if she were asked that she had to dispose off her own garbage, and not ‘export’ it, install expensive monitors to check the pollution levels of the gas that her kitchen burners gave, ensure that the water from the toilet drains were recycled etc. I asked that suppose that this were to result in an expense of over more than a month of her yearly budget, would she do it? She laughed and said that this was a stupid suggestion; it would actually worsen her lifestyle, and so much so that the overall pollution created by her would get worse not better. She said that she could see many other areas: social and environmental where this money could be more productively used. I did not say anything about Kyoto protocol; I only indicated that money is limited, and that it should go where it is most needed. Or you only worsen the situation.

The Council: About eighty countries were forced to weaken their tools of national sovereignty and adopt the “Washington Consensus” package, including cuts to social subsidies, public education, and health care. The results were deep cuts to health care budgets, user fees, cost-recovery practices, increased malnutrition, and the resurgence of cholera, tuberculosis, malaria, and plague. The World Bank’s health policy openly includes support for “diversity and competition” in health services. Public hospitals and health centres were sold to the private sector, resulting in the pricing of their services out of reach of the poor. Privatization of health services became a condition of further loans in many countries.¹⁹

Comments: No package has asked any nation to give up its sovereignty; only to free its people from bondages, and to ensure that democratic principles and basic human rights were honoured, and that too in extreme circumstances; in other cases it was to let industry develop, which was as a consequence of what any banker would ask, if asked for more money. Social subsidies, public education and health care were (and still is) a big joke in the poor countries; please visit some. Social subsidies meant favours to lobbyists, and friends and relatives – the rent seeking brigade. Public education existed on paper, which is biggest reason why they are poor. Health care was only for the people in power.

And how could you believe that poor countries had the funds to provide universal social subsidies, education and health care? The health care alone accounts for about 10% of the GDP of rich countries, who still struggle to provide it to all efficiently, and fairly. Most poor countries that you refer to have a per capita GDP a hundredth of the per capita GDP of rich countries. So, for them to effectively provide universal health care at rich country’s standards would mean using ten times their GDP on health alone (even if purchasing power parity is accounted for, the figures will still be several times the GDP)! The story just doesn’t add up.

¹⁹ Page-42, Profit is Not the Cure: A Citizen's Guide to Saving Medicare, the Council of Canadians.

The Council: The most important tool in this assault [on virtually every public sphere of life, including the democratic underpinning of our legal systems] 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 (NAFTA) 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...

The other major global institution that is swiping national legal jurisdictions is the World Trade Organization (WTO). The WTO enforces a number of international trade agreements on goods, services, intellectual property rights, food safety, animal and plant health, financial services, food, agriculture policy, investment, technology and telecommunications.

What makes the WTO so powerful is that it has both the legislative and judicial authority to challenge laws, policies and programs of countries that do not conform to WTO rules and strike them down if they are seen to be too "trade restrictive." Cases are decided - in secret - by a panel of three trade bureaucrats. Once a WTO ruling is made, worldwide conformity is required. A country is obligated to harmonize its laws or face the prospect of perpetual trade sanctions or fines.²⁰

Comments: Firstly it is not only American corporations, which got Chapter 11 - and whatever else - but also Canadian (and Mexican). And what is so holy about the governments that they cannot be sued if they cause harm to an individual, or a corporation? Why should state, its politicians and bureaucrats not be accountable? And then it is not NAFTA and WTO that gave anything to corporations. It is the sovereign governments that entered into a set of contract to ensure that the trade went on smoothly so that people could concentrate on their work rather than go sleep in gloom about what would happen the next morning, live in stress, and develop heart and other diseases. The resultant effect of these agreements is fewer lawyers, lesser transaction costs, relatively relaxed lives and ultimate benefits to the customer, and a more trusting world.

The point that government would loose control over their laws is a blatant lie. Legitimate environmental, social, health or safety measure enacted is beyond the scope of NAFTA or WTO, as the recent case in which the US blocked Canadian beef proves. (And remember Canada and Mexico can take similar actions – it is a reciprocal agreement). However, as when a business lays someone off without any problem attributable to the individual, compensation is paid, what is wrong if for exactly the same reason, a corporation needs to be paid compensation?

²⁰ Who's In Charge of the Global Economy? the Council of Canadians.

In essence, there is nothing new about NAFTA or WTO. These kinds of contracts have historically always been entered into between countries, and countries and corporations. The reason for entering into such contracts have been to ensure that anyone with monopolistic control of any of the resources (including on senseless law making/changing) could not wreak havoc if fixed investments were high; and elsewhere to reduce transaction costs. Would a corporate install a power generating plant, or a refinery unless it was assured of some minimum, without the right to take the moody governments to court? They have always done this, but now given uniform laws, with less room for rent seeking and with reduced transaction costs. The trade agreements like WTO only ensure that when the governments back out, they have a forum to peacefully, in a civilized way, address those issues. The alternative earlier was to send armies, or resort to other nasty methods. What could be a better achievement than bring humility and fairness in the conduct of foreign affairs? Given this who would benefit more from this fairness: an economically powerful country like the US, or Canada and Mexico?

The WTO agreements are negotiated and signed by the world's trading nations and ratified in their parliaments. WTO is not only *not* a dictator, it is so democratic that each of the 146 nations has a right to veto.

Trade barriers have a history in the local corporate lobbies. How they have been seen to be espousing the cause of workers and consumers is unknown – historians, please? Perhaps the pessimistic anti-establishment status-quo approach of the Council (and similar organization, which use almost exactly similar material), and their confused ideology is the cause. They have unknowingly taken over the job of local corporate lobbies! If trade barriers were seen as what they are – an unnecessary burden on the citizens – governments would be running head over heels to dismantle them. The negotiations would then take place *not* to make other countries dismantle trade barriers, but to make them *keep* them – WTO, NAFTA, FTA and the sorts would have no value. But that is too ideal a world, although it does clarify the situation.

It is true that the meetings of WTO take place in secret, but this happens because that is what our governments want (more on this later). The approach that is working for the common man – freeing trade - has been triggered by overseas lobbies set against local lobbies, instead of local citizens understanding and then asking for their rights. Overseas lobbies inadvertently fight for the causes of the local citizens. This should have been a job of the local governments and 'civil society'. But then it takes a more thorough research than the organizations like the Council do.

