

The TransPacific Partnership – Of States and Corporations

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This lecture was prepared by Brewster Kneen for delivery in Sapporo, Japan, on January 15, 2012. As it turned out, Brewster was unable to travel to Japan and Ray Epp, of Menno Village near Sapporo, delivered a slightly edited version of this lecture on his behalf. Ray and Brewster worked together on the Canadian Prairies in the late 1980s and it was Ray who invited Brewster and arranged the lecture. It was illustrated with cartoons by Cathleen Kneen.

“I am offering you life or death, blessing or curse. Choose life, then, so that you and your descendants may live. . .” – *Deuteronomy 30:19* These were the words of the Hebrew deity to the people of Israel concerning the choices before them when, according to the story, they were returning to the promised land from exile in Egypt and were being tempted to worship false gods which would lead them to death.

Is the promise of a trade deal really a choice for life, or death? Or, to put it another way, What kind of a society do we, do you, want to live in and leave for future generations?

A second question: Is the cause of the financial turmoil in the world today not enough deregulation, competition, harmonization and trade, or is this financial turmoil and social breakdown the result of “liberalization” – that is, too much deregulation, too much competition, too much regulatory harmonization and just too much trade?

Let me state my position up front: Trade, increased or not, cannot address Japan’s so-called economic stagnation. Running faster on the same treadmill will not get you to the promised land.

More trade is simply more of the same game. It is the game of ‘trade’ itself that needs to be questioned.

When we think or speak of trade, we probably have in mind real solid stuff, such as grains, oil, lumber, coal – what we refer to as commodities. Then we might think about industrial products such as automobiles, processed foods, and electronics. ‘Trade’, however, now also covers less tangible goods and services such as health care and intellectual property, construction, water and food service – and much more. The TPP would require every country to provide open access to all government procurement contracts, at whatever level, from local school food programs to military hardware and health services.

THE TPP FOCUSES ON COMPETITION

In the flood of propaganda about economies, markets and trade we seldom, if ever, encounter questions about ethics, morality or public good. The documents – such as what is available on the Trans Pacific Partnership – talk only about laws and regulations, competitiveness and economic growth, jobs, investment and open markets. All of which are assumed to be, quite simply, good.

The TPP talks about harmonization of regulations, the free flow of capital, economic growth and prosperity for everyone – but there is no talk of energy consumption and global warming, or of justice and equity.

The US Trade Representative (USTR) document claims that the TTP

- “will enhance trade and investment among the TPP partner countries, promote innovation, economic growth and development, and support the creation and retention of jobs.” In other words, its all about technical measures to enhance capitalism.

- “will set a new standard for global trade . . . that will boost the competitiveness of TPP countries in the global economy”, and it promises to create jobs, raise living standards, improve welfare and promote sustainable growth.
- Will “benefit businesses and consumers of financial products” and provide “legal protections for investors and investments”.

I don’t like the sounds of all those promises. The TPP says nothing about *how* this is to be done. Nor does it say anything about who or what is going to pay for it, or who will actually benefit..

Competitiveness does not define the good society for me. In fact, competitiveness in this context is profoundly anti-social. It is not just a matter of every economy for itself, having a “competitive advantage” over other countries and economies. There is an underlying assertion of individualism, which I regard as the scourge of ‘Western Civilization’.

Everyone is urged by the Trade propaganda to be competitive, as if being competitive is a moral value, a characteristic of a good person. But being competitive means seeking advantage over others, being able to take advantage of others. But not everyone can be a winner by definition, so who are the winners? In the trade game, it is the ruthless, the wealthy, the giant corporations.

I can try to understand the anxiety and fear in Japan after 20 years of what is referred to as a “stagnant” economy and the fury of the tsunami and fearful destruction of Fukushima, but I would hate to see Japan fall victim to the Trans Pacific Partnership just as much as I don’t want Canada to fall victim to the destruction and injustice it promises. The TTP program is decidedly not in the tradition of Japan’s corporate culture and social equity. Its focus is on the welfare of giant transnational corporations, not the welfare of the people in the countries signing on to it, and it is quite explicit about doing away with any social programs or regulations that might limit corporate control and profit.