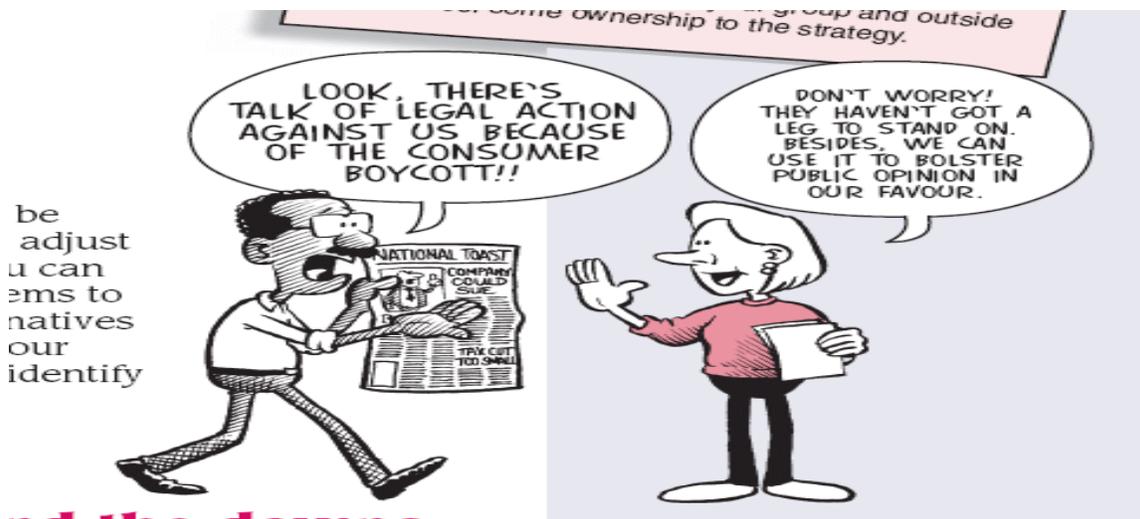
None of them – government and such 'civil societies' - work on the strong foundations of forthrightness; neither do the citizens who refuse to think honestly, and who accept sweeping claims from emotionally charged named pressure groups help in creating the right environment. Apart from this, the violent means, lobbying, pressure tactics - which do not resonate with any democratic principle – by pressure groups have created an environment of fear in governments and corporations. They feel guilty about displeasing pressure groups; neither do they find it financially effective in the short-term to challenge

such groups. Dishonesty perpetuates. Medieval practice of pressure tactics suppresses honesty, and integrity, and should go in the modern society.

The Council: The Agreement on Technical Barriers to Trade forces nations to prove that their environmental laws are “necessary” and have been established in the “least trade restrictive” way. This means that a country bears the burden of proving a negative, rather than having the right to adopt the “Precautionary Principle,” acting in the case of doubt on the side of caution.²¹

Comments: What is the value to any contract, if you can be seen not to be breaking it, and still break it on flimsy grounds? To create organizations for production, and trade, requires a high level of investment. These are already risky activities. If government could, and they have so far, bring in laws that unjustifiably restrict a trade, it can badly damage organizations for no fault of their own. If the governments cannot show any decent reasoning behind why a new restrictive law was passed, what can be inferred from that? Those who do not have to directly loose from such measures – moody governments, protectionist lobbies, theories based on no concepts of reality, those sitting on ivory towers – can of course make such sweeping assertions.

What if the local government tomorrow decided that your house that satisfies all possible standards had to be demolished for safety reason without mentioning any, and giving you any recourse to judiciary? Would you feel used, be hurt? Would it be all right if those who do not own houses say government should have such powers of “precautionary principle” to act on the side of caution. Would you call such non-house-owning people idealists, or hypocrites? If you see, this is the position taken by anti-trade, protectionists. This is the position taken by extremist environmentalists. Are they idealists or just plain dishonest, destructive forces, in a politically correct garb of the day?



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²¹ Page-9, Making the Links: A Citizen's Guide to the WTO and the FTAA, the Council of Canadians.

²² Developing Strategies, the Council of Canadians.

Comments on the above: No law stops you from boycotting any product or services that you don't want to buy. Law does stop you if you force others to follow suit by putting up pickets, resorting to violence, damaging hard earned property of others, spreading unsubstantiated bad name for their products and services. This is not about trade but about some of the fundamental rights to our freedom, and its infringement by pressure groups. Freedom does not mean freedom to impose slavery on others.

Yes most corporations would rather that the matter didn't go to court for several reasons: among them is the fact that in its insidious ways it sometimes results in the companies loosing public favour; their policy is of accommodation and appeasement. With a few exception – Exxon Mobil, for example (and let us salute them for this) – most companies prefer not to be involved in broader public policy discussions, and take a principle based stand; something certainly not healthy about business. TNCs, as is clear, not only are not powerful they are so weak that they sometimes struggle to understand the difference between humility and servility. That should give the Council no reason to feel smug!

The Council: There are many ways of visualizing the value of "localization." Here's one way. Technically, a dollar is always worth a dollar, no matter what. But a dollar is actually worth "more" when it circulates many times in the community. Think about it for a minute. If you buy hardware supplies from a store like Wal-Mart, the profit from that purchase will go outside the community. True, some of it will end up in the franchise owner's hands, and a bit will go to pay the workers' wages. But most will go to the corporate head office, located far away from the community, often in a different country. Imagine, instead, the same purchase happening in a community that strongly supports the local economy. Mike, a local grocer, needs hardware supplies to construct a new cabinet. Instead of going to the new U.S.-owned "big box," 24-hour hardware super store, he goes to Sandra's local hardware store. Sandra uses the profits from the sale to eat dinner at Mario's restaurant. Mario then uses the profit to buy food supplies for his restaurant at Mike's Grocery Shop...and so on! In this scenario, that profit gets circulated many times in the community. The key is to keep the money circulating locally for as long as possible, where it can do the best for the community.²³

Comments: This is naivety at its worst, a case of extreme mercantilism. If this is your teaching on managing development, God save those who follow it. You forget that what you say is followed anyway for the basic commodities: Wal-Mart is not going to import those things that are less-expensively available locally – yes, to maximize their profits. But we have to look at bigger communities for more sophisticated things: aircrafts, computer, printers, cars, electricity, gasoline, television, software, education. The list is endless.

Your 'theory' of money behavior is also wrong. The money that goes out of the country comes back as quickly, in fact more quickly than were it used based on your 'theory'. So when the Canadian buys foreign goods, the foreigner has Canadian currency to buy Canadian goods. The money then takes the course of maximum effectiveness, making minimum wastages, and creates least pollution. The flow is quickest as it takes the path of maximum productivity. As repeated elsewhere, free trading is good for the individual

²³ Supporting the alternatives, the Council of Canadians.

citizens and workers. Your theory seeks to protect inefficient businesses at the cost of hard-earned money of the workers and consumers. The excess money paid to unproductive local manufacturers is a waste, pollution. Policies advocated by you are the very policies that lead to corporate corruption: they become dependent on protectionism. As they grow they need similar protection from governments - they cannot survive on the basis of either quality, or costs.

Even communism recognized the tribalism inherent in your extremely simplistic monetary policy. Try practicing what you preach: give up flying on American or European made aircrafts, support localization; stop drinking coffee and tea – they don't grow in Canada; make sure your car is developed and made in Canada by Canadian companies using Canadian components; don't watch American films; refuse to read books written by authors outside your immediate community and printed on paper not made locally; stop wearing clothes which are not made in your community - from growing of cotton to sewing; stop buying gasoline from companies that use American technology in refineries; refuse to accept drugs developed and made by overseas pharmaceuticals; stop using electricity that is generated hundreds of miles away.

Globalization is a reality whether you accept it or not. Were it not, you would be living in basic huts, ploughing the fields with hands and by abusing animals, burning wood to stay warm. Mike, Mario and Sandra would be doing exactly the same – there would be no terms like groceries, restaurants, and hardware store. People's average life span would be 35 years. Sandra would get beaten up every evening by her husband; there would be no roads, no schools. The public utilities (water supply, health etc) that you so fondly talk about would be non-existent. Sandra would leave at 4 in the morning to fetch water. She would go to sleep at 12 in the night, mostly hungry. She would give birth to six children, two of them would die before they turned 2 years. She would not understand what telephone and electricity meant. They would all be fatalistic. A few things might look positive about their culture though: they will have stable families, and communities, and they would be very religious, sometimes fanatically. Unfortunately these would be founded on a need to group to defend themselves. Superstitions would be rife. If you find this funny go to some of the economically closed countries. The rich countries that finance the public services do so by piggybacking on the free-market economy, dragging it down. And if you think that being Canadian offers you better culture and racial background to insulate yourself from all the bad situations described, you couldn't be more mistaken. All these would melt away the moment prosperity went. Having said this the forefathers of western countries have to be respected for their foresight in cultivating enduring institutions of property rights, enterprise, and free-market economy.

Forget about communities being able to live in isolation in today's world, even China, India and Brazil could not stay closed. Some countries still run their economies on your advice – albeit not with your kind of extremism – and look at their economies: North Korea (they fail to even grow food for themselves), Myanmar. Sorry, completely forgot that you refuse to let your members travel outside the community. Here is what you advice in the same document: 'spend your vacation in the community - visit places you

never have time to see while working. For example, spend a whole day in the art gallery, go to a play, eat at a new restaurant. Walk through an area of town you've never been to before.'

Lastly, go to one of superstores, and the romanticized Mike's grocery, and compare the prices and brands, and you *know* what I am talking about: the brands will be pretty much the same and the prices a lot higher at Mike's. I intend to make no more detailed analysis but the fact is that the money that ends up in Wal-Mart headquarters is no more than what can be called wastages, pollution created, at the Mike's grocery. Mike's grocery co-exists anyway as you can see around – he has a different role to play in the economy. It is there that it is not a wastage, and is of huge social value.

The Council: The main goal of the WTO Agreement on Agriculture is to reduce or eliminate agricultural import tariffs and Quantitative Restrictions (QRs). However, while most of the South (and Canada) has already ended QRs as well as farm export and domestic subsidies, the U.S. and Europe have in fact stepped up agriculture subsidies – the U.S. with its 2001 Farm Bill which injected huge new funds into American food production, and the EU with its Common Agriculture Policy which will expand funding until 2013. This has allowed cheap, subsidized products from the North to flood the Third World. Subsidized meat imports from Europe, for example, have helped to wipe out the pastoral economies and cultures of West Africa.²⁴

Comments: The statement on import tariffs, and quantitative restrictions by USA and Europe in farming products is commendable. They should go as they unfairly disadvantage the farmers of developing countries, and benefit those not in farming. Farming and textiles are also the very few competitive advantages the poor of the developing world hold. These subsidies are also bad for the farmers of Europe and the USA as in the long term their land is discouraged to be used for economically better purposes. It is also bad for the other citizens of USA and Europe as they not only end up paying for the subsidies, they also pay subsidies on food that gets exported, which is a net national loss. Besides the non-effective usage of capital, the administrative costs of organizing trade barriers are a net loss to the humanity. Who do these subsidies benefit? US and European politicians: in letting them win votes by making food look cheap, and by pandering to the powerful protectionist farming lobbies.

It is easy to accept that farm related trade barriers would hurt the poor; it is difficult to see how it could destroy them, as mentioned about West Africa. Since you have not mentioned the details, it is not possible to know which communities they were neither is it possible to make sure that your analysis made corrective adjustments for the civil wars, free food (humanitarian aid) in that region. A UN report²⁵ talking about Africa says: population increases, alienation of land, restrictions on migratory movements and a decline in rainfall have all made traditional forms of pastoralism difficult to sustain.

²⁴ Page-9, Making the Links: A Citizen's Guide to the WTO and the FTAA, The Council of Canadians.

²⁵ Lane, Charles R. (UNRISD), Custodians of the Commons: Pastoral Land Tenure in East and West Africa.

Let us ask US and Europe to drop food subsidies on its merits and not on exaggerations. Also, wish you had addressed, and opposed the import tariffs on steel that the US has imposed.

The Council: Family farms and small agricultural operations all over the world have been destroyed by free trade in agriculture. Even in the North, it is almost impossible to guarantee a fair return at the farm gate because of the global flood of cheap imported products produced under deteriorating conditions and declining standards.

When small farm operations lose profits because of worldwide fluctuations in commodity prices, they can be wiped right off the map. Only huge operations, with investment support from megacorporations, can survive.²⁶

Comments: There is no information on the fact that European and US farms are working under deteriorating conditions and declining standards. Your comment "...family farms and small agricultural operations all over the world have been destroyed by free trade in agriculture" is completely erroneous for the very fact that it is not free trade, as you accept just a few sentences earlier – subsidized trade, is not free trade. Why blame free trade for something when you yourself accept is not free trade?

And if small farm operations can be wiped off the map, so can huge operations, unless small farms are of uneconomic size or if financial industry is geared towards favoured allocation of loans based on non-financial objectives, or to siphon off government funds. Being huge offers no special protection – these are mystical beliefs, perpetuated by slogan shouting by organizations like yours. What are connotations you imply by 'megacorporations' is unknown, except to bend people to an irrational response, and to drive them to hate corporations without an iota of evidence.

The Council: "Government Procurement" in the WTO would prevent governments from fostering domestic economic development, such as favouring local or national suppliers, setting domestic content standards or implementing community investment rules. "Competition Rules" would end the right of national governments to protect domestic monopolies. The real goal is to give foreign transnationals access to domestic markets now in the hands of local companies. Taken together, these provisions will spell the demise of government control over natural resources and economic policy and give transnational corporations formidable new powers.²⁷

Comments: Favouring local or national suppliers is about favouring owners at the cost of the normal citizens and workers, at best. Usually it is about rent seeking. Why would you like to protect domestic monopolies is anyone's guess. Monopolies are about favouring owners and their political supporters at the cost of everyone else – these costs are heavy. Such costs can be invisible, as they are met by subsidies by the governments, or by cost-plus pricing. Of course since money does not grow on trees, the money for subsidies comes from taxing the same citizens. The strand of logic, here as elsewhere, is

²⁶ Page-9, Making the Links: A Citizen's Guide to the WTO and the FTAA, The Council of Canadians.