I must note here that it is not the Trans Pacific *Trade Agreement* that we are talking about here, but the Trans Pacific *Partnership*. Every year the discussions about this or that trade agreement have become more secretive, as if the governments and agencies involved know that the public no longer looks forward to yet another trade agreement, suspecting that trade agreements serve private corporate interests, not the public good. So this new trade agreement is politely referred to as a ‘partnership’ – a word that has become a favourite with the Canadian government in its references to the private, corporate sector. ‘Partnership’ sounds so friendly, how can anyone be against it?

WHERE DID THIS THINKING ABOUT TRADE COME FROM?

To understand the significance and intent of the TPP, we have to recognize that it did not arrive from nowhere, but out of an historical context that goes back five centuries to 1600, when the British East India Company was given a charter by the crown to trade in the territory of the east Indies, India in particular.

Other corporate charters followed quickly and facilitated the colonization of much of the known world by the European powers as the trading companies moved from trading in commodities readily available to directing the production of commodities they thought there was a market for, then becoming the administrators of their territories and finally, as in the case of Britain in India, turning the territory into an official colony of the imperial state administered by the trading company. Along the way, the established economy of the Indian subcontinent was radically altered to suit British interests. The milling and weaving industries of India were destroyed and India was forced to become a supplier of raw cotton to the industrial cotton manufacturing industry of the English midlands.

What is most significant is that it was not for another 50 years, in 1649, that the European state system was put in place by the Treaty of Westphalia in an attempt to end a long succession of wars in the region by giving official recognition to state boundaries. The fact that the major trading companies were recognized by the ruling authorities half a century before the states themselves were, is crucial to understanding the power relations between trading companies – corporations – and states.

The territory in North America that came to be Canada was subject to a similar colonization by the Hudson's Bay Company, which was incorporated by English royal charter in 1670. The charter granted the company a monopoly over trade, especially the fur trade, in the region watered by all rivers and streams flowing into Hudson Bay in northern Canada. It functioned as the *de facto* government in parts of North America before European states, and later the United States, laid claim to those territories and was at one time the largest landowner in the world, with Rupert's Land having 15% of North American land mass. Its network of trading posts formed the nucleus for later official authority in many areas of Western Canada and the United States. With the decline of the fur trade, the company evolved into a mercantile business selling vital goods to settlers in the Canadian West. Today Hudson's Bay Company, now US-owned, operates retail department stores throughout Canada.

The 'rights' of the trading companies were formalized by the League of Nations in the years between World Wars 1 and 2 when the territories of the defeated empires (Italy, Germany) and the colonial powers (France, England) were given official status as being on-the-way to becoming independent states. To achieve that status the territories and colonies had to recognize the rights of corporations to trade in their territories, rights that the states not only had to recognize, but enforce. Non-European states such as Japan could also be accepted into international society by meeting the same requirements and observing the rights of trading companies and corporations.

It was these rights that formed the foundation of what is now referred to as International Law, and it is these rights and requirements that are embedded in the trade agreements as 'national treatment', giving foreign corporations the same standing as domestic corporations in bidding on government contracts, for example.

This relationship can best be described as colonization, not by military conquest but by corporate domination and control of the economy. In this situation, if there is any sovereignty, it belongs to the corporation, not to the state.

It may sound as if I am talking only about The West, but in fact colonization through trade went on worldwide. Empires and Imperial Courts are familiar components of Asian history – a history you will be far more familiar with than I.

Just as colonization through trade went on worldwide (empires and Imperial Courts are familiar components of Asian history, for example) the efforts to ensure the primacy of trade have also had a global reach, starting with the formation of the Bretton Woods institutions – the World Bank and the International Monetary Fund – in 1944. The intent was to establish a stable international monetary system through these institutions which were controlled by the country with the most money: the USA. Without going into a long discussion of all the nefarious activities of the World Bank and the IMF, they have been the vehicles for integrating national economies into an economic system with the distinct, highly partisan characteristics of capitalism and its market economies. This process has given the word 'development' a bad name.

However, the expectations of the US free trade advocates have been dashed by the refusal of other countries to be forced into a global free trade agreement. As the leading Canadian farm paper put it last month in describing a recent meeting of trade officials,

“The three-year impasse in world trade talks deepened as 153 country representatives met for three days and emerged with no clue about how to restart meaningful negotiations. This means at least a two-year hiatus while trade officials try to figure out what to do. It could mean much longer. By that time, the current World Trade Organization Doha Development Agenda trade negotiation will be 12 years old.” – *WP*, 22/12/11

In other words, one way to defeat the TPP is not to panic, but to stall for time by putting as many roadblocks in the way as possible while, at the same time, building small, resilient economies that serve the people rather than Capital.

WHAT CAN WE SAY ABOUT WHAT WE KNOW OF THE TPP?

I mentioned the USTR document earlier, the fullest statement I can find, which actually reveals very little about the proposed TPP. It does, however, offer some details which can be compared to other major trade agreements, including CETA.

The TPP calls for:

- achieving comprehensive market access by eliminating “tariffs and other barriers to goods and services trade and investment to create new opportunities for our workers and businesses and immediate benefits for our consumers.”
- “supporting our goals of creating jobs, raising living standards, improving welfare and promoting sustainable growth in our countries.”
- opening the markets of TPP countries to each others’ goods, services and maximum access to government procurement markets.
- benefiting businesses and consumers of financial products
- protecting investors and investments
- “boosting competitiveness of TPP countries in the global economy” – which usually includes cutting costs by shifting production, from call centres to garment factories, to locations with low-cost labour (China, Haiti) – although at this point, the TPP says only that “elements for a labour chapter” are being discussed.

Regarding “agricultural export competition and food security”, we are told only that these are “under discussion”. (I’ll say more about this shortly.)

Regarding climate change and the environment, the documents says only that an agreement will “appropriately address important trade and environment challenges and enhance the mutual supportiveness of trade and environment.” There is no further elaboration of this.

In a separate statement, the US Trade Representative says that “through this agreement, the United States is seeking to boost U.S. economic growth and support the creation and retention of high-quality jobs by increasing American exports to a region that holds great potential for U.S. workers, manufacturers, farmers, and ranchers.” (9/12/11) The USTR reduces this to a simple, and simple-minded, slogan: “More Exports, More Jobs.” This official remark should dispel any illusions about the purpose of the TPP.

As for my own country,

“The Government of Canada has identified Japan as a Global Commerce Strategy (GCS) priority market and has developed a comprehensive Market Plan that identifies the following sectors as offering clear market opportunities well suited to Canadian capabilities and interests in the region. . .”.

Not only will the ‘benefits’ of this ‘partnership’ go to only one of the ‘partners’, the promised expansion of the national economies will be exploited by foreign capital. The logical outcome is to be the accumulation of further wealth into the hands of a small percentage of people and large corporations.

THE TPP AND SPECIFIC SECTORS

Let’s take a closer look at some of the content in the TPP and what is likely to be affected if the TPP goes ahead. Then we will look at another future – the one we would like to have.

DRUGS

The pharmaceutical industry, which consists of a very few very large and wealthy companies, has tremendous political power to shape markets for its benefit. Patents on drugs (Intellectual Property or IP) is a major tool used by the drug industries to ensure their maximum possible profits. One of the specific items on the US TPP agenda is Japan’s IP laws, which do not satisfy the USA and the drug industry, which spends millions and millions of dollars annually lobbying governments north, south, east and west to make sure that their drugs receive maximum patent protection and that locally produced generic drugs don’t threaten their market.