²⁷ Page-13, Making the Links: A Citizen's Guide to the WTO and the FTAA, The Council of Canadians.

baffling: how does this by itself ‘spell the demise of government control over natural resources...and give TNCs formidable new powers’ is beyond comprehension.

My friend and me

We had a discussion on money. She said corporations do it for money. I asked if she worked for money only, and she said she enjoyed her work but money was important as well. But is it only money that she worked for and she said ‘no’, she likes how she makes her customers happy and how she contributes to the society in her little ways. I asked if she didn’t take money would she contribute any more to the society and she said, ‘Well, my contribution is a lot more than the money I get’. Here we reached a quick understanding: It makes little difference if an organization makes a profit from its activities or not – and each of us make money at the end of the day, irrespective of what we call it: profit, salary etc. Organizations whether for-profit or not-for-profit still contribute by generating employment, producing, doing organized research, creating institutions for the spread of prosperity. We buy their products because their products have more inherent value than what we pay for them.

Her acceptance of my logic pepped me to say more. I added that the only difference is that if an organization supplies something for a loss (or for free), there is a huge possibility that the customers have less value for the products than it actually costs to produce. And it is then that cross-subsidization by government to public sector utilities is bad, and the need for genuine profit a good barometer to ensure that value is added. I gave her her own example. She likes to shop at a non-for-profit place. She accepted the fact the goods at that place were no cheaper than those at for-profit shops. If this shop was a not-for-profit shop, this only meant that either someone was legally or illegally siphoning off the money, or they were wasteful with resources. And waste not only means loss of money, but also more pollution. I had said too much – I had lost her attention.

The Council: ...the draft FTAA text would extend “National Treatment” to subsidies, meaning that governments could no longer subsidize Canadian public schools and hospitals, for instance, without offering similar subsidies to American for-profit chains. The FTAA also contains “Domestic Regulation” rules, which again would apply on an across-the-board basis.²⁸

Comments: Why should parents of students and patients suffer for freedom of choice? All they want is their legitimate share of the subsidies. Whether a person goes to a public school or a private school, makes no difference to government programs, as long this is what the client want. Subsidies are for education and health care not for certain kinds of institutions.

²⁸ Page-27, Making the Links: A Citizen’s Guide to the WTO and the FTAA, The Council of Canadians.

By letting those who would rather be responsible for their own actions, government also gets relieved from the administrative overheads that relate to the responsibility of the quality of education, and health care – a big relief really for anyone who understands pains of management. This is how community participation comes into action. Also, such rights are reciprocal: Canadian companies would have similar rights.

The Council: Two areas in particular are of great concern to Canadians. The first is energy. Canada has been deeply committed to an anti-environment, anti-conservation, deregulated continental energy policy based on shortterm, high cost, high profit exports and controlled by transnational energy corporations since the 1988 Canada-U.S. Trade Agreement. Canada signed a “Proportional Sharing” agreement that guarantees Canada’s energy supplies in perpetuity to the U.S. Canada cannot refuse to issue a license for export; maintain its own “vital supply safeguard”; demand export impact assessments; levy export taxes; or charge higher prices for exports, leaving Canadian consumers to compete for their own energy resources against an economy 10 times bigger, with rapidly dwindling reserves and accelerating demand. As a result, Canada is now exporting over 60 per cent of its natural gas to the U.S., up from 25 per cent less than two decades ago.²⁹

Comments: Countries for some perceived gain – usually under the influence of export lobbies – asked for a concession on taxes for exports. For a similar reason import duty exists. Where does this export tax, and export impact assessment comes from? What perceived contribution can they have? Or it is a ploy to sound more intricate than reason would allow? Any possibility of tax on exports comes only from the fact that the commodity is supplied at a less than economic price (including costs for environmental impact) to its own citizens. Not charging the correct price, results in uneconomical higher usage of that commodity. Doing this for oil would be a direct bad influence on environment. Also a price for exports higher than normal is wrong as firstly it becomes uncompetitive, secondly does not offer full returns of the resources.

Long-term agreements on energy supply are traditional for the simple fact that it is difficult and expensive to switch to another supplier or buyer. This exists irrespective of the size, economy of a country or a corporation. This happens worldwide.

Perhaps the fundamental prices do not reflect the true costs. But that kind of analysis is missing, as it would need devotion, commitment and responsibility. It is not something those who have no respect for property rights would do – in the world in which it takes nanoseconds to copy, it is easier to copy rather than do your own research. Wish some real analysis had been done on this.

The blabber on the size of the US economy etc. adds nothing to the discussion and merely attempts to create tensions between the two countries for no justifiable reason.

²⁹ Page-28, Making the Links: A Citizen’s Guide to the WTO and the FTAA, The Council of Canadians.

Lies

The Council: Over the last thirty years transnational corporations (TNCs) have grown astonishingly large and powerful. They now wield tremendous economic and political power over governments at all levels, and over global institutions such as the World Trade Organization, the World Bank and the International Monetary Fund. In their pursuit of unlimited profit, they are quickly changing the face of the earth, affecting virtually every area of our lives. Our food, our health, our education, our natural environment, our democratic and human rights—even our own human genes—all are being increasingly affected by the decisions made by corporations and their cronies, usually behind closed doors.³⁰

Comments: Where are your figures? Nothing is qualified. Have you taken an educated analysis of what you are opposing, or one day you woke up and decided that you had to blame corporations for your problems. Then without making any attempt to establish a relationship you started attaching globalization. Then you equated globalization with TNCs. Globalization has very little to do with TNCs, apart from symbolism and visibility. Share of top 10 TNCs in terms of value added was a measly 0.9% of the world GDP in the year 2000 (down from 1% in 1990). The top 100 TNCs controlled only 4.3% of the value addition in the world GDP in the same year (up from 3.5% in 1990)³¹. Why this obsession with corporations? The fact is that in a truly free-trade system the very giant corporations should have a much lesser share of global trade than they have - as the figures prove it is declining as trade gets freer. This is because closed trade policies make it inordinately expensive as a part of their total cost structure for smaller companies to conduct the legal and administrative exercise compared to big companies.

Finally, you have to be too money minded to think that only money gives power. What governments – even that of the poorest and smallest of countries – have is legal power, which even the most moneyed corporations cannot have.

My friend and me

She complained that I did not care for the environment. I protested: I always take my garbage to the bin, I love planting trees, I like dense forests. 'Yea', she said 'but I don't believe in environmentalist movement'. I disagreed; I said, 'a lot of what I discuss about is actually to improve the environment and society'. But improvement does not come from lies, misinformation. 'I said', I have lost respect for a lot of environmentalist organizations and those that fight for special interests because a lot they say and do is extremist, dishonest and expensive – I don't trust them. Trust is the key. In its absence, I will not see even if they say some truth. And I am afraid we need environmentalist, social organizations that can give well-analyzed, researched, well-balanced work so that we know where we stand and can take actions to improve our society, our world and our environment. My fear, I expressed to her, that like many religious institutions, which continued to lie, hide abuses and eventually discredited the very institutions they were trying to save, we could all one day give up the institutions that we need for environment, social improvement. The key is: honest and integrity matters, now and always.