The same thing can be said for the companies producing agricultural chemicals, which I prefer to call agro-toxins since they are poisons used in industrial agriculture. In this sector the top six global players are all also involved in the genetic engineering of food crops. (Bayer, Syngenta, BASF, Dow, Monsanto, Dupont.) Monsanto alone, for example, spent \$2 million in US in 3rd quarter 2011 to lobby on Intellectual Property (patents on seeds) and genetic engineering (even less regulation).

AGRICULTURE AND FOOD SECURITY

This is obviously an area of extreme importance to Japan. The TPP, just like every other trade agreement, presumes that agriculture and fishing are about commodity production for domestic trade and export and that there should be an absolute minimum of interference in this trade, such as tariffs and quotas. That agriculture and fisheries are about food is not recognized in the trade agreements. The Canadian Government, for example, gives primary consideration to the contribution commodity-food export can make to Canada’s ‘balance of trade’. If one seeks some rational explanation for such a policy, it is that of ‘comparative advantage’, that is, each country and region should produce what it can at lowest cost, regardless of how much this distorts the local economy. Behind this argument are the very few, very large transnational corporations, such as Cargill, ADM, Unilever, Nestlé, PepsiCo, Kraft and Coca-Cola that handle the vast majority of food in global commerce. Cargill, for example, is a hugely successful private American company that is involved in food from the field, as a crop buyer, through transport and processing, to global distribution. In fact, practically everything we might eat that has crossed any kind of border probably contains some component from Cargill. So Cargill wants as little interference as possible in its business operations. In its own words:

“Cargill believes that open trade is one of the most effective ways to achieve food security and promote economic growth in the world. . . The goal of the TPP is to serve as a pathway to Asia-Pacific regional *economic integration*.”

On December 14, the Director of International Business Relations for Cargill, Devry Boughner, testified on the TPP before the US House of Representatives Trade Subcommittee. He also identified himself as co-chair of the US Business Coalition for TPP. Mr. Boughner pointed out that “Cargill has been a supporter of liberalized trade since our beginning in 1865. . . At Cargill we know trade works. For Cargill, approximately 40-50% of global revenue is directly generated by international trade. (*Sales in its fiscal year 2011 amounted to \$119.5 billion. Net Earnings were \$4.2 billion.*)

Boughner continued: “TPP will provide an important platform for US farmers, manufacturers, workers and businesses to gain a stronger foothold vis-a-vis competitors in the Asia Pacific region. In the context of Cargill’s purpose of nourishing people, we see a strong TPP agreement as important to the increase of global food security, by reducing barriers to moving food from places of surplus to places of deficit.”

“Regulatory harmonization” is one of the ways to increase efficiency, Cargill says. This means, in reality, achieving uniform regulatory standards, including food safety and genetic engineering. “Addressing agricultural biotechnology regulation should be a top priority,” according to Cargill’s Boughner. Of course, this actually means a race to the bottom, with as little regulation as possible, for whatever reason.

SEEDS

While the TPP makes no mention of seeds, at least publicly, what Cargill’s Boughner calls for in the TPP amounts to a demand that the regulatory door for genetically engineered – and patented – seeds be opened everywhere. This harmonizes with Monsanto’s drive to gain total control over seeds globally, as it is already working on in India and Africa, having achieved control, to a frightening extent, over crop seeds in the USA. Monsanto alone controls 27% of the global seed market. (Top seed companies globally: Monsanto, Dupont (Pioneer), Syngenta, Limagrain . . . Sakata is #9)

To hear the trade-talk, one would never guess that 70-80% of the world’s food is produced on small subsistence farms, not by the global industrial food system, and these farmers rely on their own farm-saved seed. These are the farmers that the industrial food system giants are trying to wipe out, with the aid of various trade agreements such as TPP. With the constant push for monoculture cropping with proprietary seeds, they are also wiping out nature’s genetic diversity.