The Council: [Mentioning disparagingly] Another WTO official was quoted in the Financial Times in April 1998, saying, "The WTO is the place where governments collude in private against their domestic pressure groups."³²

...a significant shift has taken place in Latin American politics. Several countries have elected left-wing governments who are likely to reject significant elements of both the FTAA and the WTO. Devastated by years of neo-liberal policies, many countries of Central and South America are taking a hard line against the further privatization of their resources and social services.³³

Comments: May I add that the official also said: "Allowing NGOs in could open the doors to European farmers and all kinds of lobbyists opposed to free trade". Quoting the same official, the FT³⁴ says, "He and other trade experts fear the result would be to paralyze the WTO's effectiveness as an engine for freeing trade and turn it into a happy hunting ground for special interests."

And alas, so true! You do not discuss, but force people to accept your beliefs. What else the governments, or a society that believes in civil behaviour, and not in violent confrontation do? Pressure groups create secretive environment – all sensible people want to avoid them. They should start behaving decently and then join us others in ensuring that governments open up completely.

The other point made is also partially true, and points to the reasons why governments are secretive: not only in Latin America, but most governments in the world have leftist tendencies, elected by people who still believe that governments will come for their deliverance. The governments come in power promising massive social programs. When the reality dawns, they soon realize that there is not enough money; money that they thought required only a printing press was not viable anymore. They realize soon – sometimes after millions die of hunger – that many of the policies were pie in the sky.

Out of saving their face, and to win the next election, they resort to closed room talks on policies that they so much shouted against, and now see as the only way to make any progress. Thankfully progress keeps happening, although intellectual honesty continues to be crushed. And politicians keep enticing people with free material rewards; work of pressure group makes people think, it is possible. Both create dependency, something with huge moral significance.

For sure openness (honesty) in government is more important than anything else – it will clear things up quickly albeit after a short term set back. It will help people come to a realization how wasteful over-regulation is, that welfare schemes of the governments are run on tax money from profits and trade, and not from the printing press.

³² Who's In Charge of the Global Economy? the Council of Canadians.

³³ Page-4, Making the Links: A Citizen's Guide to the WTO and the FTAA, The Council of Canadians.

³⁴ Network guerrillas, The Financial Times, 30 April 1998.

A question for the Council, though: If you realize that governments are so secretive, even that of a country as advanced and developed as Canada, and I fully agree with that, do you really want to give more regulatory powers to the government to collude more in secret? Remember what Lord Acton said: Power corrupts and absolute power corrupts absolutely. The later, the one with the punch is important, but the former is more important. Power corrupts; stop. Reduce the powers of the governments; keep them off people's back, and the back of the companies. Humble them and let accountability rule – let governments be sued.

The Council: ... In order to compete in the global, WTO-ruled world, domestic companies have to seek the same level playing fields as transnationals by lowering working conditions and wages.³⁵

Comments: From where this statement comes from is a mystery. Normally when we talk about transnational companies, we believe that they would ask for **raising** the working conditions and wages, **not** lowering. The reason is that TNCs in developed countries face enormous pressure from organizations like the Council and DIY³⁶ (Do It Yourself) economists to implement higher wages and better conditions in the developing world where they operate (Nike operations in Thailand, as a recent example). To get a level playing field, the TNCs ask to improve general standards in the developing countries.

What the Council, and the DIY economists do is an infringement of the sovereignty of the developing world. These implemented higher standards do a lot of damage to the economies of the developing countries, and their own. The assumptions are – apart from self-serving propaganda – based on an absence of economic analysis, and lazily concocted policies on how to help the poor, usually discussed under the influence of dope, and no real life experience.

The Council: ... The Financial Services Agreement (FSA), which was established to remove obstacles to the free movement of financial services corporations, including banks and insurance companies. This opens the door to mega-mergers in the financial sector and the loss of local economic control...³⁷

Comments: The belief in the loss of economic control comes from a complete lack of understanding of how regulatory control over companies – financial, or non-financial – operate. Underlying such belief is attributing superpower status to corporations and then demonizing them. Whether a company is local or foreign, makes no difference at all in economic control. In fact, sometimes, it makes it possible for governments to impose control over headquarters of overseas companies once they have a local operation. GE and Honeywell, both primarily American companies, wanted to merge, and the US authorities approved this. Europe, where both have operations, stopped the merger in the US.

³⁵ Page-9, Making the Links: A Citizen's Guide to the WTO and the FTAA, The Council of Canadians.

³⁶ Henderson, David, Anti-Liberalism 2000.

³⁷ Page-6, Making the Links: A Citizen's Guide to the WTO and the FTAA, The Council of Canadians.

She had once called me an evil capitalist. I had tried explaining to her my point of view why extremist environmentalism was actually anti-environmentalism, why subsidies and free goods can have serious unintended consequences, why management of commons in financial terms was a good idea to ensure fairness and to avoid environmental damage. And if we really wanted to help the poor it was much better to do it as a direct payment rather than unnaturally playing with the economics of each public utility.

She had laughed when I said that the recent use of detergent to clean the spill near the Spanish coast could have been a nuisance for the environment rather than help. And that there is nothing like accident proof oil tankers. Under such circumstances she has a habit of repeating 'but we should do everything possible for the environment'. I told her, how in an industrial situation, given my experience in this area, zero emission level in most cases with the present level of technology was a fantasy. Also, even if we could achieve this it would be environmentally harmful to do that in most cases. I told her that to achieve a jump from 99% efficiency of emission control to 99.99% could need almost twice as much on environmental control and three times for 99.9999%. When I explained to her that energy expense that the last would need and its environmental consequences could be so imbalanced that it could become environmentally very unfriendly. I gave her an example of a fine cement plants in a developing country where western inspired environmentalists without an understanding of economics and without understanding the situation holistically had got the local environmental department to impose 99.99% efficiency from the earlier 99%. What had happened was that dictated by people who had no concept and no responsibility of productivity, the cement plant had suddenly become unviable. To survive, the plant decided to switch off most of the dust emission control during the night (for eight hours). The efficiency had dropped from 99.99% to 66% despite an increased energy consumption of 33%, and capital of 100%. This had become too technical, and she charged me that I was trying to confuse her.

But now I had her story to work on. She had told me that her organization had been conducting seminars in a developing country, across the Atlantic. Since most North Americans used bottled water in the host country, disposal was a problem, and their limited finance did not allow them to pay to get the plastic bottles disposed off. What they had decided was that each of the crew took an empty suitcase to the host country, filled it up with empty bottles and brought those to North America. I asked her if she had made a calculation about how much extra fuel the aircraft would use to fly the empty suitcases and on the return trip filled with bottles, how much would the cost to environment be due to extra baggage handling, how much would be the cost to take the suitcases on buses and trains across the host country; she had no answer. Despite that all these transportations are commercial enterprises, the 'free' aspect of their work, created a situation in which my friend's organization created environmental damage by flying all the empty bottles to North America instead of paying to dispose them off in the host country. In fact all the transportation might have generated more pollution because of increased energy consumption than were these bottled never even disposed.

For the first time she had warm eyes: economics and common senses were no longer heartless areas; I was no longer an evil bastard, but someone who cared. At worst she knew we had a different perspective. I had been once where she now stood, expecting outrageous contribution from those sectors of the society that I was not a part of, something that was not going to hurt me directly. We were redefining selflessness and selfishness.

Blatant lies

The Council: During the last WTO Ministerial in Doha, Qatar, which took place only months after the September 11, 2001 attacks on New York and Washington, U.S. Trade Representative Robert Zoellick made it clear to member countries that his government would judge its friends on the anti-terrorism front by their loyalty on the trade front. More than ever, these trade talks [referring to the trade talks scheduled for September 2003 and for November 2003, respectively in Cancun and Miami] will be dominated by the interests of the world's sole superpower.³⁸

Comments: Well, this is flimsy language to quote someone. Or it gives you an escape route if you are challenged. Why don't you quote Robert Zoellick's statement? Or he conveyed this in sign language? This is what Robert Zoellick's office has to say on this: "This was not a statement made by Ambassador Zoellick. We've checked Ambassador Zoellick's speeches, transcripts, and news releases and can find no record that he ever made any such statement."

Please don't use the terms like 'superpower' (as it is about military power); it is emotionally manipulative and has little significance in trade talks. Statements like these give the USA an omnipresent halo around it, a self-demeaning expression for non-Americans (and an arrogant expression for Americans). Neither perception is true. USA continues not to make any progress with an economic midget like North Korea. USA cannot bend anyone's arms too much – despite attempts. What it can at best do is to negotiate: the others take it because there is something in there for them – it is called win-win.

The Council: Between them, these two trade and investment treaties [referring to the trade talks scheduled for September 2003 and for November 2003, respectively in Cancun and Miami] will further lock in a global regime of liberalization, privatization and deregulation, while giving more control than ever to transnational corporations. Governments will be increasingly limited in their ability to provide public services for their citizens, control or protect their natural resources, and set health, safety and environmental standards that displease big business interests.

...Both deals contain new provisions on competition policy, government procurement, market access, and investment that could remove the ability of all the governments of the Americas (except Cuba) to create or maintain laws, standards, and regulations to protect the health, safety, and well-being of their citizens and the environment they share. And as they are drafted now, neither agreement contains safeguards to protect workers, human rights, social security or health and environmental standards.³⁹

...These clauses stipulate that countries must treat "like" products from one country as favourably as those from another, that no distinction can be made between foreign and domestic "like" products, and that quotas or bans imposed for environmental reasons

³⁸ Page-3, Making the Links: A Citizen's Guide to the WTO and the FTAA, The Council of Canadians.

³⁹ Page-28, Making the Links: A Citizen's Guide to the WTO and the FTAA, The Council of Canadians.

*can be challenged as forms of protection. Hence, objections to methods of production cannot be used to ban a product. This suddenly legalizes a whole host of terrible and inhumane environmental practices...*⁴⁰

*...Because their only task is to judge whether or not a country's policy is a "barrier to trade," the panels do not have to consider other factors such as public health, economic justice or democratic sovereignty. Non-governmental organizations (NGOs) and other non-commercial interests are entirely excluded from the process.*⁴¹

Comments: These treaties have nothing to do with governments' ability to provide public services for their citizens, control or protect their natural resources, and set health, safety and environmental standards, human rights, and social security. Please quote where it is proposed in the documents: "governments will be increasingly limited ... to provide... standards that displease big business interests." Or if it is not where it is even suggested. The fact is that these are trade negotiations and have nothing to do with public services, natural resources, health, safety and environmental standards etc. And they shouldn't. A trade agreement is a trade agreement. And a trade agreement without a reference to other laws of the land in no way means that they all stand nullified.

And why would you like to influence safeguards to protect workers, social security, health and environmental standards in other countries? Elsewhere you say you want to guard Canada's cultural, environmental, health and safety regulations from being influenced by trade agreements. Quite rightly such influence would be infringement of Canadian sovereignty. This can be called neo-imperialism: Canada's environmental, economic, cultural sovereignty should not be touched, but it should have the right to force other poor sovereign countries to adopt Canadian standards on environment, and labour laws. A condescending kind of racism! (These of course should rightly continue as a part of social, and political debate – the domain of these issues.)

This hypocrisy comes from failure to understand what to do about environment and labour laws. The rhetoric, without comprehension of the fundamentals, makes this happen. At one place they want global standards of environment and labour to go into trade negotiations and at other they want to protect environmental and cultural sovereignty.

Trade negotiations as they stand in simple terms mean getting governments out of personal contact between people, of the same country or other countries; all within the framework of the other laws of their respective countries.

For those people in the poor countries the council claims to fight for, the choice is not between good working environment and bad, but between food and no food. Forcing western level of working standards will only mean that the poor's services will become so expensive that they will not have even the food and education they get.

⁴⁰ Page-9, Making the Links: A Citizen's Guide to the WTO and the FTAA, The Council of Canadians.

⁴¹ Page-6, Making the Links: A Citizen's Guide to the WTO and the FTAA, The Council of Canadians.

NGOs should be entirely excluded from the negotiating process. They have no political purpose. And if this is what they want, they should stand as political party. Putting their fingers in the political pie is undemocratic – as long as they are not elected representatives – and leads to corruption of what is claimed as their core work. Unfortunately, a lot of leading negotiations now take place with NGO representation – an unhealthy start. NGOs job should be restricted to provide policy input to elected representatives, and the public. So should business organizations get. No more.

My friend and me

She asked me if I ever found anything wrong with corporations. 'A lot', I said, 'but for the sake of honesty, I refuse to blow things out of proportion. This is the only way to compare the present situation with alternatives. No system is perfect, and it is stupid to kill what we have unless better alternatives are available. Also, it is difficult to discuss faults in corporations, as the ones you come up with have no bases in reality. The ones I consider to be problems are the very areas that you feel impressed about. I told her how adoption of social programs by corporations, in which most companies are not interested, nor competent in, but adopted merely to silence the critics, and for use in marketing exercises is bad for all involved. The agitation was in her eyes; she couldn't believe that even I – 'bad' that I was - could say that. I chose to mention another area. I pointed my fingers at what is now sold in the name of 'organic products'. Who defines these terms? If something is a product of forests and animals it is natural, if human beings do something, it becomes unnatural. It is as if human beings and what they do are on one side, and everything else on the other.