GOVERNMENT PROCUREMENT

Along with agriculture (and fisheries, which are not mentioned anywhere that I have seen) the rules that the TPP would impose on the procurement of goods and services *by any and all levels of government* are of extreme importance. “Government procurement” would mean that everything from the contracting of hospital and school food services to the purchase of police and military equipment would have to be open to bidding on by companies in any other country in the TPP. This is referred to in the trade agreements as ‘national treatment’, meaning foreign corporations and individuals have to be treated in the same way as domestic ones. So in Japan Monsanto would have to be treated the same way as Sumitomo and Sakata. Local farmers and suppliers of other goods and services could not be favoured by local government agencies. Health departments could not specify that foods supplied to seniors’ residences, hospitals and so on should to be organically and locally grown.

One can see what lies ahead if the TPP goes ahead: A very few, very large transnational corporations will control the global food system from the seeds a farmer plants to the food served in hospitals and schools. Small scale, ecological agriculture will be pushed to the margins. The health of the society, physical, mental and spiritual, will fall.

Similarly, all publicly funded social services such as water, health care, pensions, and education itself will have to be open to privatization and corporate ownership.

None of this is speculation. It is simply a review of what trade agreements have been about for the past few decades.

WHAT ARE THE REAL ISSUES?

We should not get distracted by too much attention to technicalities. The real issues are bigger, and have to do with the assumption of western capitalist market economics that the goal of all economies must be

to grow. Economic growth is the objective, on the grounds that all good derives from economic growth, without consideration of equity and justice – or of energy production and consumption and its effect on climate, including extreme weather events such as earthquakes, tsunamis, drought, severe rains and windstorms, rising ocean levels and the thawing of the permafrost.

For example, the production of ever more automobiles is considered one way to foster economic growth while the environmental damage produced by ever more cars on the road is simply ignored. Building more cars anywhere is not good for our future. More automobiles will increase climate change, global warming and the increasing frequency of extreme weather events. Increased auto production is, however, considered to be a major contribution to economic growth. Nevertheless, it is hard to see how Japanese workers or even the Japanese state will benefit from Honda's moving production ('assembly') of its FIT model for the global market to China, to take advantage of China's low wage labour.

The failure of western governments to take energy and climate change seriously was most recently evident in the behaviour of the US and Canada in the latest climate change negotiations in Durban, South Africa, last month – blocking any action in the name of not harming their economies.

TPP should be stopped dead in its tracks as a yet another danger to humanity and the world itself since it totally ignores climate change as a consequence of the policies it calls for.

As I said at the beginning, the issues raised by trade agreements, including the TPP, are essentially moral. A real economy is about how a household, a community, a society goes about organizing its life together so that everyone is cared for adequately and fairly. This includes food, shelter and health care. But it also has to include how the natural world – Mother Nature – is related to, cared for and looked after.

A real economy is not primarily about buying and selling, making a profit, and being competitive. It is not about commodifying all of life, including food and health care. So here are two contrasting lists of words, two contrasting attitudes to life and society.

Growth	Sufficiency
Progress	Stability
Accumulation	Sharing
Competitiveness	Communal
Individualism	Socialism
Inequity	Equity
Private	Public
Control	Respect
Fear	Trust

Can we hope? What else are we to do? Hope will be discovered in resistance because resistance is only possible by people acting together. The TPP, like all trade agreements and the logic of capitalist trade itself, is founded on individualism, competition and greed – always trying to get a better deal, which has to be at the expense of someone else or some other people, or the environment itself. It is inherently anti-social.

Summing up: turn the present regime on its head: instead of worshipping the idol of trade, follow this dictum: Feed the family, trade the leftovers.

Resistance is building a new society under the nose of the old. It is creating a world in which equity, justice and peace prevail over individualism, greed and exploitation.

17/2/12