She said I had no clue about the revolution happening outside: more and more rich, educated were turning to organic food. I asked how she defined 'organic' (after all my strong background in chemistry had told me that this was a misnomer). She said any food grown with care for nature; minimal possible use of fertilizer and chemicals, in a place where animals were treated well and with dignity is called 'organic'. But do people who grow food in 'non-organic' farms, throw excess amount of chemicals, and purposely poison the food, and torture animals? And how did she know that food grown with the use of pesticide was really bad as so much pesticide is naturally found in food. And finally, how did she know that the so-defined 'organic' food was actually what it was supposed to be. She said, 'I am sure they take care of it'.

I tried to reason that in fact what she called organic was actually much better satisfied by what I knew as GM (Genetically Modified) food. GM food can grow with lesser chemicals as they are naturally resistant to pests, they use less space and hence can provide more for forests that we all so much love, can provide cheap and more nutritious food to the world's more than a billion hungry? I thought she would come back with reasoning to educate me all the bad about GM food; and I was eager. She was looking at a girl's magazine on page where a shampoo was advertised as 'organic'. The subject had changed before I knew. Must confess my knowledge of 'organic' and GM is limited, so I had only asked questions. I asked these as the 'organic' lobby and anti-GM activists had told me nothing of significance on this.

The Council: The FTAA rules themselves are not primarily designed to provide economic security for workers and communities. On the contrary, the liberalization of trade and investment allows transnational corporations to move their production centres, capital, and products from one country to another, unfettered by government regulation and intervention, in order to take advantage of cheap labour conditions. While the FTAA's investment rules establish and secure the "rights" of corporations, there are no labour clauses to ensure or guarantee the rights of workers. Although governments are encouraged in the draft text not to relax their labour standards in order to attract foreign investment, there is nothing to prevent governments in poorer countries from lowering their minimum wage laws for these purposes.⁴²

Comments: Also, transportation policies are not designed to primarily regulate space explorations - they have no relation. Similarly trade rules do not, and should not, talk about economic security. These are separate topics and can only muddle everything by going off the tangent. For sure the people who listen to you, perhaps get so muddled that all they care about is to accept what you say without any thought. Also, economic security is a sovereign matter and should not be a part of any agreement, trade or otherwise.

TNCs have got to follow local government's regulations, including those related with the rights of workers and their safety. The rhetoric on this has absolutely no meaning. It is a complete lie. Yes, TNCs would move if they found better wages, and working conditions. This is for the very simple reason that if they don't move timely they will have to close down anyway. Even a local company will leave home base for these reasons, the choice being, moving or closing. If not-moving can be sustained for some time, even the relatively closed economies have to take this painful step at some time later when the years of sins have accumulated in the balance sheet, and covered up by dodgy means, causing general poverty. A cumulative result of not moving when it is time holds prosperity and development back. The earlier it is done the less painful it is. Procrastination, or being an ostrich is not a solution.

The Council: The experience of NAFTA in Mexico, Canada and the U.S. shows how free trade regimes serve to weaken peoples' economic security. As companies relocated their production in Mexico to take advantage of U.S. \$5 per day wages for Mexican workers, the U.S. lost over a million manufacturing jobs. While these laid-off U.S. workers often find new jobs, they come with much less security and lower wages. Meanwhile, without enforceable labour rights in NAFTA, Mexican workers have been unable to organize effectively to increase their wages. Despite the NAFTA promise of increased economic development throughout Mexico, only the maquiladora factories along the border region have seen significant increases in industrial activity. Yet, even here, over a million more Mexican workers are now compelled to work for less than the minimum wage than was the case before NAFTA.⁴³

Comments: You would rather that the Mexicans didn't have jobs than not unionize. Where does all this compassion come from?

⁴² Page-21, Making the Links: A Citizen's Guide to the WTO and the FTAA, The Council of Canadians.

⁴³ Page-22, Making the Links: A Citizen's Guide to the WTO and the FTAA, The Council of Canadians.

If a million jobs moved to a developing country, is that better for that country or worse? Why do you then talk against free trade based on the pain it would bring the poor of the developing world? Is it not better in the short-term that the hungry people with no jobs, or worse paying jobs, get an opportunity to move up a bit, and workers in the developed world accepting – relative to their hungry brethren - just a little bit of compromise? Is the possibility of a US worker scarfing a pint of beer a day for food for a whole Mexican family (literally) too much for you? In the medium-term, all this is good for the workers of the developed countries as well, as such actions in a free-economy only means that these economies have moved up the value chain and can offer better prospects in other industries to their workers.

Please visit one of the poor countries without the propaganda machinery of those countries and what you will find is that the poor there would rather accept low wages than have no jobs, and no food. In fact this is just logic – you don't need to go there. They prefer to work in TNCs because TNCs offer better conditions than the local companies. In fact, working for a TNCs rates as the top job for most rich and poor in the developing world.

The Council: For many developing countries, the demands for the elimination of tariff barriers could result in a flooding of consumer imports, thereby making their economies even more vulnerable. And, economic security conditions could be further weakened because governments no longer will have the ability to curb speculative investment on their currencies by controlling the inflows and outflows of capital.⁴⁴

Comments: Tariff barriers in developing (or developed) countries are not, and have never been, about the welfare of their economies. At best it was to provide short-term help to local big industrial organizations to come up, and establish themselves at the cost of the normal citizen. While this was redistributive and immoral, it was seen as progressive as it was hoped that it would make accelerating progress happen over a period of time. In reality, this was used more for rent-seeking and favouring friends and family. Decades later these industrial organizations' biggest expertise became their lobbying power.

Even when (if at all) it was for the most honest reasons, this theory was flawed: it had ignored the other aspect, as if it did not exist. The other aspect is that to buy imported goods from a developed country, the developing country needs foreign currency. That could come only if the foreigners bought goods from the developing countries. So if flood of a certain product would happen, a consequential development of another industry would happen in the developing countries to finance the inward flood. And when mutual flooding would take place, it would only mean that the price was so good for the citizens that they could use more of it, for what they sold. This is also a more natural way, and the least wasteful way to industrialize – working on the core competencies.

⁴⁴ Page-22, Making the Links: A Citizen's Guide to the WTO and the FTAA, the Council of Canadians.

This is why free trade is good, and in an ideal world the governments would dump all their trade barriers unilaterally. WTO and FTAA are not the goals; they are the paths. Their offices will hopefully one day be vacated and used as leisure places, or perhaps as museums for retrospective look at the stupidity of the present day need to negotiate.

Capital is not a non-tangible that it can be taken elsewhere easily. The tangible infrastructure is sold to a low price to the locals – and therefore from this narrow perspective – a gain to the country when the capital “fleds”. The harm is not in the capital of a country but to its image as a reliable place to invest. If currency investment is what is meant by ‘capital’, it is important to look at what ‘speculation’ could be based on. The currencies become unstable because of deficit based monetary policies (among others, speculation by the governments: borrow now to pay later without knowing if the borrowing would be productive or not). What is usually called speculation is a best guess of the future of a currency; it has actually huge stabilizing characteristics. Apart from this the purely speculative aspects of investment will balance itself out, and by the rationals taking corrective actions (and hence profiting from it). Controlled monetary policies, and a predictable investment and trading climate, make for best possible stability. Even with these, currencies will fluctuate as no one can predict with accuracy the future of a currency. Life does not get better than this – look at the currency fluctuation of major economies during the last one year: USA, Europe and Canada!

*The Council: The powerful U.S.-based Pharmaceutical Research and Manufacturers Association spent U.S. \$197 million to elect Republicans to office in the November 2000 presidential election in order to protect their patent monopolies.*⁴⁵

Comments: “...to elect Republicans to office...” should more correctly be mentioned as “...to finance Republican’s election effort to office...” At the end of the day it is not money, which votes but living people. This can be forgiven as a minor error, the other cannot be. Where do the figures of USD 197 million come from? I am shocked at how effortlessly the Council plucks figures from the air (or more correctly one of the anti-trade organization plucks them, and others unscrupulously copy them). The following is for those who the Council think would blindly accept the figures: the **total** receipts by Republicans for the US presidential election 2000 was US\$ 193 million, this included US\$ 67 million federal funding (see: www.opensecrets.org). Pharmaceutical Research and Manufacturers Association donated a total of US\$ 326,350 (see, also: www.commoncause.org). (see: www.fec.gov for comprehensive details)



The Council: The dangerous combination of the new WTO rules and the proposed FTAA would also pose great threats to Canada’s ability to protect its natural resources or maintain regulations and standards to protect the environment and the health of Canadians. Neither agreement contains language in the body of the text to protect the environment and in the WTO Doha text, the supremacy of trade rules over Multilateral

⁴⁵ Page-7, Making the Links: A Citizen’s Guide to the WTO and the FTAA, the Council of Canadians.

Environment Agreements is spelled out. And tools to restrict government rules and standards are now contained by SPS and TBT provisions in both agreements.⁴⁶

Comments: This is an absolute lie. The environmental and health related laws or any non-trade law will stay untouched by the trade agreements. How can an agreement that is ambivalent to non-trade issues, as you yourself say, can affect those laws that it does not confirm to supercede. What is the motivation behind confusing the public is baffling. If the Council has a reason to be against the agreements, trade, or whatever, it should be fought on its merits, and not on the basis of cooked up analysis. The laziness of this cooking up is evident in self-contradiction.

My friend and me

We don't discuss social issues any more. But, I have to say something in my favour: she now attempts to critically challenge the new information that comes her way. It is not that easy to manipulate her using a jumble of words with planet, dignity, environment, poor, progressive in it. The old beliefs will take years to peel off – so is human conditioning. However, no one wants to be told what to think and to do, if at all, and that is where I made my mistake. She now respects more of an individual's liberty to decide how to live and what to do, but somehow our various conversations have left a feeling of discomfort in her that I attempted to change her. I have learnt my lesson: freedom and liberty is what makes us human, I don't want to change anybody, including making any attempt to make them think for themselves. What I think she had started to realize was that while we both talked about freedom and liberty, she quite inadvertently wanted it for herself but did not believe in others getting it; and how in its insidious ways when you give power to the collective (government, say) to control others, it ends up controlling you as well. An honest look at the reality untangles a lot. This at least what I think, was at the heart of our differences.

⁴⁶ Page-28, Making the Links: A Citizen's Guide to the WTO and the FTAA, the Council of Canadians.

Conclusion

With no references provided, sweeping conclusions, and flawed statistics, it is not worth analyzing piece by piece all that the Council of Canadians claims. How can policy decisions be made when the analysis has no value? I have attempted to highlight some – although enough to provide a good feel - of their flawed conclusions. None of the material that the council produces provides a list of references except for the list of likeminded organization and their material. I have gone through almost all available printed information, and to one of their meetings. There is virtually no analysis of their conclusions - figures are wrong, exaggerated to suit their a preconceived conclusions, or simply not there. Just about everything they claim is unsubstantiated and open to question. Analyzing it threadbare is frustrating to say the least because the authors put in less time to write (copy) it than it would take to examine and individually refute it. The attempt has been to highlight areas that cover broader concepts.

The only thing that the Council says in their the material that sounds true is that WTO meetings are conducted in secrecy. The reasons why are attributed to the wrong enemy though. I am sure there are a couple more things that the Council says that would make sense but they are lost in the rhetoric, lack of evidence, sweeping judgments; and now utter lack of trust.

The organization claims to be a research organization, which it certainly is not. At best it is a propaganda organization, with a fixed bias against the US and any accountable organizational system that would balance the financial books – as if prosperity and money grew on trees. Apart from the core team, who they represent is unclear, as they seem neither to care for the material welfare or the dignity of the poor or Canada, or of the world. The failures in providing correct information do not lie in the domain of ignorance but willful manipulation, lies and blatant lies. Finally, it is clear – with no doubt – that were there a legal auditing required for the ‘research’ that the council brings out, it would put financial analysts who worked to analyze Enron’s stocks, to utter shame.

Terms used by the Council of Canadians: the Council of Canadians, Citizens’ Agneda, National Citizens’ movement, Canadian Perspectives etc. smack of extra-legal authority, and are confusing, as these terms convey a legal authority. These terms should be abandoned to stop confusing those who have limited understanding of democratic politics and its institutions.

My friend and me

Before we said good-bye, I gave her my agenda for 'control' of corporations: you have the right to not buy from them. What is important is that it is done without putting pressure – violent or non-violent - on others to believe in you; may be they want to support those corporations. Despite the rhetoric that we are loosing our freedom, the fact is that we are getting more and more of it – as democracy and education spreads, and as in the area of economic activities trade barriers fall, and entrenched monopolies go. For the non-believers: one can live as free a life from corporate influence as one wants, if this is what one wants. You have free access to water for basic needs; you can grow your own food, as 'organically' as you want etc. etc. If you don't like modernization, stop using electricity, gas, cars. No one can force you to use them. Canada offers enough space that you can live as close to the 'earth' as you want. If you like to trade within your defined community, by all means do it. No one can stop you. Just don't force your values on others.

We gave a nice bear hug to each other. But we had both experienced one thing: we can go beyond the seeming duality of east and west, competition and corporation, salary/wages/profit/money and contribution. Some other day, if we ever meet again, I hope to discuss with her the problems that corporations create – in which she can contribute a huge lot once she has gone beyond simplistic rhetoric -, and how we as individuals can take personal action, and educate others; and how democracy is not necessary freedom, as it sometimes means that the minority voice goes unheard, and trampled upon. In retrospect, it feels funny that I have been defending corporations and democracy throughout as having no problems, but this happened because discussing these would have been a digression and could have complicated this discussion without adding any value.

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